

**FLORIDA USP PORTFOLIO
STRATEGIC RISK MANAGEMENT (SRM) PROGRAM
SPECIAL VALUE UNDERWRITING RULES
ENCOMPASS INDEMNITY COMPANY**

**UNIVERSAL SECURITY POLICY PORTFOLIO:
STRATEGIC RISK MANAGEMENT (SRM) PROGRAM
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ENCOMPASS INDEMNITY COMPANY**

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We recognize that these criteria cannot cover every conceivable situation and reserve the right to deviate where appropriate.

GENERAL

A. INTRODUCTION

The Universal Security Policy (USP) Portfolio is a group of products that is anchored by our current USP package policy. USP Portfolio allows for the building of a policy based on the exposure segments. Within our Portfolio, there are two types of new business:

- Special Value Package
- Special Value Segment

The Special Value package contains both an eligible motor vehicle and a home segment. Special Value segment contains one or more segment combinations including Motor Vehicle, Home or Boat.

The binding rules, like all such rules, are incapable of being exhaustive, comprehensive or responsive to every individual situation or their possible combinations. These rules are designed to give you an indication of the level of quality business expected by segment.

We are interested in writing individuals who exhibit care and responsibility with regard to driving abilities; loss history; condition, use and protection of their property; and financial and credit history.

B. DEFINITION OF USP POLICIES RECEIVING PACKAGE RATE

A Special Value policy receives the package rate when the policy contains an eligible motor vehicle and home.

- Motor vehicle = private passenger vehicle, pickup, or van, with primary liability*

And

- Home = primary dwelling, condo or rental to insured (renters) with primary liability and property coverage written on the Home Segment.
- Other segments can be added as well
- Special Value policies with Credit for Existing Insurance (CFEI), the policy must provide coverage for at least one auto without CFEI and at least one residence without CFEI, to qualify for the Package Discount. Otherwise the Auto Rating Tier Factors for Non-Package Policies apply.

*Antique autos and motor homes meet definition of eligible motor vehicle if no other owned private passenger auto or on a commercial policy.

C. GENERAL REQUIREMENTS

- If you and your underwriter agree that a particular vehicle, property, etc., would jeopardize the profitability and standards of this program, it may be excluded from coverage by endorsement if the account is written, provided the exclusion endorsement is available in your state, and the company approves.
- Each Special Value package policy must consist of primary coverage on at least one owned, leased, or corporately owned or furnished private passenger automobile, and at least one owned or leased primary premises.

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D. INSURANCE INTEREST

- Policies must be in the name of an individual or individual and spouse.
- The named insured must be the registered owner(s) of all vehicles to be insured on the policy.
- We must insure all 4-wheel private passenger autos, pick-up's or vans owned by the named insured(s) other than antique vehicles.
- All property must be owned or leased by the Named Insured or jointly with another resident of the household.
- All motor vehicles must be licensed in the U.S.A. and all properties must be located in the U.S.A., whether covered for liability or physical damage.

Our contracts, pricing, and underwriting are not designed to provide coverage for Corporations, LLC – Limited Liability Companies, LLP – Limited Liability Partnership, Partnerships or Public Entities are not to be listed as Named Insured, Additional Insured or Additional Interest with the following **exceptions**:

- **Limited Liability Company (LLC) and Limited Liability Partnerships (LLP)** may be added as an Additional Interest provided the LLC/LLP is owned by no one other than our insureds OR our insureds and their relatives, whether or not those relatives are members of the insured's household.
- **Corporations** may be added as an Additional Interest provided they are chartered as a Trust, their by-laws specify that they exist as a family trust, and they have no commercial activities. The trustee and the occupant of the property must be the same individual(s). For automobiles, the trustee and the operator of the vehicles must be the same individual(s). Spouse and resident children may also operate the vehicle.
- **Trusts** are not to be listed as Named Insured, but can be added as an Additional Interest if the donor, the trustee and the occupant of the home are the same individual.
- **Estate of"** is another legal term and should not be listed as the Named Insured. Policy provisions provide the appropriate coverage to the Estate automatically when the insured passes during the policy term. There will be occasions when the policy renews soon after the insured passes and we are asked to continue coverage until the estate is settled. Each case must be individually evaluated and under the right circumstances, we can renew the policy in the deceased individual's name and list the "Estate of" as the Additional Interest. Factors to consider are how long the property will likely be vacant, the oversight and management of the property, how long we have provided coverage, our experience on the risk and the agent's control of the account.

Life Estate, Life Tenancy, Life Interest, Joint Tenancy with Right of Survivorship, Inc., are all legal terms that are used to define the disposition of property at the time of an individual's death. The policy should be written in the name of the individual(s) with the legal entity as an additional insured.

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E. APPLICATIONS

New business must be submitted electronically. A copy of the application must be signed and dated by the Named Insured and the agent and maintained in the agency's file. The signature date must not be beyond the effective date of the policy. The company must receive the uploaded application within 15 days of the effective date.

F. LIMITS OF LIABILITY

- All underlying exposures covered by the Special Value policy must have personal liability limits of at least \$250/500/100 or \$500,000 CSL when Personal Umbrella is desired.

G. SEVERE WEATHER BINDING AUTHORITY

No new coverage or increase to existing coverage may be bound on any risk or exposure located in an area for which a hurricane, tornado or other severe weather watch or warning has been posted. Authority to bind is reinstated after the storm and threat of damage has passed.

H. EARTHQUAKE BINDING AUTHORITY

For 5 days following an earthquake of 4.0 or greater on the Richter Scale, no new Special Value policy may be bound (whether or not earthquake coverage is included) and no endorsement adding earthquake coverage or increasing property coverage limits may be bound. This moratorium applies to all counties in which earthquake damage occurred, and all immediately adjacent counties, and is automatically extended for an additional 5 days following any aftershock of 3.0 or greater.

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I. BINDING AUTHORITY

- ◆ Motor Homes Base sticker price \$200,000
- ◆ Private Passenger Automobile Physical Damage \$150,000

J. ADDITION OF NEW SEGMENTS

New segments added to existing segments are underwritten as a new exposure, subject to underwriting binding standards and requirements as outlined in the applicable underwriting section.

K. TRAILING DOCUMENT REQUIREMENTS

Appropriate applications, supplemental applications and application attachments should also be secured as required and retained in the agency file. A current list of these attachments can be found on the For Agents web site located at:

http://www.encompassinsurance.com/foragents/content/references/trailing_documents.pdf

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PRIVATE PASSENGER AUTO

A. DEFINITIONS

“**Incident**” - Any at-fault accident, not-at-fault accident or minor violation.

B. UNDERWRITING RULES

Special Value Auto Risk Profile

Operator Experience	Named Insured must be licensed > 3 years. All operators have held a valid US or Canadian license for the past 12 months, excluding newly licensed operators < 18 years old.
Major Violation	0 in past 5 years
Incident Activity – Household (Past 3 Years)	Insurance Financial Stability (IFS) and Driving Record <ul style="list-style-type: none"> • IFS Groups 1 through 4 • The number of <i>household</i> incidents in the past 3 years, must be less than or equal to the number of vehicles insured on the policy • Maximum incidents per operator: IFS 1-3 maximum of 2 incidents per operator IFS 4 maximum one incident per operator • IFS Group 5 • The number of household incidents in past 3 years must be zero. • No major violations or suspensions in the last 5 years <p>Applicants who provide proof of extraordinary medical or other circumstances will be reconsidered as appropriate.</p>
Comprehensive Losses (Past 3 years)	Number of comprehensive losses > \$500 must be less than or equal to the number of insured motor vehicles. No more than 1 total theft loss permitted.
Vehicle Type	Maximum vehicle value \$150,000. Vehicles on the Restricted Vehicle List can be written if there is another eligible vehicle insured on the policy provided that the number of Restricted Vehicles is less then or equal to the number of eligible vehicles.
Prior Continuous Insurance	Continuous prior insurance for a minimum of 12 months with no more than a one day lapse. 5 Year Letter of Experience is Required for a Non-Clue Participating Company
Physical Damage Coverage	One vehicle required to have full coverage.

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All household members must meet minimum Encompass Insurance rules even if insured elsewhere for policy to be eligible. Spouse in household insured elsewhere makes household ineligible.

For unique exposures, refer to the Underwriting Section of the Personal Lines Rules.

Restricted Vehicle List -- Cobra, Dodge Viper, Ferrari, Lamborghini, Lotus, Maserati, Panoz, Quavle, Porsche 911, Shelby Series 1, Acura NSX, BMW M3, BMW M5, Chevrolet Camaro IROC, Chevrolet Camaro Z28, Chevrolet Corvette, Dodge Stealth Turbo, Plymouth Prowler, Pontiac Firebird Formula, Pontiac Firebird Trans AM, Mitsubishi 3000 GT Turbo, Ford Mustang GT, Ford Mustang Cobra, Nissan 300 ZX Turbo

-Gray Market Vehicles, Self Constructed or Kit Cars, Vehicles modified for performance and Vehicles with less than 4 wheels are not acceptable regardless of any other combination of eligible vehicles on policy.

C. GENERAL REQUIREMENTS

1. Use – Racing, stunt, demolition and delivery (magazine, newspaper, pizza, or mail) is ineligible.
2. Self-Employed individuals who have utility vehicles, which have ANY business use are ineligible.



Formerly known as CNA Personal Insurance

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MISCELLANEOUS VEHICLES

A. ELIGIBILITY

The following miscellaneous vehicle types: all-terrain vehicles, dune buggies, trailers, and recreation trailers must be written with a qualifying private passenger type auto. Golf carts must be submitted with a qualifying private passenger type auto or primary home.

B. OPERATOR REQUIREMENTS

Miscellaneous vehicle types must meet operator requirements outlined in Private Passenger Auto Section

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C. MISCELLANEOUS VEHICLE TYPES

Year, Make, Model and CC's required with all motorcycle and ATV applications.

	<u>MOTORCYCLES MOPEDS</u>	<u>MOTOR HOMES</u>	<u>RECREATIONAL VEHICLES</u>
1. Refer if:		Base sticker price over \$200,000	
2. Ineligible if:	<ul style="list-style-type: none"> a. No private passenger support b. Modified for performance or appearance c. Customized d. Turbocharged e. Over 500cc and operator has <5 years' experience with motorcycles f. Operated by a person who has had an incident in the last 3 years while operating a motorcycle g. Kit or homemade h. Used or designed for stunt, racing or speed activity i. Operated by anyone under 16 j. Any operator has < 1 year motorcycle experience on public roads k. On Ineligible Motorcycle List l. The motorcycle has characteristics identified as problematic in the "Criteria for the Motorcycle List" section 	<ul style="list-style-type: none"> a. The only vehicle to be insured if there is a qualifying private passenger auto in household b. Used as a residence (other than on vacation) c. Not factory built d. In poor mechanical condition or damaged 	<ul style="list-style-type: none"> a. No private passenger support b. Not factory built c. Used in racing, stunt, speed or demolition activity d. Designed for use in the air e. Driven by a person under 16 f. Operated by anyone at an immature age g. Snowmobile > 500cc with any operator < 22

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D. CRITERIA FOR THE MOTORCYCLE LIST

We have provided a list of specific models to help you identify in advance those motorcycles which will not be accepted. But because of the broad range of models and variations available, and the frequent name and number changes for these vehicles by the manufacturers, the list cannot be all-inclusive.

Models are selected for the list taking into consideration the variables described below. A motorcycle model that is not specifically listed, but has any of the problematic characteristics outlined in the following is ineligible.

Motorcycles may be classified in one of these four design types:

<u>Category</u>	<u>Description</u>
Racing Design	Designed for street and racetrack use. Modeled after motorcycles used exclusively for racing. Quick acceleration and high performance handling. Usually aerodynamically styled with sport fairing, and tucked-in short-drop handlebars. Design gives a flashy and polished look. Descriptions by manufacturer or distributor sometimes mention "high performance" (e.g.: Honda Interceptor, Kawasaki Ninja).
Street	Conventional design, no luggage components, no high raised fender or knobby tires. Usually no fairing (or mini fairing) and upright handlebars. Excludes dirt bikes, mopeds, and scooters (e.g.: Honda Magna, Yamaha Maxim).
On/Off-Road	Knobby tires, high raised fenders. Off-road type motorcycle with safety equipment added (such as special lights). Description often refers to these as "dual-purpose" motorcycles, or an off-road cycle that is street legal (e.g.: Honda XL Series, Yamaha XT Series).
Touring	Generally large and heavy motorcycles. Usually with travel trunk and saddlebags (luggage components). High handlebars; fairing. Manufacturer's description or Kelley Blue Book listing generally refers to these motorcycles as "touring". Built with passenger in mind (e.g.: Honda Goldwing).

Touring motorcycles, and street or on-off road models that are not performance oriented are eligible.

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E. INELIGIBLE MOTORCYCLE LIST

<u>Manufacturer</u>	<u>Models</u>
American Ironhorse	Bandit, Classic, Outlaw, Slammer, Stalker, Thunder, Trike 3 wheel professional conversion, Other model not listed
Aprilia	Moto 6.5 All Models, RS All models, RSV Mille
Big Dog	Aeroglide/Coyote, Aerosport, Bulldog, Pitbull, Pro Sport, Proglide, Trike 3 wheel professional conversion, Vintage, Vintage Classic, Vintage Light, Other model not listed
Bimota	DB1/DB1S/DB1SR, DB2/DBSR/DB2EF, DB4, HB1/HB2/HB3, KB1/KB2/KB3, SB2/SB280, SB3, SB4, SB5, SB 6, SB6R, SB7, SB8R/SB8RS, Supermono/Supermono Biposto, Tesi 1/D / Tesi 1/DSR / Tesi 1/ES, Tesi 1/EF, YB10/YB10 Biposto, YB11, YB4 E1/SP, YB5, YB6/YB6 Tauara/YB6 Exup, YB7/J, YB8/YB8E/YB8Furano, YB9 Bellaria/YB9SR, Other model not listed, Mantra DB3
BMW	R1100GS ABS/R1100GS ABS SE, R1100RS, R1100R/R1100R ABS/R1100R ABS SE, R1100S/R1100S ABS, K1200RS
Boss Hoss	Trike 3 wheel professional conversion, Other model not listed
Boy Toy	Trike 3 wheel professional conversion, Other model not listed
Buell	Cyclone M2, Lightning X1 S1, S2, S3 Thunderbolt, Other model not listed
California MC Co.	American Daredevil, Captain America, Classic Cruiser, Flash Widerider, Roadwarrior, Rocket88, Stingray, Streetburner, Streetcruiser, Streetrider, Susan, The Billy Bike, Trike 3 wheel professional conversion, Ultimate Widerider, Wanderer, Widerider, Other model not listed
Castle	KR-1 Supersport, KR-2 Supersport, Trike 3 wheel professional conversion, Other model not listed
Confederate	American GT/Hellcat Roadster, Trike 3 wheel professional conversion, Other model not listed
Ducati	Monster All Models (i.e. M400, M750, M900), Superbike 748, 748SPS, Superbike 916, 916 Senna, 916 SPS, 996, Supersport All Models, Other model not listed
Honda	Interceptors VFR Series, Superhawk VTR Series, CBR Series All Models, RC51, Other model HIGH PERFORMANCE not listed
Illusion	Trike 3 wheel professional conversion, Other model not listed
Kawasaki	Ninja GPZ Series, Ninja ZX Series (i.e. 11, 9R, 7R, 6R, 6), Other model HIGH PERFORMANCE not listed, Ninja 250R, 500R / EX250 & EX500, ZR-750-F2/L, ZRX1100 All Models
Kit/Home Made	Home-Made, Kit, State Assigned Vin, Trike Kit, Other Custom Manufactures
Laverda	750 Strike, Corsa, Executive, Ghost All Models, Jarama, Jota, Mirage, RGS, SF3, TS1200, Zeta, Other model not listed, Caremata All Models, Diamante All Models, Formula All Models

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<u>Manufacturer</u>	<u>Models</u>
Moto Guzzi	V10GT All Models, Other model not listed, Cantauro V10, Sport V11,
MZ	Cup – Skorpion Cup, All Models, Replica – Skorpion Replica, All Models
Other	Other High Performance Model, Other Street Sports Model
Other Custom	Trike 3 wheel professional conversion, Other model not listed
Quantum	Trike 3 wheel professional conversion, Other model not listed
Surgical Steeds	Clydesdale, Musclebike Quarterhorse, Quarterhorse, Thorough-Bred/C, Trike 3 wheel professional conversion, Other model not listed
Suzuki	GSX Series Katana, Katana All Models, TL1000R, GSX1300R Hayabusa, GSXR Series, RF Series, Other model HIGH PERFORMANCE not listed, Bandit GSF Series, GS500E, SV650, TL1000S,
Titan	Coyote SX, Gecko RM, Gecko SX, Roadrunner RM, Roadrunner SX, Scorpion SX, Sidewinder RM, Sidewinder SX, Trike 3 wheel professional conversion, Other model not listed
Triumph	Sprint Sports All Models, Tiger 900 All Models, Daytona T595, 1200, 955I, Speed Triple T509
Ultra Kustom	Trike 3 wheel professional conversion, Other model not listed
Yamaha	FZR Series, YZF Series All Models, Other model HIGH PERFORMANCE not listed, Seca XJ Series