



New Specialty Homeowners Program in Minnesota

June 12, 2007

Effective Date: June 15, 2007

American Modern Select Insurance Company announces a new Specialty Homeowners product for Minnesota. Our new program is effective for new business on June 15, 2007. Rates will be available for quoting in modernLINK® on June 11, 2007.

Program Highlights

- Designed for **owner-occupied or seasonal** risks ineligible for coverage in the standard market due to age or value of the home. Home must be in average or better condition.
- Up to three losses accepted in the past three years. (No more than one fire or liability loss, no more than two of any other single cause of loss excluding weather.)
- Named peril protection includes Vandalism and Malicious Mischief.
- ACV loss settlement for both the dwelling and personal property. Homes must be insured to 100% market value.
- Includes coverage for Other Structures (10%) and Fair Rental Value (10%). These coverages do not decrease the total dwelling coverage.
- Personal Property is included at a limit of 40% of the dwelling coverage.
- \$25,000 Personal Liability is included. Additional Liability options are available. A \$10,000 Animal Liability sub-limit applies.
- Minimum accepted value is **\$40,000** and the maximum accepted value is **\$300,000**.
- \$500 base deductible.

For a full understanding of what's included and excluded please refer to the policy form.

Optional Coverages and Exclusions

- Replacement Cost on the dwelling. Risk must be insured to 100% of the replacement cost value.
- Enhanced Coverage Endorsement adds additional perils including water coverage up to 10% of the Coverage A amount or \$10,000, whichever is less. Please see endorsement ST300 (05/06) for coverage details.
- Replacement Cost on personal property.
- Increased Personal Property coverage.
- Increased Other Structures coverage.
- Increased Liability coverage up to \$500,000.
- Roof exclusion.
- Other Structures exclusion.
- Animal Liability exclusion.

Premium Credits

- Mature homeowner. For insureds 50 years and older, a 5% credit will apply.
- Protective Devices.
- Smoke detector and fire extinguisher.
- Higher deductible options are available up to \$5,000.
- No claims.

The Right Rate for the Right Risk Means Lower Rates for Good Customers

As part of the new homeowners program, we are incorporating Insurance Score Rating.

- **Financially responsible customers can receive up to a 15% discount on the rate.**
- More segmentation means more competitive rates for most of your risks.
- A poor Insurance Score Rating won't move policyholders to a lesser program, and won't result in an automatic disqualification or ineligibility for insurance. The score just works with the underwriting and rating information to provide the most accurate rate possible for the risk within each program.
- You will need to inform each applicant that you will obtain his or her credit report when quoting or issuing policies. This wording will appear on modernLINK as you quote and issue policies.
- You will need to follow FCRA (Fair Credit Reporting Act) guidelines for notifying customers about "adverse action." An adverse action for Insurance Score Rating includes notifying a customer when they do not get the best rate due in whole or in part to their credit history. The FCRA letters will be available for printing on every quote and every application.
- Your customer's privacy will be protected at all times. Insurance Score Ratings and credit reports won't be revealed to anyone, including you. Your customer must contact the credit agency listed in the FCRA letter if they want more information about their credit report.

Quoting and Program Manual

Important information, including all Underwriting Guidelines, can be found in the Minnesota Specialty Homeowner Program Manual. The form number is **85-07-MN-H10-G (06/07)**. The application number is **HO10APP-G-INS (02/06)**.

The American Modern Insurance Group is committed to providing you with quality products that help grow your business. If you have any questions about these updates, please call Underwriting at 800-759-9008.



Robert Ketchum
Vice President, Site Built
American Modern Select Insurance Company



Mike Wright
District Manager
American Modern Select Insurance Company