

**THE ENCOMPASS INSURANCE COMPANY OF NEW JERSEY  
USP PORTFOLIO NEW JERSEY  
SPECIAL VALUE UNDERWRITING GUIDELINES**

**New Jersey Minimum Automobile Eligibility Requirements for Special Value Program**

<b>Operator Experience</b>	Named Insured must be licensed > 3 years
<b>Maximum Activity per Operator (Past 3 years)</b>	No more than one incident per operator allowed and no more than 5 points per Operator. Any operator 75 or greater 0 incidents.
<b>Major (9 Point) Violations (PAST 5 Years)</b>	0
<b>Comprehensive Losses (Past 3 years)</b>	Number of comprehensive losses > <b>\$500</b> must be less than or equal to the number of insured motor vehicles. No more than 1 total theft loss permitted.
<b>Prior Standard Continuous Insurance</b>	Prior standard insurance required if a need existed and no lapse in coverage permitted in past 12 months.
<b>Physical Damage Requirement</b>	At least one vehicle must have Liability and Physical Damage Coverage (Comp and Coll.)

**New Jersey Property Eligibility Requirements for Special Value Program**

<b>Property Exposures</b>	As outlined in the Property Risk Profile Dwelling Fire exposures are ineligible in the Special Value Program
<b>Personal Umbrella</b>	Both primary motor vehicle and primary home are written with Encompass Insurance. Maximum limit available is \$2,000,000.

Insureds that are eligible for the NJ Private Passenger Automobile Voluntary market, but do not qualify for Special Value based on the Eligibility Requirements listed above, will be eligible to purchase the Special, Deluxe and Elite policy forms.

**SPECIAL VALUE PROPERTY RISK PROFILE – NEW JERSEY**

Underwriting Characteristics	Preferred Tier	Standard Tier
<b>Minimum Replacement Cost</b>	Territories 26, 78-81, 86, 88, 89, 94-96: Primary Home = \$140,000 Remainder of State: Primary Home = \$175,000 Secondary/Seasonal Home = \$75,000 Primary or Secondary Condo/Coop/Renter = \$50,000	Primary Home = \$125,000 Secondary/Seasonal Home = \$75,000 Primary or Secondary Condo/Coop/Renter = \$35,000
<b><u>Hurricane Risk Management (HRM)</u></b>	<u>All properties located in Reinsurance Zone 1 &amp; 2 are ineligible.</u> <u>The HRM guidelines do not apply to existing policyholders that are replacing a current property location. Any additional property location that is not a replacement of a current property on the policy is ineligible.</u> <u>Properties scheduled for non-renewal cannot be rewritten to add additional exposures, change effective date or change coverage level.</u>	<u>All properties located in Reinsurance Zone 1 &amp; 2 are ineligible.</u> <u>The HRM guidelines do not apply to existing policyholders that are replacing a current property location. Any additional property location that is not a replacement of a current property on the policy is ineligible.</u> <u>Properties scheduled for non-renewal cannot be rewritten to add additional exposures, change effective date or change coverage level.</u>
<b>Loss Activity Maximum</b>	Any loss activity, CAT or Non-CAT, within 3 years is ineligible. All losses \$1 paid threshold applies.	One prior loss (CAT or Non-CAT) within 3 years is eligible. Risks with a Theft, Vandalism or Fire loss > \$2,500 or Liability Loss > \$500 or >1 water loss subject/risk ineligible. >\$1,000 must have damage mitigation, refer to PLG for complete mitigation requirements. >\$20,000 refer to Underwriter. >0 water losses subject/risk and prior mold loss ineligible. Additional mold coverage with a prior water loss ineligible. All losses \$1 paid threshold applies.
<b>Loss Activity Maximum (Renters)</b>	Renters with any loss activity, CAT or Non-CAT are ineligible. All losses \$1 paid threshold applies.	
<b>Insurance Score</b>	Insurance Scoring Groups 5B, 5C, 6A, 6B, and 6C are ineligible.	
<b>Coastal Exposures</b>	<u>For existing policyholders replacing a current property location or properties not located in HRM counties, the property must be located &gt;2 miles from tidal water and &gt; 15 ft. above mean high tide.</u> Island exposures are ineligible.	
<b>Protection Class</b>	Must be PC 1 - 9. PC 10 is ineligible.	
<b>Number of Families</b>	Owner occupied = 1 to 2 families.....Rented to Others = 1 to 2 families . Rentals: Maximum of 4 locations with a maximum of 2 units per location. Encompass Insurance must write the supporting Homeowners	
<b>Maintenance</b>	Well-maintained. Roof- Homes over 20 years old, must have updated roof within last 20 years (unless Slate or Tile). Plumbing- Homes over 50 years old must have copper or PVC plumbing. Electrical – Homes over 40 years old, service must be controlled by circuit breakers with minimum 100 AMP services.	
<b>Central Alarms</b>	Must have for <i>Dwelling</i> > \$750,000; <i>Condo/Tenant</i> > \$250,000; <i>SPP</i> > \$300,000.	
<b>Woodstove</b>	Must be professionally installed and meet installation requirements. Cannot be the primary heat source. Ineligible if non-owner occupied dwelling.	
<b>Prior Standard Continuous Insurance</b>	Required	
<b>REFER TO UNDERWRITER (DO NOT BIND COVERAGE)</b>	- Homes under Construction or Major Renovation - Log Homes (Refer to PLG for complete underwriting guidelines) - Business on Premises (Refer to PLG for complete underwriting guidelines. Must be endorsed with the related business endorsement.) -Water losses subject/risk >\$ 20,000 refer to underwriting.	
<b>Ineligible Exposures</b>	- Mobile Home - Vicious, Temperamental or Exotic Pets - Trampolines -Unfenced Swimming Pools - Open Foundations, Piers or Pilings - Vacant Located in known flood, wave-wash, sinkhole, pollution, landslide or cave-in area - Obsolete, unique or irreplaceable Vicious, Temperamental or Exotic Pets Animals with a bite history or the following dog breeds: Akitas, , American Pit Bulls, American Staffordshire Terriers, Bull Terriers, Chows, Doberman Pinschers, English BullTerriers, , Great Danes, , Presa, Canarios, (aka.: Canarian Dog Dogo Canario, Canary Dog, Perro de Presa Canario), , Rotweilers, , Hybrid and Purebred Wolves, Coyotes, Wild Dogs.	



<b>SPP</b>	Must have an appraisal for each item valued > \$50,000. Copy retained by agent.
<b>Boats</b>	Must be < \$125,000 current book value, < 40 ft. length, and < 56 mph. Must meet Platinum auto operator requirements and have 2 years boat experience. With supporting auto or home coverage. Age of hull >26 if hull coverage requested is ineligible.
<b>Personal Watercraft</b>	New Personal Watercraft exposures (such as Jet Skis, Waverunners, Seadoos, etc.) are not eligible for coverage. Refer to Boat Section for complete underwriting guidelines.
<b>Personal Umbrella</b>	<b>Both</b> the Primary auto and Primary property coverage must be written with ENCOMPASS Personal Insurance. Maximum limit available is \$2,000,000.

SEE PERSONAL LINES GUIDE FOR **COMPLETE** LIST OF "REFER TO UNDERWRITER" & "INELIGIBLE" EXPOSURES

**PROPERTY RISK PROFILE – NEW JERSEY SPECIAL VALUE PROGRAM (con't)**

Values MUST be written at 100% of replacement cost.				
Primary Residence		Rented to Others Dwelling Fire Segment Only (Non-Owner Occupied)		
	Maximum**	Dwelling Fire exposures are ineligible for the Special Value product.		
<b>Owner Occupied</b>	PC 1-8 (\$2,500,000) PC 9 (\$600,000)			
<b>Secondary/Seasonal</b>	\$300,000			
<b>Condo/Coop/Renters (Primary)</b>	\$300,000			
<b>Condo/Coop/Renters (Secondary)</b>	\$300,000			
**Homes > \$1,000,000 must be referred to the Underwriter. If written, must be on Elite with a minimum deductible of \$1,000.				

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**SECTION I: UNIVERSAL SECURITY POLICY PORTFOLIO: SPECIAL VALUE UNDERWRITING – GENERAL ENCOMPASS INSURANCE COMPANY OF NEW JERSEY**      **EFFECTIVE:** April 16, 2007 New; May 31, 2007 Renewal  
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**We recognize that these criteria cannot cover every conceivable situation and reserve the right to deviate where appropriate. If any of our criteria are in conflict with applicable state laws the criteria will not apply.**

## **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 Encompass Insurance's 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 auto, home, dwelling fire or boat.

We are interested in writing insureds 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

\*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**

- Underwriting must be notified of all personal lines exposures to be written on a Special Value segment or package. 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, the exclusion endorsement is available in your state, and the company approves.
- Each Special Value package policy by the first anniversary must consist of primary coverage on at least one owned, leased, or corporately owned or furnished private passenger automobile, and an owned or leased primary premises.
- 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.

## D. INSURANCE INTEREST

1. Policies must be in the name of an individual or individual and spouse.
2. The Named Insured(s) or Resident Relative(s) must be the registered owner(s) of all vehicles to be insured on the policy.
3. All property must be owned or leased by the Named Insured or jointly with another resident of the household.
4. 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 Corporation, LLC-Limited Liability Corporations, LLP-Limited Liability Partnership, Partnerships or Public Entities. As such they are not to be listed as Named Insured, Additional Insured or Additional Interest with the following **exception**:

**LLC- Limited Liability Corporations and Limited Liability Partnerships (LLP)** may be added as an Additional Interest provided the LLC is solely 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 vehicles.

**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 with the legal entity as an Additional Interest.

**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 to provide 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 the 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.

## E. APPLICATIONS

New business must be submitted to the company electronically. The application must be fully completed. 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 electronic application must be received by the company within fifteen days of the effective date.



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## **F. LIMITS OF LIABILITY**

- All underlying exposures not covered by the Special Value policy, but for which Personal Umbrella Coverage is desired, must have personal liability limits of \$100/300 or \$300,000 CSL.
- Uninsured/underinsured has a maximum of \$250,000/\$500,000 split or \$500,000 CSL. (Cannot be higher than the Personal Liability limit chosen).

## **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.

Effective 03/06/06, earthquake coverage is no longer available for either new business or as an endorsement to existing business.

**I. BINDING AUTHORITY**

All segment homeowner policies (monoline HO3) in New Jersey located in reinsurance zones 3 and 4 must be entered into InterLink and submitted unbound to the Risk Management Center. Email notification requesting policy review should be sent to njproperty@encompassins.com.

Effective 02/05/2007 All properties, including HO-4 & HO-6, located in reinsurance zones 1&2 are ineligible.

- ◆ Primary Residence PC 1- 8 \$1,000,000
- ◆ Primary Residence PC 9 \$600,000
- ◆ Secondary / Seasonal Residence \$300,000
- ◆ Primary, Secondary / Seasonal Condo HO –6 / Coop / Renters HO – 4 \$300,000
- ◆ Dwelling Fire non-owner occupied dwelling \$500,000
- ◆ Dwelling Fire non-owner occupied Condo contents \$50,000
- ◆ Motor Homes Base sticker price \$200,000
- ◆ Aggregate Scheduled or Blanket Personal Property \$150,000
  - Jewelry Aggregate \$100,000 Single item \$50,000
  - Fine Arts Aggregate \$100,000 Single item \$50,000
  - Fur Aggregate \$100,000 Single item \$50,000
  - Silverware Aggregate \$100,000 Single item \$50,000
  - Cameras Aggregate \$25,000
  - Stamps Aggregate \$25,000
  - Coins/Collectibles/
  - Trading Cards Aggregate \$25,000
  - Musical Instruments Aggregate \$25,000
  - Golf Equipment Aggregate \$25,000
- ◆ Private Passenger Automobile Physical Damage \$150,000
- ◆ Boats \$125,000
- ◆ Personal Umbrella (Maximum amount allowed with Special Value) \$2,000,000
- ◆ When the insured or any covered person has had any personal property or casualty insurance canceled, declined or non-renewed for any underwriting reason within the last 3 years the risk may not be bound. This rule also applies to insurance cancelled, declined or non-renewed by any Encompass company.

“Exception: All reasons for termination have been rectified or mitigated.”

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## **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. DOCUMENTATION (TRAILING DOCUMENTS)**

Agents are required to retain the original of specific legal and administrative documents on behalf of the company and are required to provide the company with copies when requested. These documents may be required for Market Conduct Exams, Insurance Department inquiries, claims coverage questions and rate justification. New business and endorsement transactions will be subject to random company audits.

Failure to send the required documents to Encompass may result in loss of discounts/coverage; coverage increases, re-tiering of an account or termination of a policy. Additionally, it remains the agent's responsibility to maintain copies of all **required** trailing documents, whether or not selected for audit. A current list of these trailing documents can be found on the Agency Desktop located at:

[http://www.encompassinsurance.com/foragents/content/references/trailing\\_documents.pdf](http://www.encompassinsurance.com/foragents/content/references/trailing_documents.pdf)

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**SECTION II: UNIVERSAL SECURITY POLICY PORTFOLIO:  
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## **NEW AND RENEWAL - PRIVATE PASSENGER AUTO**

### **A. DEFINITIONS**

**“Accident”** - Any at-fault accident or not-at-fault accident. Excludes hit-while-parked losses and all accident closed with \$0 paid, either by Encompass or the prior carrier.

### **B. TIERING REQUIREMENTS –**

1. **Tier A (Titanium Tier)** The eligibility criteria for Tier A are:
  - a. All principal and occasional operators of the vehicle must have 9 or more years driving experience.
  - b. Foreign driver's licenses are not permitted for any principal or occasional operator of the vehicle. For insureds with a foreign driver's license that are written as part of a USP Package policy, this requirement is waived for the first 60 days.
  - c. Out-of-state (non New Jersey) driver's licenses not permitted for any principal or occasional operator of the vehicle. This requirement only applies to insureds who reside in New Jersey for over 60 days.
  - d. Age of all principal and occasional drivers of the vehicle must be less than 75 years old. Exception is for insureds over age 75, who are currently in this tier. Such insureds will be grandfathered into this tier, unless they incur future accidents and/or violations, which will make them no longer eligible for this tier.
  - e. Maximum number of Driving Motor Vehicle Violation Points per operator = 0 in the last **5** years, excluding first 2-point speed.
  - f. No 9-point violations in the last **5** years.
  - g. Maximum number of accidents = 0 in the last **5** years.
  - h. Maximum Comprehensive losses \$500 or over = 0 in the last 3 years.
  - i. No more than 2 principal and occasional operators per vehicle.
  - j. Vehicle model year must be 10 or less years of age. Exception is for vehicles that are over 10 years of age, which are currently in this tier. Such vehicles will be grandfathered into this tier, unless the insured incurs future accidents and/or violations, which will make the vehicle no longer eligible for this tier.
  - k. Physical Damage (Comprehensive and Collision) and Liability coverages must be present on the vehicle.
  - l. Minimum Liability Limit = \$100/300.
  - m. No driver's license suspensions or revocations in the last **5** years.
  - n. Prior continuous insurance is required during the past 12 months with prior Bodily Injury Liability limits of at least \$50/100.
  - o. No lapses in coverage in the last **5** years.
  - p. Policy must insure more than 1 vehicle. Exception is for additional non-owned (corporate) vehicles, provided for the insured's regular and customary use.
  - q. Insured must own a home or condominium or have a USP Package policy with Encompass.

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**2. Tier B (Platinum Plus)** The eligibility criteria for Tier B are:

- a. All principal and occasional operators of the vehicle must have 7 or more years of driving experience.
- b. Foreign driver's licenses are not permitted for any principal or occasional operator of the vehicle. For insureds with a foreign driver's license that are written as part of a USP Package policy, this requirement is waived for the first 60 days.
- c. Out-of-state (non New Jersey) driver's licenses not permitted for any principal or occasional operator of the vehicle. This requirement only applies to insureds who reside in New Jersey for over 60 days.
- d. Age of all principal and occasional drivers of the vehicle must be less than 75 years old. Exception is for insureds over age 75, who are currently in this tier. Such insureds will be grandfathered into this tier, unless they incur future accidents and/or violations, which will make them no longer eligible for this tier.
- e. Maximum number of Driving Motor Vehicle Violation Points per operator = 0 in the last 3 years, excluding first 2-point speed.
- f. No 9-point violations in the last 5 years.
- g. Maximum number of accidents = 0 in the last 3 years.
- h. Maximum Comprehensive losses \$500 or over = 1 in the last 3 years (0 losses for total theft).
- i. No more than 2 principal and occasional operators per vehicle.
- j. Vehicle model year must be 10 or less years of age. Exception is for vehicles that are over 10 years of age, which are currently in this tier. Such vehicles will be grandfathered into this tier, unless the insured incurs future accidents and/or violations, which will make the vehicle no longer eligible for this tier.
- k. Physical Damage (Comprehensive and Collision) and Liability coverages must be present on the vehicle.
- l. Minimum Liability Limit = \$100/300.
- m. No driver's license suspensions or revocations in the last 3 years.
- n. Prior continuous insurance is required during the past 12 months with Bodily Injury Liability limits of at least \$50/100.
- o. No lapses in coverage in the last 3 years.

**3. Tier C (Platinum)** The eligibility criteria for Tier C are:

- a. All principal and occasional driver of the vehicle must have 5 or more years of driving experience.
- b. Foreign driver's licenses are not permitted for any principal or occasional operator of the vehicle. For insureds with a foreign driver's license that are written as part of a USP Package policy, this requirement is waived for the first 60 days.
- c. Out-of-state (non New Jersey) driver's licenses not permitted for any principal or occasional operator of the vehicle. This requirement only applies to insureds who reside in New Jersey for over 60 days.
- d. Maximum number of Driving Motor Vehicle Violation Points per operator = 4 in the last 3 years, excluding first 2-point speed. Limited to 1 violation per operator.
- e. No 9-point violations in the last 5 years.

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- f. Maximum number of accidents per operator = 1 in the last 3 years for operators with 0 Driving Motor Vehicle Points or 0 in the last 3 years for operators with 4 or less Driving Motor Vehicle Points. Limited to 1 accident or violation per operator.
  - g. Maximum Comprehensive losses \$500 or over = 2 in the last 3 years (0 losses for total theft).
  - h. Physical Damage (Comprehensive and Collision) and Liability coverages must be present on the vehicle. A vehicle without Physical Damage coverage may qualify for the Platinum Tier, if all principal and occasional operator(s) of the vehicle have 0 violation points, 0 accidents and there is at least one other vehicle on the policy with Physical Damage coverage.
  - i. Minimum Liability Limit = \$100/300.
  - j. No driver's license suspensions or revocations in the last 3 years.
  - k. Prior continuous insurance is required during the past 12 months. Insureds with no need for prior insurance may qualify for the Platinum tier, if all principal and occasional operators of the vehicle have 0 violation points, 0 accidents and the vehicle is written as part of a USP Package policy.
  - l. No lapses in coverage in the last 3 years.
- 4. Tier D (Gold)** The eligibility criteria for Tier D are:
- a. All principal or Occasional drivers of the vehicle must have 3 or more years of driving experience.
  - b. Foreign driver's licenses are not permitted for any principal or occasional operators of the vehicle. For insureds with a foreign driver's license that are written as part of a USP Package policy, this requirement is waived for the first 60 days.
  - c. Out-of-state (non New Jersey) driver's licenses not permitted for any principal or occasional operator of the vehicle. This requirement only applies to insureds who reside in New Jersey for over 60 days.
  - d. Maximum number of Driving Motor Vehicle Violation Points per operator = 4 in the last 3 years, excluding first 2-point speed.
  - e. Maximum number of accidents per operator = 1 not-at-fault in the last 3 years for operators with 2 or less Driving Motor Vehicle Points or 0 in the last 3 years for operators with 4 or less Driving Motor Vehicle Points.
  - f. Maximum Comprehensive losses \$500 or over = 2 in the last 3 years.
  - g. Restricted vehicles (refer to D in this section for list of applicable vehicles) and vehicles valued over \$100,000 are ineligible for Physical Damage coverage.
  - h. Prior continuous insurance during the past 12 months, if coverage was required by law.
  - i. No driver's license suspensions or revocations in the last **3** years.
  - j. No lapses in coverage in the last **3** years, if coverage was required by law.

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5. **Tier E (Silver Select)** The eligibility criteria for Tier E are:
- a. Foreign driver's licenses are not permitted for any principal or occasional operator of the vehicle. For insureds with a foreign driver's license that are written as part of a USP Package policy, this requirement is waived for the first 60 days
  - b. Out-of-state (non New Jersey) driver's licenses not permitted for any principal or occasional operator of the vehicle. This requirement only applies to insureds who reside in New Jersey for over 60 days.
  - c. Maximum number of Driving Motor vehicle Violation Points per operator = 0 in the last 3 years, excluding first 2-point speed, for drivers with less than 3 years driving experience; 6 or less for drivers with 3 or more years of driving experience.
  - d. Maximum number of accidents per operator = 0 in the last 3 years for operators with less than 3 years driving experience; 1 at-fault in the last 3 years for drivers with 3 or more years of driving experience and 0 Driving Motor Vehicle Points; 1 not-at-fault in the last 3 years for drivers with 3 or more years of driving experience and 6 or less Driving Motor Vehicle Points; 2 not-at-fault in the last 3 years for drivers with 3 or more years of driving experience and no more than 2 Driving Motor Vehicle Points.
  - e. No current driver's license suspensions or revocations.
  - f. Restricted vehicles (refer to D in this section for list of applicable vehicles) and vehicles valued over \$100,000 are ineligible for Physical Damage coverage.
  - g. Prior continuous insurance during the past 12 months, if coverage was required by law.
  - h. No lapses in coverage in the last 3 years, if coverage was required by law.
6. **Tier F (Silver)** The eligibility criteria for Tier F are:
- a. Accident and violation points combined = 6 in the last 3 years for operators with less than 3 years driving experience; 8 in the last 3 years for drivers with 3 or more years driving experience.
  - b. Restricted vehicles (refer to D in this section for list of applicable vehicles) and vehicles valued over \$100,000 are ineligible for Physical Damage coverage.
7. **Tier G (Bronze Tier)** These criteria apply to renewal business only. New business policyholders are not eligible for the Bronze tier. The eligibility criteria for Tier G are:
- a. All principal and occasional drivers of the vehicle must have 3 or more years driving experience.
  - b. Foreign driver's licenses are not permitted for any principal or occasional operator of the vehicle.
  - c. Out-of-state (non New Jersey) driver's licenses not permitted for any principal or occasional operator of the vehicle.
  - d. Drivers with 10 or less points total (accident and violation points combined) with:
    - 1) No 9-point violations in the last 5 years.
    - 2) No more than one 5-point violation.
    - 3) No more than 2 of any combination of at-fault and not-at-fault accidents.
    - 4) No more than 3 incidents of any combination of at-fault, not-at-fault and Driving Motor Vehicle violations.

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**SECTION II: UNIVERSAL SECURITY POLICY PORTFOLIO:  
SPECIAL VALUE UNDERWRITING  
PRIVATE PASSENGER AUTO NEW AND RENEWAL  
ENCOMPASS INSURANCE COMPANY OF NEW JERSEY**

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- e. Maximum Comprehensive losses \$500 or over = 1 in the last 3 years (0 losses for total theft).
- f. Restricted vehicles (refer to D in this section for list of applicable vehicles) are not eligible without prior underwriting approval.
- g. Restricted vehicles (refer to D in this section for list of applicable vehicles) and vehicles valued over \$100,000 are ineligible for Physical Damage coverage
- h. Bodily Injury Liability Limit no more than \$100/300.
- i. Prior continuous insurance is required during the past 12 months with Bodily Injury Liability limits of at least \$50/100.
- j. No driver's license suspensions or revocations in the last 3 years.
- k. No lapses in coverage in the last 3 years.

### **C. GENERAL REQUIREMENTS**

1. Private Passenger Auto Physical Damage Inspection Criteria
  - a. An Auto Physical Damage Inspection is required if the Insured had a lapse in coverage or had no prior insurance.
  - b. An Auto Physical Damage Inspection is required if the insured **owned** the vehicle(s), but it was not previously insured for physical damage and now the insured wants to add physical damage coverage.
  - c. An Auto Physical Damage Inspection is required if the vehicle is totaled in an accident and the insured retains salvage. We will require an inspection once the car is repaired.
  - d. No Auto Physical Damage Inspections will be required under other circumstances.
2. Health - If any operator's ability to operate a vehicle has been impaired in any way because of a condition or medication, coverage may not be bound. (Compensated handicaps are permitted if the person has been operating a motor vehicle with the compensation for 2 years without any driving accidents or violations).
3. Motor Vehicle values over \$65,000 requires \$1,000 deductible for comprehensive and collision, if Physical Damage is provided, and anti-theft devices.
4. Use - Racing, stunt, demolition and delivery (magazine, newspaper, pizza or mail) is ineligible.
5. Replacement Cost Guarantee - The following types of vehicles are ineligible for this coverage.
  - a. Vans (other than passenger mini-vans), pickups or any vehicle designed for off-road use.
  - b. Motorhomes, motorcycles or recreational vehicles.
  - c. Leased automobiles.
  - d. Any vehicle on the restricted vehicle list and/or valued in excess of \$150,000.

### **D. RESTRICTED VEHICLES**

Acura NSX, BMW M3 or M5, Chevrolet Camaro IROC or Z28, Chevrolet Corvette, Cobra (All), Dodge Stealth Turbo, Dodge Viper, Ferrari (All), Ford Mustang GT, Lamborghini (All), Lotus (All), Maserati (All), Mitsubishi 3000GT Turbo, Nissan 300 ZX, Panoz (All), Plymouth Prowler, Pontiac Firebird Formula and Trans AM, Porsche 911, Qvale, Rolls Royce, Shelby Series 1.

**Note:** These vehicles are not eligible for Comprehensive and Collision coverage if symbol 27 or above.



## MISCELLANEOUS VEHICLES

### A. ELIGIBILITY

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

### B. OPERATOR REQUIREMENTS

Please refer all miscellaneous vehicles to underwriting.

#### OPERATORS

#### REQUIREMENTS

- |                           |   |
|---------------------------|---|
| 1. Convictions/Accidents: | a. <9 years experience: 0 in last 3 years.  |
|                           | b. 9 years experience: 1 in last 3 years.   |
|                           | c. all operators combined: 1 in last 3 years.   |
|                           | d. No major convictions (DWI, hit and run, driving under suspension/revocation, reckless driving, homicide/assault/felony) in last 5 years.                     |
|                           | e. No license suspension/revocation in last 5 years.  |
|                           | f. No Financial Responsibility filings due to previous license suspension.  |
| 2. Other Losses:          | a. <u>One</u> non-fault loss per policy allowable in last 3 years.  |
|                           | b. No total thefts in the past 3 years.   |
| 3. Driving Experience:    | a. Principal Operators: 3 years or more.  |
|                           | b. Named Insured: 9 years or more.  |
| 4. Stability:             | a. Named Insured must be retired or gainfully employed continuously for the last 2 years.   |
| 5. Health:                | a. If any operator's ability to operate a vehicle has been impaired in any way because of a condition or medication, coverage may not be bound.                 |
|                           | b. Compensated handicaps are permitted if the person has been operating a vehicle with the compensation for 2 years without an at-fault accident or conviction. |

**C. MISCELLANEOUS VEHICLE TYPES**

	<b><u>MOTORCYCLES/ MOPEDS</u></b>	<b><u>MOTOR HOMES</u></b>	<b><u>RECREATIONAL VEHICLES</u></b>
1. Refer if:	<ul style="list-style-type: none"> <li>a. Any operator with &lt;3 years' motorcycle experience on public roads</li> <li>b. The motorcycle has characteristics identified as problematic in the "Criteria for the Motorcycle List" section</li> </ul>	<ul style="list-style-type: none"> <li>a. Base sticker price over \$200,000</li> <li>b. If a pickup has a permanently attached camper body, with facilities for cooking and sleeping, it must be rated as a motorhome.</li> </ul>	<ul style="list-style-type: none"> <li>a. Value over \$10,000</li> <li>b. ATV</li> </ul>
2. Ineligible if:	<ul style="list-style-type: none"> <li>a. No private passenger support</li> <li>b. Modified for performance or appearance</li> <li>c. Customized</li> <li>d. Turbocharged</li> <li>e. Over 500 cc. and operator has &lt;5 years' experience with motorcycles</li> <li>f. Operated by a person who has had an incident in the last 3 years while operating a motorcycle</li> <li>g. Kit or homemade</li> <li>h. Used or designed for stunt, racing or speed activity</li> <li>i. Operated by anyone under 16 or with an irresponsible attitude</li> <li>j. On Ineligible Motorcycle List</li> <li>k. The motorcycle has characteristics identified as problematic in the "Criteria for the Motorcycle List" section</li> </ul>	<ul style="list-style-type: none"> <li>a. The only vehicle to be insured if there is a qualifying private passenger vehicle in household</li> <li>b. Used as a residence (other than on vacation)</li> <li>c. Not factory built</li> <li>d. In poor mechanical condition or damaged</li> </ul>	<ul style="list-style-type: none"> <li>a. No private passenger support</li> <li>b. Not factory built</li> <li>c. Used in racing, stunt, speed or demolition activity</li> <li>d. Designed for use in the air</li> <li>e. Driven by a person under 16</li> <li>f. Operated by anyone with an irresponsible attitude, or at an immature age</li> <li>g. Snowmobile &gt; 500cc with any operator &lt; 22</li> <li>h. ATV are ineligible</li> </ul>

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**SECTION III: UNIVERSAL SECURITY POLICY PORTFOLIO:  
SPECIAL VALUE UNDERWRITING  
MISCELLANEOUS VEHICLES  
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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 by the underwriter. 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. You should contact your underwriter if you encounter a motorcycle model, which is not specifically listed, but has any of the problematic characteristics outlined in the following:

1. General motorcycle categories

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 off-road models that are **not** performance oriented are eligible.

**E. INELIGIBLE MOTORCYCLES**

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.

<u>MAKE</u>	<u>MODEL</u>
American Ironhorse	All Models
Aprilia	All Models
Big Dog	All Models
Bimota	All Models
BMW Motorcycle	K1200RS
BMW Motorcycle	R1100GS ABS / SE
BMW Motorcycle	R1100RS
BMW Motorcycle	R1100R/R1100R ABS / SE
BMW Motorcycle	R1100S/R1100S ABS
Boss Hoss	All Models
Boy Toy	All Models
Buell	All Models
California MC Co.	All Models
Castle	All Models
Confederate	All Models
Ducati	All Models
Honda Motorcycle	CBR Series All Models
Honda Motorcycle	Interceptor VFR Series
Honda Motorcycle	RC51
Honda Motorcycle	Superhawk VTR Series
Honda Motorcycle	Other High Performance Models
Illusion	All Models
Kawasaki	Ninja GPZ Series
Kawasaki	Ninja ZX Series
Kawasaki	Ninja 250R, 500R/EX250&500
Kawasaki	ZR-750-F2/L
Kawasaki	ZRX1100 All Models
Kawasaki	Other High Performance Models
Kit/Homade	All Models
Laverda	All Models
Moto Guzzi	All Models
MZ	Cup-Skorpion Cup
MZ	Replica-Skorpion Replica
Quantum	All Models
Surgical Steeds	All Models

**SECTION III: UNIVERSAL SECURITY POLICY PORTFOLIO:  
SPECIAL VALUE UNDERWRITING  
MISCELLANEOUS VEHICLES  
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<u>MAKE</u>	<u>MODEL</u>
Suzuki Motorcycle	Bandit GSF Series
Suzuki Motorcycle	GS500E
Suzuki Motorcycle	GSX Series Katana
Suzuki Motorcycle	GSX1300R Hayabusa
Suzuki Motorcycle	GSXR Series
Suzuki Motorcycle	Katana All Models
Suzuki Motorcycle	RF Series
Suzuki Motorcycle	SV650
Suzuki Motorcycle	TL1000R
Suzuki Motorcycle	TL1000S
Suzuki Motorcycle	Other High Performance Models
Titan	All Models
Triumph Motorcycle	Daytona T595, 1200, 955I
Triumph Motorcycle	Speed Triple T509
Triumph Motorcycle	Sprint Sports All Models
Triumph Motorcycle	Tiger 900 All Models
Ultra Kustom	All Models
Yamaha	FZR Series
Yamaha	Seca XJ Series
Yamaha	YZF Series All Models
Yamaha	Other High Performance Models MDL
Other Motorcycle	Custom Model Not Listed
Other Motorcycle	High Performance Model
Other Motorcycle	Other Street Sports Model

**F. ADDITIONAL INELIGIBLE MOTORCYCLES**

1. Racing design motorcycles
2. Models for which the manufacturer's advertising specifically emphasizes racing type performance
3. Models that are manufactured or imported in very limited numbers, for which parts are not readily available, or which are otherwise difficult to replace.
4. Custom Built – Present a very high theft exposure, are generally performance (that is why they are customized) and frequently are not street legal.

## HOME

### A. OCCUPANCY

With the exception of renters' coverage, only owner occupied risks are eligible. Property rented to or used by others should be written on a dwelling fire segment. (Refer to Dwelling Fire Section) Liability only coverage for a seasonal/secondary home can be extended from a home segment.

To extend liability coverage to a property rented to others, we must write the primary home.

Property in the name of partnerships, limited, Associations, Municipality, DBA (Doing Business As), TA (Trading As), Township or Company is ineligible.

### B. INSURANCE-TO-VALUE PROGRAM

All new business must be written for at least 100% replacement cost. In order to help keep up with current costs, residence/dwelling, condo and renter limits are typically adjusted annually at renewal. Limits for these coverages will not be reduced without the policyholder's consent.

Our program is based on all dwellings being properly insured to their full replacement value. Using information and factors obtained from recognized leaders in the residential appraisal field, we have developed a viable Insurance-to-Value program.

Documentation of replacement cost valuation is required on all new business. The replacement cost must be calculated using an acceptable methodology as determined by us. Additionally, all risks submitted for new business must include a photograph. Alterations exceeding 5% of the current replacement cost and /or in excess of \$10,000 requires notification to Encompass Insurance within 30 days.

If there is a difference between the replacement value indicated by our approved methodology and the insured, the Basic Replacement Cost endorsement (G-18737) is available and limits coverage to the dwelling amount shown on the Coverage Summary.

Risks with unacceptable inspection results are ineligible.

### C. BINDING GUIDELINES - See detail guides at end of Homeowners Underwriting Section and the Risk Profile Summary.

### D. ADDITIONAL RENTERS GUIDELINES

#### Security

- All unit entry doors must have dead bolt locks.
- Buildings over 2 stories must have enclosed stairwells and no exterior fire escapes.

Buildings with lobbies must have 24-hour security or buzzer system on lobby entrance doors.

#### Scheduled Personal Property

- Scheduled jewelry > \$50,000 requires UL approved safe on premises that is secured through floor or wall, with at least 1 hour fire resistive rating and a combination lock.
- Over \$100,000 aggregate scheduled property requires Central Station Burglary and Fire Alarm System.

**Vehicles written in conjunction with Renters Coverage.** (Not applicable to Encompass Insurance Policies where Encompass already insures the automobile exposure.)

- In cities of 400,000 population or more, garaging of all vehicles is required at night.

In cities under 400,000, off street parking is required at night.

## **E. WATER LOSS MITIGATION**

\*\* Any Risk location water loss > \$1,000 is subject to the following:

(1) Risk Mitigation Documentation

Applicants with prior water loss history in the past 3 years at the insured residence must provide documentation prior to binding that the hazard or any other unusual exposure that caused the loss has been remedied.

Required documentation may include, but not limited to:

- Home Inspection - performed by a licensed home inspector in the past 60 days, must include:
- Be on company stationary/letterhead
- Contractor's license number
- Identify the applicant/customer by name
- Thorough description of the overall condition of property including electrical, plumbing, structure
- Confirm the absence of an existing hazard
- Other - Must provide specific information related to the loss(es) which occurred in the past 3 years and give indication that the hazard no longer presents a substantial relationship to future loss

(2) Risks with prior water loss will not be allowed to buy up additional mold coverage.

(3) Risks with prior a mold loss are unacceptable.

## **F. INELIGIBLE EXPOSURES**

1. Dwellings

- a. Converted to dwelling purposes from another use.
- b. Converted to increase the number of families.
- c. Relocated dwellings.

2. Unacceptable Hazards

- a. True farming exposures or
  1. income from the farm exceeds \$5,000 or
  2. more than 5 head of livestock or horses or
  3. horses are boarded for others or
  4. more than one tractor, other than a lawn or garden tractor, or any true farm machinery or
  5. any farm employees or transient laborers or
  6. any manufacturing or processing activities (creameries, milk distribution, etc) or
  7. any public activities such as hayrides, hunting, fishing or camping or
- b. With market value (excluding land) of under 70% of current replacement cost.
- c. With supplemental heating by coal or kerosene stoves or multiple space heaters.
- d. Woodstove is present and home is non-owner occupied.

- e. Dwelling in poor condition, with unrepaired damage or below average maintenance.
  - f. Premises with vicious or temperamental animals, exotic pets or any animal with a bite history.
  - g. Swimming pools not in compliance with local codes or ordinances. Must have adequate safety precautions taken to eliminate liability exposure.
  - h. Properties located on unpaved roads, or roads not passable in all seasons.
3. Location
- a. In known flood, wave wash, sinkhole, pollution, landslide or cave-in area.
  - b. Within 100 feet of a commercial or industrial property.
  - c. Within 1,500 feet of brush area.
4. Unacceptable Construction
- a. Dwellings without central heating, unless in warm climate or seasonal dwelling.
  - b. Unapproved roofs including roll tarpaper, tin, aluminum and wood (other than treated cedar shake).
  - c. Construction done by owner, unless a professional licensed contractor (includes wiring, heating, and plumbing).
  - d. Without modern and adequate electrical service, plumbing, or heating system.
  - e. Without modern and adequate electrical service, plumbing, or heating system.
  - f. Dwellings of obsolete, unique, or irreplaceable construction.
  - g. Log homes if built prior to 1977, or located in PC9, or not split construction.
5. Unacceptable Structures
- a. Basement homes.
  - b. Boat houses as primary residences.
  - c. Mobile homes.
  - d. More than three stories.
  - e. Earth Homes
6. Use of Dwelling
- a. Number of families exceeds number of units.
  - b. Units rented or leased to others during any part of the year.
  - c. With any roomers or boarders.
7. Occupation - Well known Politicians, Entertainers and Athletes are ineligible.



**G. DWELLINGS IN THE COURSE OF CONSTRUCTION OR MAJOR RENOVATION  
(25% or more increase in Dwelling Value require the following):**

1. Current dwelling should be within 50 miles to ensure oversight on the part of the insured.
2. Dwelling should be written at completed value. Maximum completed value for a course of construction exposure is \$1,000,000.
3. Minimum deductible \$1,000.
4. Insured cannot be acting as general contractor.
5. A certificate of insurance should be provided by the general contractor reflecting limits of at least 1.5 times the completed value, or \$500,000, whichever is greater, including general liability and workers compensation insurance.
6. Dwelling must be located in protection class 1 through 8.
7. For dwellings over \$500,000, once enclosed, a centrally monitored fire and burglar alarm is required.
8. Coverage will be provided with the Real Property Basic Replacement Cost Coverage loss settlement option.
9. The exposure must be written as a Package
10. New dwelling and alarming credits do not apply until construction is completed.

**H. WOODSTOVE REQUIREMENTS**

1. Home must be owner occupied
2. UL approved
3. Wood stove, pipe and chimney cleaned and inspected annually
4. Installed by a professional contractor or dealer
5. Used only as supplemental or occasional heat
6. Chimney extend at least 3 ft above the highest point where it passes through the roof and is it at least 2 ft higher than any portion of the dwelling that is within a 10 ft radius
7. Chimney must have a flue liner
8. Chimney free of any defects (missing bricks, broken mortar, cracks, etc
9. A minimum of 36 inches between the stove and any combustibles (drapes, furniture, carpets, wood, etc
10. Only one stove connected to the same chimney
11. Heat shields on the wall
12. A minimum of 36 inches between the stove and the wall
13. On an approved mat that is at least 4 inches thick
14. Mat extend out at least 18 inches from the front and sides of the stove
15. Stovepipe may not pass through any concealed area (attic, closet, etc)., or any floor-ceiling assemblies.
16. Stovepipe may not pass through an exterior wall or window without connecting to a chimney leaving the pipe exposed.
17. Stovepipe may not have more than two right angle turns between the stove and chimney

- 18. Stovepipe passing through a wall must be protected by an approved thimble
- 19. Stovepipe passing through a wall that must be at least 18 inches from the ceiling
- 20. Stove legs may not be elevated on blocks of wood

**I. SCHEDULED PERSONAL PROPERTY**

- 1. Any class, including blanket coverage and scheduled coverage, exceeding the following limits must be submitted non-bound.

<u>Class</u>	<u>Aggregate</u>	<u>Item</u>
Jewelry	\$100,000	\$50,000
Fine Arts	100,000	\$50,000
Furs	100,000	\$50,000
Silverware	100,000	\$50,000
Cameras	25,000	
Stamps	25,000	
Coins/Collectibles/Trading Cards	25,000	
Musical Instruments	25,000	
Golfer's Equipment	25,000	
Other	Refer to company	

- 2. Any schedule exceeding \$150,000 in total value, blanket and scheduled, must be submitted non-bound.
- 3. Schedules for the following are ineligible.
  - a. Known collectors, dealers, exhibitors.
  - b. Persons who travel excessively.
  - c. Persons in the "Public Eye" i.e., celebrities, professional athletes.
  - d. Items located in dwellings other than primary residences.
- 4. Appraisal Requirements

Certified appraisals within 3 years are required for all scheduled items valued at \$25,000 or more and should be retained by the agent for future underwriting audits. For scheduled items \$50,000 and above, the appraisal must be submitted to the company.

**J. BASIC REPLACEMENT COST ENDORSEMENT (G-18737)**

While we require 100% insurance-to-value, there may be instances this is not the value being written. In these instances we may use this endorsement, which limits coverage to the value shown on the Coverage Summary. Dwellings 51 years old and greater must have the Basic Replacement Cost Endorsement, G-18737.

## **K. HOMEWORK ENDORSEMENT (G1-15937-A)**

The home-based business must meet the following criteria to be eligible for the HomeWork Supplement:

- The business type must fall within one of the eligible classes specified in the list below.\*
- The business must be an individual proprietorship or a husband/wife partnership.\*\*
- Businesses with employees, other than family members of the insured's household, are not eligible.
- Maximum allowable sales/receipts is \$300,000. (Note: Businesses with higher sales/receipts can be considered on a refer-to-company basis.)
- Use of subcontractors cannot exceed 10% of sales/receipts.
- The business must be operated out of the insured's primary residence, which is primarily used for dwelling purposes\* The definition of residence premises includes the primary residence, grounds and other structure. Therefore, if the business is conducted on the grounds of the primary residence, even if it is in a detached structure, coverage can be written.
- Any prior losses must be fully documented.

**\*Note:** By contractual definitions, HomeWork benefits apply only to the eligible classes and the primary residence (for on premises property coverage).

**\*\*Note:** Additional Insureds such as off premises Lessor (owner of a shopping mall, etc.), Vendors (for example, a computer company), a Lessor of Leased Equipment, etc., can be added via the HomeWork Additional Insured Amendment. The Additional Insured Amendment is generally intended to be used when a third party has an insurable interest in property covered by the HomeWork Amendment or requires a Certificate of Insurance.

### **HomeWork Supplement Eligible Businesses**

Professional Services	Accountants/Auditors Adjusters Appraisers Architects Computer Programmers Dentists Economists Engineers Financial Advisors/Planners Lawyers Management Consultants Market Research Psychologists Training
Educational/Instructional Services	Art/Music/Instructors Educational/Vocational Counselors Tutors
Artists	Designers Painters Sculptors

Sales	Home Decorating products – Sales Household Products Insurance Sales Real Estate Sales Securities and Financial Services Telemarketing/Direct Mail Services Travel Agents/Travel Planners
Administrative Support Services	Bookkeepers, Accounting, Auditing Clerks Data-Entry Clerks Editors/Proofreaders Resume Services Secretaries/Stenographers/Typists Telephone Answering Services Translators
Personal Services	Dressmaking/Tailoring Interior Designers Shopping Services
Repair Services	Cameras Clocks Musical Instruments Watches
Craftsmakers	Ceramics/Pottery Clothes Engraving Leather Goods Quilts Stained-Glass Products

## **L. HOME DAY CARE RULES**

1. Maximum of 3 children cared for, excluding insured's own children
2. A licensed nurse must be on the premises if there are children under age 1, excluding the insured's own children.
3. Insured may not care for children between the hours of 7 PM and 5 AM
4. Maximum hours of operation is 10 hours per day or 50 hours per week
5. Provider must be at least 30 years old AND have a minimum of 3 years Day Care experience
6. Provider may not administer prescription medications to the children, excluding insured's own children
7. Insured must be licensed by the state.
8. Business must be an individual proprietorship or husband/wife partnership
9. No employees, other than family members
10. No swimming pool or trampolines on premises
11. No dogs or exotic animals on premises

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**SECTION IV: UNIVERSAL SECURITY POLICY PORTFOLIO: EFFECTIVE:** April 16, 2007 New;  
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### **M. EARTHQUAKE RULES**

Effective 03/06/06, earthquake coverage is no longer available for either new business or as an endorsement to existing business.

**N. RESERVED FOR FUTURE USE**

**O. RESERVED FOR FUTURE USE**

## **BOAT**

### **A. ELIGIBILITY**

Boat segments coverage can only be written as part of a Package policy.

### **B. LIABILITY COVERAGE**

USP Portfolio provides liability coverage for the following boats automatically within the Home and Dwelling Fire Segments.

- Outboard motors 0 to 25 horsepower
- Sailboats 0 to 25 feet
- Inboard and Inboard/Outboard motors 0 to 50 horsepower

If liability and hull coverage is purchased for boats falling within the above parameters, liability can be purchased up to \$500,000.

### **C. CORPORATELY OWNED BOATS**

Corporately owned craft can be written when the craft is used strictly for private pleasure purposes.

### **D. VALUE OF BOAT/MOTORS**

1. The value of the boat or any outboard motor may never be less than the average value listed in current editions of ABOS, BUC or similar industry guides.
2. Newly purchased watercraft should be valued at its full purchase price.

### **E. BOAT UNDERWRITING RULES**

1. Value: < \$125,000
2. Length: < 40 feet (at centerline), other than sailboat
3. Maximum Speed: < 56 MPH
4. Hull age: < 26 years old if hull coverage is requested
5. Operators must have minimum of two years boating experience
6. Operator must be a licensed driver (equal to) or > 5 years
7. An operator cannot have >1 incident

### **F. INELIGIBLE BOATS AND PERSONAL WATERCRAFT**

1. Not seaworthy.
2. Non-commercially manufactured (kit or homemade boats).
3. Craft under construction.
4. Hydroplanes and any strictly one-man motorized craft.
5. Houseboats as permanent living quarters.
6. Submarines motor driven surfboats, water cycles, or any type of experimental craft.
7. Surplus military or naval craft.
8. Air boats.

9. Inflatable boats.
10. Ice boats.
11. Amphibious land/water crafts.
12. Air propelled boats, including marsh boats.
13. New Personal Watercraft exposures (such as Jet Skis, Waverunners, Seadoos, etc.)

## **G. INELIGIBLE EXPOSURES**

1. Used by any youth organization.
2. Equipped with gasoline or "white gas" fueled appliances.
3. Powered above manufacturer or coast guard's designation.
4. Powered by converted automobile or air-cooled engines.
5. Equipped with hydrofoils or dry-stacked exhaust system.
6. Designed or modified for performance or competition.
7. Hauled by trailer not designed for use as boat trailer.
8. Home-built or kit-built trailers.
9. Used by person not having a valid driver's license.
10. Kept or stored in unsecured open lots.
11. Boats with existing damage.

## **H. INELIGIBLE USES**

1. Any commercial or business-related use, including renting, hiring, or chartering.
2. Racing, other than sailboats.
3. Permanent living quarters.

## **I. EXTENDED NAVIGATION ENDORSEMENT**

The following are the minimum allowable requirements to issue the Extended Navigation Endorsement:

Boat Length:	35 Feet
Operator Experience:	4 Years of Ocean Navigational Experience
Membership:	U.S. Power Squadron and Coast Guard Auxiliary
Boat Equipment:	Twin Engines LORAN VHF Radio with Backup Radio Firefighting Equipment (Automatic Halon System and Fire Extinguishers) Tenders Automatic Radio Beacon

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**PERSONAL UMBRELLA****A. REQUIRED EXPOSURES**

Personal Umbrella coverage may only be written as part of a Package policy.

Personal Umbrella coverage may be written with a Home Segment provided that the only car in the household is a corporately owned vehicle.

**B. COVERED EXPOSURES**

All exposures, except trailers, can have Personal Umbrella Coverage (with or without primary liability), subject to the required Exposure Rule A. above.

**C. REQUIRED UNDERLYING LIMITS**

1. Personal Umbrella coverage must be present on all listed exposures (except trailers and excluded vehicles).
2. The same liability limit must be selected for all exposures.
3. Underlying exposures covered by a USP Special Value Portfolio policy must carry minimum limits of \$100,000/300,000 Bodily Injury and \$100,000 Property Damage or \$300,000 Single Limit Liability for motor vehicles.
4. Homeowners, boat, personal watercraft and dwelling fire written in Special Value must carry minimum \$300,000 Single Limit Liability.

**D. UNDERWRITING RULES**

1. All underlying exposures not insured with us must meet the underwriting rules for the exposure as if we were insuring it.
2. Carrier providing primary liability coverage for underlying exposures must be rated at least 'B+'.

**E. INELIGIBLE EXPOSURES – for any Personal Umbrella Policy**

1. Any exposure which cannot be covered under a personal lines policy.
2. Homes/Dwellings with a trampoline on the premises.
3. Homes/Dwellings with a dog on the prohibited animal list.
4. Homes/Dwellings with a prior liability loss in the last 3 years.
5. Homes/Dwellings with a Home day care Endorsement.

**F. INELIGIBLE DRIVERS – for any Personal Umbrella Policy**

1. If the combined household has greater than 12 Insurance Eligibility Points in the last 3 years.
2. If any individual driver in the household has 6 or more Insurance Eligibility Points in the last 3 years.
3. If any operator in the household is an ineligible operator, whether they are insured with us or else where.
4. If any individual driver in the household has had a prior property liability loss over \$25,000.



**THE ENCOMPASS INSURANCE COMPANY OF NEW JERSEY  
USP PORTFOLIO NEW JERSEY  
ELITE DELUXE AND SPECIAL UNDERWRITING GUIDELINES**



**ELITE, DELUXE AND SPECIAL PROPERTY RISK PROFILE – NEW JERSEY  
THE ENCOMPASS INSURANCE COMPANY OF NEW JERSEY**

Underwriting Characteristics	Preferred Tier	Standard Tier
<b>Minimum Replacement Cost</b>	Territories 26, 78-81, 86, 88, 89, 94-96 Primary Home = \$140,000 Remainder of State: Primary Home = \$175,000 Secondary/Seasonal Home = \$75,000 Primary or Secondary Condo/Coop/Renter = \$50,000	Primary Home = \$125,000 Secondary/Seasonal Home = \$75,000 Primary or Secondary Condo/Coop/Renter = \$35,000
<b><u>Hurricane Risk Management (HRM)</u></b>	<u>All properties located in Reinsurance Zone 1 &amp; 2 are ineligible.</u> <u>The HRM guidelines do not apply to existing policyholders that are replacing a current property location. Any additional property location that is not a replacement of a current property on the policy is ineligible.</u> <u>Properties scheduled for non-renewal cannot be rewritten to add additional exposures, change effective date or change coverage level.</u>	<u>All properties located in Reinsurance Zone 1 &amp; 2 are ineligible.</u> <u>The HRM guidelines do not apply to existing policyholders that are replacing a current property location. Any additional property location that is not a replacement of a current property on the policy is ineligible.</u> <u>Properties scheduled for non-renewal cannot be rewritten to add additional exposures, change effective date or change coverage level.</u>
<b>Loss Activity Maximum</b>	Any loss activity, CAT or Non-CAT, within 3 years is ineligible. All losses \$1 paid threshold applies.	One prior loss (CAT or Non-CAT) within 3 years is eligible. Risks with a Theft, Vandalism or Fire loss > \$2,500 or Liability Loss > \$500 or >1 water loss subject/risk ineligible. >\$1,000 must have damage mitigation, refer to PLG for complete mitigation requirements. >\$20,000 refer to Underwriter. >0 water losses subject/risk and prior mold loss ineligible. Additional mold coverage with a prior water loss ineligible. All losses \$1 paid threshold applies.
<b>Loss Activity Maximum (Renters)</b>	Renters with any loss activity, CAT or Non-CAT are ineligible. All losses \$1 paid threshold applies.	
<b>Insurance Score</b>	Insurance Scoring Groups 5B, 5C, 6A, 6B, and 6C are ineligible.	
<b>Coastal Exposures</b>	<u>For existing policyholders replacing a current property location of properties not located in HRM counties, the property must be located &gt; 2 miles from tidal water and &gt; 15 ft above mean high tide.</u> Island exposures are ineligible.	
<b>Protection Class</b>	Must be PC 1 - 9. PC 10 is ineligible.	
<b>Number of Families</b>	Owner occupied = 1 to 2 families.....Rented to Others = 1 to 2 families . Rentals: Maximum of 4 locations with a maximum of 2 units per location. Encompass Insurance must write the supporting Homeowners	
<b>Maintenance</b>	Well-maintained. Roof- Homes over 20 years old, must have updated roof within last 20 years (unless Slate or Tile). Plumbing- Homes over 50 years old must have copper or PVC plumbing. Electrical – Homes over 40 years old, service must be controlled by circuit breakers with minimum 100 AMP services.	
<b>Central Alarms</b>	Must have for <i>Dwelling</i> > \$750,000; <i>Condo/Tenant</i> > \$250,000; <i>SPP</i> > \$300,000.	
<b>Woodstove</b>	Must be professionally installed and meet installation requirements. Cannot be the primary heat source. Ineligible if non-owner occupied dwelling.	
<b>Prior Standard Continuous Insurance</b>	Required	
<b>Refer to Underwriter (Do not bind coverage)</b>	- Homes under Construction or Major Renovation - Log Homes (Refer to PLG for complete underwriting guidelines) - Business on Premises (Refer to PLG for complete underwriting guidelines. Must be endorsed with the related business endorsement.) - water losses subject/risk >\$ 20,000 refer to underwriting.	
<b>Ineligible Exposures</b>	- Mobile Home - Vicious, Temperamental or Exotic Pets - Trampolines -Unfenced Swimming Pools - Open Foundations, Piers or Pilings - Underground Fuel/Oil Tanks >10 years old- Vacant - Located in known flood, wave-wash, sinkhole, pollution, landslide or cave-in area - Obsolete, unique or irreplaceable Vicious, Temperamental or Exotic Pets Animals with a bite history or the following dog breeds: Akitas, American Pit Bulls, American Staffshire Terriers, Bull Terriers, Chows, Doberman Pinschers, English Bull Terriers, Great Danes, Presa, Canarios, (aka: Canarian Dog, Dogo Canario, Canary Dog, Perro de Presa Canario), Rotweilers, Hybrid and Purebred Wolves, Coyotes, Wild Dogs.	

Denotes Change

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<b>SPP</b>	Must have an appraisal for each item valued > \$50,000. Copy retained by agent.
<b>Boats</b>	Must be < \$125,000 current book value, < 40 ft. length, and < 56 mph. Must meet Platinum auto operator requirements and have 2 years boat experience. With supporting auto or home coverage. Age of hull >26 if hull coverage requested is ineligible.
<b>Personal Watercraft</b>	New Personal Watercraft exposures (such as Jet Skis, Waverunners, Seadoos, etc.) are not eligible for coverage. Refer to Boat Section for complete underwriting guidelines.
<b>Excess Liability</b>	<b>Both</b> the Primary auto and Primary property coverage must be written with ENCOMPASS Personal Insurance.

**SEE PERSONAL LINES GUIDE FOR COMPLETE LIST OF "REFER TO UNDERWRITER" & "INELIGIBLE" EXPOSURES**

Values MUST be written at 100% of replacement cost.				
Primary Residence		Rented to Others Dwelling Fire Segment Only (Non-Owner Occupied)***		
	Maximum**			
<b>Owner Occupied</b>	PC 1-8 (\$2,500,000) PC 9 (\$600,000)	<b>Non-Owner Occupied</b>	Minimum	Maximum
<b>Secondary/Seasonal</b>	\$300,000	<b>1 Family Dwelling</b>	\$100,000	<u>\$500,000</u>
<b>Condo/Coop/Renters (Primary)</b>	\$300,000	<b>2 Family Dwelling</b>	\$140,000	<u>\$500,000</u>
<b>Condo/Coop/Renters (Secondary)</b>	\$300,000	<b>Condo</b>	\$5,000 Contents	\$50,000 Contents
**Homes > \$1,000,000 must be referred to the Underwriter. If written, must be on Elite with a minimum deductible of \$1,000.		***Encompass must write supporting Homeowners. ****Dwelling Fire rented on a weekly basis ineligible.		

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**We recognize that these criteria cannot cover every conceivable situation and reserve the right to deviate where appropriate. If any of our criteria are in conflict with applicable state laws the criteria will not apply.**

## **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 Encompass Insurance's Portfolio, there are two types of new business:

- USP Package
- USP Segment

USP package contains both an eligible motor vehicle and a home segment. USP segment contains one or more segment combinations including auto, home, dwelling fire or boat.

The binding guidelines, like all such guidelines, 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 insureds 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 USP 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

\*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**

- Underwriting must be notified of all personal lines exposures to be written on a USP Portfolio segment or package. 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, the exclusion endorsement is available in your state, and the company approves.
- Each USP package policy by the first anniversary must consist of primary coverage on at least one owned, leased, or corporately owned or furnished private passenger automobile, and an owned or leased primary premises.
- 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.

## D. INSURANCE INTEREST

1. Policies must be in the name of an individual or individual and spouse.
2. The Named Insured(s) or Resident Relative(s) must be the registered owner(s) of all vehicles to be insured on the policy.
3. All property must be owned or leased by the Named Insured or jointly with another resident of the household.
4. 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 Corporation, LLC-Limited Liability Corporations, LLP-Limited Liability Partnership, Partnerships or Public Entities. As such they are not to be listed as Named Insured, Additional Insured or Additional Interest with the following **exception:**

**LLC- Limited Liability Corporations and Limited Liability Partnerships (LLP)** may be added as an Additional Interest provided the LLC is solely 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 vehicles.

**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 with the legal entity as an Additional Interest.

**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 to provide 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 the 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.

## E. APPLICATIONS

New business must be submitted to the company electronically. The application must be fully completed. 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 electronic application must be received by the company within fifteen days of the effective date.

## F. LIMITS OF LIABILITY

- All underlying exposures not covered by the USP Portfolio policy, but for which Personal Umbrella Coverage is desired, must have personal liability limits of \$100/300 or \$300,000 CSL.
- Uninsured/underinsured has a maximum of \$250,000/\$500,000 split or \$500,000 CSL. (Cannot be higher than the Personal Liability limit chosen).

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**SECTION I: UNIVERSAL SECURITY POLICY PORTFOLIO:**  
**UNDERWRITING – GENERAL**  
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## **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 USP 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.

Effective 03/06/06, earthquake coverage is no longer available for either new business or as an endorsement to existing business.



**I. BINDING AUTHORITY**

All segment homeowner policies (monoline HO3) in New Jersey located in reinsurance zones 3 and 4 must be entered into InterLink and submitted unbound to the Risk Management Center. Email notification requesting policy review should be sent to [njproperty@encompassins.com](mailto:njproperty@encompassins.com).

Effective 02/05/2007 All properties, including HO-4 & HO-6, located in reinsurance zones 1&2 are ineligible.

◆ Primary Residence PC 1- 8				\$1,000,000
◆ Primary Residence PC 9				\$600,000
◆ Secondary / Seasonal Residence				\$300,000
◆ Primary, Secondary / Seasonal Condo HO –6 / Coop / Renters HO – 4				\$300,000
◆ Dwelling Fire non-owner occupied dwelling				\$500,000
◆ Dwelling Fire non-owner occupied Condo contents				\$50,000
◆ Motor Homes Base sticker price				\$200,000
◆ Aggregate Scheduled or Blanket Personal Property				\$150,000
Jewelry Aggregate	\$100,000	Single item	\$50,000	
Fine Arts Aggregate	\$100,000	Single item	\$50,000	
Fur Aggregate	\$100,000	Single item	\$50,000	
Silverware Aggregate	\$100,000	Single item	\$50,000	
Cameras Aggregate	\$25,000			
Stamps Aggregate	\$25,000			
Coins/Collectibles/ Trading Cards Aggregate	\$25,000			
Musical Instruments Aggregate	\$25,000			
Golf Equipment Aggregate	\$25,000			
◆ Private Passenger Automobile Physical Damage				\$150,000
◆ Boats				\$125,000
◆ Personal Umbrella				\$2,000,000
◆ When the insured or any covered person has had any personal property or casualty insurance canceled, declined or non-renewed for any underwriting reason within the last 3 years the risk may not be bound. This rule also applies to insurance cancelled, declined or non-renewed by any Encompass company.				

**“Exception: All reasons for termination have been rectified or mitigated.”**

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**SECTION I: UNIVERSAL SECURITY POLICY PORTFOLIO:**  
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## **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. DOCUMENTATION (TRAILING DOCUMENTS)**

Agents are required to retain the original of specific legal and administrative documents on behalf of the company and are required to provide the company with copies when requested. These documents may be required for Market Conduct Exams, Insurance Department inquiries, claims coverage questions and rate justification. New business and endorsement transactions will be subject to random company audits.

Failure to send the required documents to Encompass may result in loss of discounts/coverage; coverage increases, re-tiering of an account or termination of a policy. Additionally, it remains the agent's responsibility to maintain copies of all **required** trailing documents, whether or not selected for audit. A current list of these trailing documents can be found on the Agency Desktop located at:

[http://www.encompassinsurance.com/foragents/content/references/trailing\\_documents.pdf](http://www.encompassinsurance.com/foragents/content/references/trailing_documents.pdf)

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**NEW AND RENEWAL - PRIVATE PASSENGER AUTO****A. DEFINITIONS**

**“Accident”** - Any at-fault accident or not-at-fault accident. Excludes hit-while-parked losses and all accident closed with \$0 paid, either by Encompass or the prior carrier.

**B. TIERING REQUIREMENTS –**

1. **Tier A (Titanium Tier)** The eligibility criteria for Tier A are:
  - a. All principal and occasional operators of the vehicle must have 9 or more years driving experience.
  - b. Foreign driver's licenses are not permitted for any principal or occasional operator of the vehicle . For insureds with a foreign driver's license that are written as part of a USP Package policy, this requirement is waived for the first 60 days.
  - c. Out-of-state (non New Jersey) driver's licenses not permitted for any principal or occasional operator of the vehicle . This requirement only applies to insureds who reside in New Jersey for over 60 days.
  - d. Age of all principal and occasional drivers of the vehicle must be less than 75 years old. Exception is for insureds over age 75, who are currently in this tier. Such insureds will be grandfathered into this tier, unless they incur future accidents and/or violations, which will make them no longer eligible for this tier.
  - e. Maximum number of Driving Motor Vehicle Violation Points per operator = 0 in the last 5 years, excluding first 2-point speed.
  - f. No 9-point violations in the last 5 years.
  - g. Maximum number of accidents = 0 in the last 5 years.
  - h. Maximum Comprehensive losses \$500 or over = 0 in the last 3 years.
  - i. No more than 2 principal and occasional operators per vehicle.
  - j. Vehicle model year must be 10 or less years of age. Exception is for vehicles that are over 10 years of age, which are currently in this tier. Such vehicles will be grandfathered into this tier, unless the insured incurs future accidents and/or violations, which will make the vehicle no longer eligible for this tier.
  - k. Physical Damage (Comprehensive and Collision) and Liability coverages must be present on the vehicle.
  - l. Minimum Liability Limit = \$100/300.
  - m. No driver's license suspensions or revocations in the last 5 years.
  - n. Prior continuous insurance is required during the past 12 months with prior Bodily Injury Liability limits of at least \$50/100.
  - o. No lapses in coverage in the last 5 years.
  - p. Policy must insure more than 1 vehicle. Exception is for additional non-owned (corporate) vehicles, provided for the insured's regular and customary use.
  - q. Insured must own a home or condominium or have a USP Package policy with Encompass.

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**SECTION II: UNIVERSAL SECURITY POLICY PORTFOLIO:  
UNDERWRITING—PRIVATE PASSENGER AUTO  
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- 2. Tier B (Platinum Plus)** The eligibility criteria for Tier B are:
- a. All principal and occasional operators of the vehicle must have 7 or more years of driving experience.
  - b. Foreign driver's licenses are not permitted for any principal or occasional operator of the vehicle. For insureds with a foreign driver's license that are written as part of a USP Package policy, this requirement is waived for the first 60 days.
  - c. Out-of-state (non New Jersey) driver's licenses not permitted for any principal or occasional operator of the vehicle. This requirement only applies to insureds who reside in New Jersey for over 60 days.
  - d. Age of all principal and occasional drivers of the vehicle must be less than 75 years old. Exception is for insureds over age 75, who are currently in this tier. Such insureds will be grandfathered into this tier, unless they incur future accidents and/or violations, which will make them no longer eligible for this tier.
  - e. Maximum number of Driving Motor Vehicle Violation Points per operator = 0 in the last 3 years, excluding first 2-point speed.
  - f. No 9-point violations in the last 5 years.
  - g. Maximum number of accidents = 0 in the last 3 years.
  - h. Maximum Comprehensive losses \$500 or over = 1 in the last 3 years (0 losses for total theft).
  - i. No more than 2 principal and occasional operators per vehicle.
  - j. Vehicle model year must be 10 or less years of age. Exception is for vehicles that are over 10 years of age, which are currently in this tier. Such vehicles will be grandfathered into this tier, unless the insured incurs future accidents and/or violations, which will make the vehicle no longer eligible for this tier.
  - k. Physical Damage (Comprehensive and Collision) and Liability coverages must be present on the vehicle.
  - l. Minimum Liability Limit = \$100/300.
  - m. No driver's license suspensions or revocations in the last 3 years.
  - n. Prior continuous insurance is required during the past 12 months with Bodily Injury Liability limits of at least \$50/100.
  - o. No lapses in coverage in the last 3 years.

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**SECTION II: UNIVERSAL SECURITY POLICY PORTFOLIO:  
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- 3. Tier C (Platinum)** The eligibility criteria for Tier C are:
- a. All principal and occasional driver of the vehicle must have **5** or more years of driving experience.
  - b. Foreign driver's licenses are not permitted for any principal or occasional operator of the vehicle . For insureds with a foreign driver's license that are written as part of a USP Package policy, this requirement is waived for the first 60 days.
  - c. Out-of-state (non New Jersey) driver's licenses not permitted for any principal or occasional operator of the vehicle . This requirement only applies to insureds who reside in New Jersey for over 60 days.
  - d. Maximum number of Driving Motor Vehicle Violation Points per operator = 4 in the last 3 years, excluding first 2-point speed. Limited to 1 violation per operator.
  - e. No 9-point violations in the last **5** years.
  - f. Maximum number of accidents per operator = 1 in the last 3 years for operators with 0 Driving Motor Vehicle Points or 0 in the last 3 years for operators with 4 or less Driving Motor Vehicle Points. Limited to 1 accident or violation per operator.
  - g. Maximum Comprehensive losses \$500 or over = 2 in the last 3 years (0 losses for total theft).
  - h. Physical Damage (Comprehensive and Collision) and Liability coverages must be present on the vehicle. A vehicle without Physical Damage coverage may qualify for the Platinum Tier, if all principal and occasional operator(s) of the vehicle have 0 violation points, 0 accidents and there is at least one other vehicle on the policy with Physical Damage coverage.
  - i. Minimum Liability Limit = \$100/300.
  - j. No driver's license suspensions or revocations in the last 3 years.
  - k. Prior continuous insurance is required during the past 12 months. Insureds with no need for prior insurance may qualify for the Platinum tier, if all principal and occasional operators of the vehicle have 0 violation points, 0 accidents and the vehicle is written as part of a USP Package policy.
  - l. No lapses in coverage in the last 3 years.

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**SECTION II: UNIVERSAL SECURITY POLICY PORTFOLIO:  
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- 4. Tier D (Gold)** The eligibility criteria for Tier D are:
- a. All principal or Occasional drivers of the vehicle must have 3 or more years of driving experience.
  - b. Foreign driver's licenses are not permitted for any principal or occasional operators of the vehicle . For insureds with a foreign driver's license that are written as part of a USP Package policy, this requirement is waived for the first 60 days.
  - c. Out-of-state (non New Jersey) driver's licenses not permitted for any principal or occasional operator of the vehicle . This requirement only applies to insureds who reside in New Jersey for over 60 days.
  - d. Maximum number of Driving Motor Vehicle Violation Points per operator = 4 in the last 3 years, excluding first 2-point speed.
  - e. Maximum number of accidents per operator = 1 not-at-fault in the last 3 years for operators with 2 or less Driving Motor Vehicle Points or 0 in the last 3 years for operators with 4 or less Driving Motor Vehicle Points.
  - f. Maximum Comprehensive losses \$500 or over = 2 in the last 3 years.
  - g. Restricted vehicles (refer to D in this section for list of applicable vehicles) and vehicles valued over \$100,000 are ineligible for Physical Damage coverage.
  - h. Prior continuous insurance during the past 12 months, if coverage was required by law.
  - i. No driver's license suspensions or revocations in the last **3** years.
  - j. No lapses in coverage in the last **3** years, if coverage was required by law.

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**SECTION II: UNIVERSAL SECURITY POLICY PORTFOLIO:  
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5. **Tier E (Silver Select)** The eligibility criteria for Tier E are:
- a. Foreign driver's licenses are not permitted for any principal or occasional operator of the vehicle. For insureds with a foreign driver's license that are written as part of a USP Package policy, this requirement is waived for the first 60 days
  - b. Out-of-state (non New Jersey) driver's licenses not permitted for any principal or occasional operator of the vehicle. This requirement only applies to insureds who reside in New Jersey for over 60 days.
  - c. Maximum number of Driving Motor vehicle Violation Points per operator = 0 in the last 3 years, excluding first 2-point speed, for drivers with less than 3 years driving experience; 6 or less for drivers with 3 or more years of driving experience.
  - d. Maximum number of accidents per operator = 0 in the last 3 years for operators with less than 3 years driving experience; 1 at-fault in the last 3 years for drivers with 3 or more years of driving experience and 0 Driving Motor Vehicle Points; 1 not-at-fault in the last 3 years for drivers with 3 or more years of driving experience and 6 or less Driving Motor Vehicle Points; 2 not-at-fault in the last 3 years for drivers with 3 or more years of driving experience and no more than 2 Driving Motor Vehicle Points.
  - e. No current driver's license suspensions or revocations.
  - f. Restricted vehicles (refer to D in this section for list of applicable vehicles) and vehicles valued over \$100,000 are ineligible for Physical Damage coverage.
  - g. Prior continuous insurance during the past 12 months, if coverage was required by law.
  - h. No lapses in coverage in the last 3 years, if coverage was required by law.
6. **Tier F (Silver)** The eligibility criteria for Tier F are:
- a. Accident and violation points combined = 6 in the last 3 years for operators with less than 3 years driving experience; 8 in the last 3 years for drivers with 3 or more years driving experience.
  - b. Restricted vehicles (refer to D in this section for list of applicable vehicles) and vehicles valued over \$100,000 are ineligible for Physical Damage coverage.
7. **Tier G (Bronze Tier)** These criteria apply to renewal business only. New business policyholders are not eligible for the Bronze tier. The eligibility criteria for Tier G are:
- a. All principal and occasional drivers of the vehicle must have 3 or more years driving experience.
  - b. Foreign driver's licenses are not permitted for any principal or occasional operator of the vehicle.
  - c. Out-of-state (non New Jersey) driver's licenses not permitted for any principal or occasional operator of the vehicle.
  - d. Drivers with 10 or less points total (accident and violation points combined) with:
    - 1) No 9-point violations in the last 5 years.
    - 2) No more than one 5-point violation.
    - 3) No more than 2 of any combination of at-fault and not-at-fault accidents.
    - 4) No more than 3 incidents of any combination of at-fault, not-at-fault and Driving Motor Vehicle violations.
  - e. Maximum Comprehensive losses \$500 or over = 1 in the last 3 years (0 losses for total theft).

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- f. Restricted vehicles (refer to D in this section for list of applicable vehicles) are not eligible without prior underwriting approval.
- g. Restricted vehicles (refer to D in this section for list of applicable vehicles) and vehicles valued over \$100,000 are ineligible for Physical Damage coverage
- h. Bodily Injury Liability Limit no more than \$100/300.
- i. Prior continuous insurance is required during the past 12 months with Bodily Injury Liability limits of at least \$50/100.
- j. No driver's license suspensions or revocations in the last 3 years.
- k. No lapses in coverage in the last 3 years.

**C. GENERAL REQUIREMENTS**

1. Private Passenger Auto Physical Damage Inspection Criteria:
  - a. An Auto Physical Damage Inspection is required if the insured had a lapse in coverage or had no prior insurance.
  - b. An Auto Physical Damage Inspection is required if the insured **owned** the vehicle(s), but it was not previously insured for physical damage and now the insured wants to add physical damage coverage.
  - c. An Auto Physical Damage Inspection is required if the vehicle is totaled in an accident and the insured retains salvage. We will require an inspection once the car is repaired.
  - d. No Auto Physical Damage Inspections will be required under other circumstances.
2. Health - If any operator's ability to operate a vehicle has been impaired in any way because of a condition or medication, coverage may not be bound. (Compensated handicaps are permitted if the person has been operating a motor vehicle with the compensation for 2 years without any driving accidents or violations.
3. Motor Vehicle values over \$65,000 requires \$1,000 deductible for comprehensive and collision, if Physical Damage is provided, and anti-theft devices.
4. Use - Racing, stunt, demolition and delivery (magazine, newspaper, pizza or mail) is ineligible.
5. Replacement Cost Guarantee - The following types of vehicles are ineligible for this coverage.
  - a. Vans (other than passenger mini-vans), pickups or any vehicle designed for off-road use.
  - b. Motorhomes, motorcycles or recreational vehicles.
  - c. Leased automobiles.
  - d. Any vehicle on the restricted vehicle list and/or valued in excess of \$65,000.



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#### **D. RESTRICTED VEHICLES**

Acura NSX, BMW M3 or M5, Chevrolet Camaro IROC or Z28, Chevrolet Corvette, Cobra (All), Dodge Stealth Turbo, Dodge Viper, Ferrari (All), Ford Mustang GT, Lamborghini (All), Lotus (All), Maserati (All), Mitsubishi 3000GT Turbo, Nissan 300 ZX, Panoz (All), Plymouth Prowler, Pontiac Firebird Formula and Trans AM, Porsche 911, Qvale, Rolls Royce, Shelby Series 1.

**Note:** These vehicles are not eligible for Comprehensive and Collision coverage if symbol 27 or above.

## MISCELLANEOUS VEHICLES

### A. ELIGIBILITY

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

### B. OPERATOR REQUIREMENTS

Please refer all miscellaneous vehicles to underwriting.

#### OPERATORS

#### REQUIREMENTS

- |                           |   |
|---------------------------|---|
| 1. Convictions/Accidents: | a. <9 years experience: 0 in last 3 years.<br>b. 9 years experience: 1 in last 3 years.<br>c. all operators combined: 1 in last 3 years.<br>d. No major convictions (DWI, hit and run, driving under suspension/revocation, reckless driving, homicide/assault/felony) in last 5 years.<br>e. No license suspension/revocation in last 5 years.<br>f. No Financial Responsibility filings due to previous license suspension. |
| 2. Other Losses:          | a. <u>One</u> non-fault loss per policy allowable in last 3 years.<br>b. No total thefts in the past 3 years.   |
| 3. Driving Experience:    | a. Principal Operators: 3 years or more.<br>b. Named Insured: 9 years or more.  |
| 4. Stability:             | a. Named Insured must be retired or gainfully employed continuously for the last 2 years.   |
| 5. Health:                | a. If any operator's ability to operate a vehicle has been impaired in any way because of a condition or medication, coverage may not be bound.<br>b. Compensated handicaps are permitted if the person has been operating a vehicle with the compensation for 2 years without an at-fault accident or conviction.  |

**C. MISCELLANEOUS VEHICLE TYPES**

	<b><u>MOTORCYCLES/ MOPEDS</u></b>	<b><u>MOTOR HOMES</u></b>	<b><u>RECREATIONAL VEHICLES</u></b>
1. Refer if:	<ul style="list-style-type: none"> <li>a. Any operator with &lt;3 years' motorcycle experience on public roads</li> <li>b. The motorcycle has characteristics identified as problematic in the "Criteria for the Motorcycle List" section</li> </ul>	<ul style="list-style-type: none"> <li>a. Base sticker price over \$200,000</li> <li>b. If a pickup has a permanently attached camper body, with facilities for cooking and sleeping, it must be rated as a motorhome.</li> </ul>	<ul style="list-style-type: none"> <li>a. Value over \$10,000</li> <li>b. ATV</li> </ul>
2. Ineligible if:	<ul style="list-style-type: none"> <li>a. No private passenger support</li> <li>b. Modified for performance or appearance</li> <li>c. Customized</li> <li>d. Turbocharged</li> <li>e. Over 500 cc. and operator has &lt;5 years' experience with motorcycles</li> <li>f. Operated by a person who has had an incident in the last 3 years while operating a motorcycle</li> <li>g. Kit or homemade</li> <li>h. Used or designed for stunt, racing or speed activity</li> <li>i. Operated by anyone under 16 or with an irresponsible attitude</li> <li>j. On Ineligible Motorcycle List</li> <li>k. The motorcycle has characteristics identified as problematic in the "Criteria for the Motorcycle List" section</li> </ul>	<ul style="list-style-type: none"> <li>a. The only vehicle to be insured if there is a qualifying private passenger vehicle in household</li> <li>b. Used as a residence (other than on vacation)</li> <li>c. Not factory built</li> <li>d. In poor mechanical condition or damaged</li> </ul>	<ul style="list-style-type: none"> <li>a. No private passenger support</li> <li>b. Not factory built</li> <li>c. Used in racing, stunt, speed or demolition activity</li> <li>d. Designed for use in the air</li> <li>e. Driven by a person under 16</li> <li>f. Operated by anyone with an irresponsible attitude, or at an immature age</li> <li>g. Snowmobile &gt; 500cc with any operator &lt; 22</li> </ul> <p>ATV are ineligible</p>

## 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 by the underwriter. 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. You should contact your underwriter if you encounter a motorcycle model, which is not specifically listed, but has any of the problematic characteristics outlined in the following:

1. General motorcycle categories

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 off-road models that are <b>not</b> performance oriented are eligible.	

**E. INELIGIBLE MOTORCYCLES**

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.

<b>Make</b>	<b>Model</b>
American Ironhorse	All Models
Aprilia	All Models
Big Dog	All Models
Bimota	All Models
BMW Motorcycle	K1200RS
BMW Motorcycle	R1100GS ABS / SE
BMW Motorcycle	R1100RS
BMW Motorcycle	R1100R/R1100R ABS / SE
BMW Motorcycle	R1100S/R1100S ABS
Boss Hoss	All Models
Boy Toy	All Models
Buell	All Models
California MC Co.	All Models
Castle	All Models
Confederate	All Models
Ducati	All Models
Honda Motorcycle	CBR Series All Models
Honda Motorcycle	Interceptor VFR Series
Honda Motorcycle	RC51
Honda Motorcycle	Superhawk VTR Series
Honda Motorcycle	Other High Performance Models
Illusion	All Models
Kawasaki	Ninja GPZ Series
Kawasaki	Ninja ZX Series
Kawasaki	Ninja 250R, 500R/EX250&500
Kawasaki	ZR-750-F2/L
Kawasaki	ZRX1100 All Models
Kawasaki	Other High Performance Models
Kit/Homade	All Models
Laverda	All Models
Moto Guzzi	All Models
MZ	Cup-Skorpion Cup
MZ	Replica-Skorpion Replica
Quantum	All Models
Surgical Steeds	All Models

<b>Make</b>	<b>Model</b>
Suzuki Motorcycle	Bandit GSF Series
Suzuki Motorcycle	GS500E
Suzuki Motorcycle	GSX Series Katana
Suzuki Motorcycle	GSX1300R Hayabusa
Suzuki Motorcycle	GSXR Series
Suzuki Motorcycle	Katana All Models
Suzuki Motorcycle	RF Series
Suzuki Motorcycle	SV650
Suzuki Motorcycle	TL1000R
Suzuki Motorcycle	TL1000S
Suzuki Motorcycle	Other High Performance Models
Titan	All Models
Triumph Motorcycle	Daytona T595, 1200, 955I
Triumph Motorcycle	Speed Triple T509
Triumph Motorcycle	Sprint Sports All Models
Triumph Motorcycle	Tiger 900 All Models
Ultra Kustom	All Models
Yamaha	FZR Series
Yamaha	Seca XJ Series
Yamaha	YZF Series All Models
Yamaha	Other High Performance Models MDL
Other Motorcycle	Custom Model Not Listed
Other Motorcycle	High Performance Model
Other Motorcycle	Other Street Sports Model

**F. ADDITIONAL INELIGIBLE MOTORCYCLES**

1. Racing design motorcycles
2. Models for which the manufacturer's advertising specifically emphasizes racing type performance
3. Models that are manufactured or imported in very limited numbers, for which parts are not readily available, or which are otherwise difficult to replace.
4. Custom Built – Present a very high theft exposure, are generally performance (that is why they are customized) and frequently are not street legal.

## HOME

### A. OCCUPANCY

With the exception of renters' coverage, only owner occupied risks are eligible. Property rented to or used by others should be written on a dwelling fire segment. (Refer to Dwelling Fire Section) Liability only coverage for a seasonal/secondary home can be extended from a home segment.

To extend liability coverage to a property rented to others, we must write the primary home.

Property in the name of partnerships, limited, Associations, Municipality, DBA (Doing Business As), TA (Trading As), Township or Company is ineligible.

### B. INSURANCE-TO-VALUE PROGRAM

All new business must be written for at least 100% replacement cost. In order to help keep up with current costs, residence/dwelling, condo and renter limits are typically adjusted annually at renewal. Limits for these coverages will not be reduced without the policyholder's consent.

Our program is based on all dwellings being properly insured to their full replacement value. Using information and factors obtained from recognized leaders in the residential appraisal field, we have developed a viable Insurance-to-Value program.

Documentation of replacement cost valuation is required on all new business. The replacement cost must be calculated using an acceptable methodology as determined by us. Additionally, all risks submitted for new business must include a photograph. Alterations exceeding 5% of the current replacement cost and /or in excess of \$10,000 requires notification to Encompass Insurance within 30 days.

If there is a difference between the replacement value indicated by our approved methodology and the insured, the Basic Replacement Cost endorsement (G-18737) is available and limits coverage to the dwelling amount shown on the Coverage Summary.

Risks with unacceptable inspection results are ineligible.

### C. BINDING GUIDELINES - See detail guides at end of Homeowners Underwriting Section and the Risk Profile Summary.

## **D. ADDITIONAL RENTERS GUIDELINES**

### **Security**

- All unit entry doors must have dead bolt locks.
- Buildings over 2 stories must have enclosed stairwells and no exterior fire escapes.
- Buildings with lobbies must have 24-hour security or buzzer system on lobby entrance doors.

### **Scheduled Personal Property**

- Scheduled jewelry > \$50,000 requires UL approved safe on premises that is secured through floor or wall, with at least 1 hour fire resistive rating and a combination lock.
- Over \$100,000 aggregate scheduled property requires Central Station Burglary and Fire Alarm System.

### **Vehicles written in conjunction with Renters Coverage.** (Not applicable to Encompass Insurance Policies where Encompass already insures the automobile exposure.)

- In cities of 400,000 population or more, garaging of all vehicles is required at night.
- In cities under 400,000, off street parking is required at night.

## **E. WATER LOSS MITIGATION**

\*\* Any Risk location water loss > \$1,000 is subject to the following:

(1) Risk Mitigation Documentation

Applicants with prior water loss history in the past 3 years at the insured residence must provide documentation prior to binding that the hazard or any other unusual exposure that caused the loss has been remedied.

Required documentation may include, but not limited to:

- Home Inspection - performed by a licensed home inspector in the past 60 days, must include:
  - Be on company stationary/letterhead
  - Contractor's license number
  - Identify the applicant/customer by name
  - Thorough description of the overall condition of property including electrical, plumbing, structure
  - Confirm the absence of an existing hazard
  - Other - Must provide specific information related to the loss(es) which occurred in the past 3 years and give indication that the hazard no longer presents a substantial relationship to future loss
- (2) Risks with prior water loss will not be allowed to buy up additional mold coverage.
- (3) Risks with prior a mold loss are unacceptable.



## F. INELIGIBLE EXPOSURES

1. Dwellings
  - a. Converted to dwelling purposes from another use.
  - b. Converted to increase the number of families.
  - c. Relocated dwellings.
2. Unacceptable Hazards
  - a. True farming exposures or
    1. income from the farm exceeds \$5,000 or
    2. more than 5 head of livestock or horses or
    3. horses are boarded for others or
    4. more than one tractor, other than a lawn or garden tractor, or any true farm machinery or
    5. any farm employees or transient laborers or
    6. any manufacturing or processing activities (creameries, milk distribution, etc) or
    7. any public activities such as hayrides, hunting, fishing or camping or
  - b. With market value (excluding land) of under 70% of current replacement cost.
  - c. With supplemental heating by coal or kerosene stoves or multiple space heaters.
  - d. Woodstove is present and home is non-owner occupied.
  - e. Dwelling in poor condition, with unrepaired damage or below average maintenance.
  - f. Premises with vicious or temperamental animals, exotic pets or any animal with a bite history.
  - g. Swimming pools not in compliance with local codes or ordinances. Must have adequate safety precautions taken to eliminate liability exposure.
  - h. Properties located on unpaved roads or roads not passable in all seasons.
3. Location
  - a. In known flood, wave wash, sinkhole, pollution, landslide or cave-in area.
  - b. Within 100 feet of a commercial or industrial property.
  - c. Within 1,500 feet of brush area.
4. Unacceptable Construction
  - a. Dwellings without central heating, unless in warm climate or seasonal dwelling.
  - b. Unapproved roofs including roll tarpaper, tin, aluminum and wood (other than treated cedar shake).
  - c. Construction done by owner, unless a professional licensed contractor (includes wiring, heating, and plumbing).
  - d. Without modern and adequate electrical service, plumbing, or heating system.
  - e. Dwellings of obsolete, unique, or irreplaceable construction.
  - f. Log homes if built prior to 1977, or located in PC9, or not split construction.

5. Unacceptable Structures
  - a. Basement homes.
  - b. Boat houses as primary residences.
  - c. Mobile homes.
  - d. More than three stories.
  - e. Earth Homes
6. Use of Dwelling
  - a. Number of families exceeds number of units.
  - b. Units rented or leased to others during any part of the year.
  - c. With any roomers or boarders.
7. Occupation - Well known Politicians, Entertainers and Athletes are ineligible.

**G. Dwellings in the Course of Construction or Major Renovation (25% or more increase in Dwelling Value require the following:**

1. Current dwelling should be within 50 miles to ensure oversight on the part of the insured.
2. Dwelling should be written at completed value. Maximum completed value for a course of construction exposure is \$1,000,000.
3. Minimum deductible \$1,000.
4. Insured cannot be acting as general contractor.
5. A certificate of insurance should be provided by the general contractor reflecting limits of at least 1.5 times the completed value, or \$500,000, whichever is greater, including general liability and workers compensation insurance.
6. Dwelling must be located in protection class 1 through 8.
7. For dwellings over \$500,000, once enclosed, a centrally monitored fire and burglar alarm is required.
8. Coverage will be provided with the Real Property Basic Replacement Cost Coverage loss settlement option.
9. The exposure must be written as a Package
10. New dwelling and alarming credits do not apply until construction is completed.

## **H. WOODSTOVE REQUIREMENTS**

1. Home must be owner occupied
2. UL approved
3. Wood stove, pipe and chimney cleaned and inspected annually
4. Installed by a professional contractor or dealer
5. Used only as supplemental or occasional heat
6. Chimney extend at least 3 ft above the highest point where it passes through the roof and is it at least 2 ft higher than any portion of the dwelling that is within a 10 ft radius
7. Chimney must have a flue liner
8. Chimney free of any defects (missing bricks, broken mortar, cracks, etc
9. A minimum of 36 inches between the stove and any combustibles (drapes, furniture, carpets, wood, etc
10. Only one stove connected to the same chimney
11. Heat shields on the wall
12. A minimum of 36 inches between the stove and the wall
13. On an approved mat that is at least 4 inches thick
14. Mat extend out at least 18 inches from the front and sides of the stove
15. Stovepipe may not pass through any concealed area (attic, closet, etc)., or any floor-ceiling assemblies.
16. Stovepipe may not pass through an exterior wall or window without connecting to a chimney leaving the pipe exposed.
17. Stovepipe may not have more than two right angle turns between the stove and chimney
18. Stovepipe passing through a wall must be protected by an approved thimble
19. Stovepipe passing through a wall that must be at least 18 inches from the ceiling
20. Stove legs may not be elevated on blocks of wood

## **I. SCHEDULED PERSONAL PROPERTY**

1. Any class, including blanket coverage and scheduled coverage, exceeding the following limits must be submitted non-bound.

<u>Class</u>	<u>Aggregate</u>	<u>Item</u>
Jewelry	\$100,000	\$50,000
Fine Arts	100,000	\$50,000
Furs	100,000	\$50,000
Silverware	100,000	\$50,000
Cameras	25,000	
Stamps	25,000	
Coins/Collectibles/Trading Cards	25,000	
Musical Instruments	25,000	
Golfer's Equipment	25,000	
Other	Refer to company	

2. Any schedule exceeding \$150,000 in total value, blanket and scheduled, must be submitted non-bound.
3. Schedules for the following are ineligible.
- Known collectors, dealers, exhibitors.
  - Persons who travel excessively.
  - Persons in the "Public Eye" i.e., celebrities, professional athletes.
  - Items located in dwellings other than primary residences.
4. Appraisal Requirements

Certified appraisals within 3 years are required for all scheduled items valued at \$25,000 or more and should be retained by the agent for future underwriting audits. For scheduled items \$50,000 and above, the appraisal must be submitted to the company.

## **J. BASIC REPLACEMENT COST ENDORSEMENT (G-18737)**

While we require 100% insurance-to-value, there may be instances this is not the value being written. In these instances we may use this endorsement, which limits coverage to the value shown on the Coverage Summary. Dwellings 51 years old and greater must have the Basic Replacement Cost Endorsement, G-18737.

**K. HOMEWORK ENDORSEMENT (G1-15937-A)**

The home-based business must meet the following criteria to be eligible for the HomeWork Supplement:

- The business type must fall within one of the eligible classes specified in the list below.\*
- The business must be an individual proprietorship or a husband/wife partnership.\*\*
- Businesses with employees, other than family members of the insured's household, are not eligible.
- Maximum allowable sales/receipts is \$300,000. (Note: Businesses with higher sales/receipts can be considered on a refer-to-company basis.)
- Use of subcontractors cannot exceed 10% of sales/receipts.
- The business must be operated out of the insured's primary residence, which is primarily used for dwelling purposes\* The definition of residence premises includes the primary residence, grounds and other structure. Therefore, if the business is conducted on the grounds of the primary residence, even if it is in a detached structure, coverage can be written.
- Any prior losses must be fully documented.

**\*Note:** By contractual definitions, HomeWork benefits apply only to the eligible classes and the primary residence (for on premises property coverage).

**\*\*Note:** Additional Insureds such as off premises Lessor (owner of a shopping mall, etc.), Vendors (for example, a computer company), a Lessor of Leased Equipment, etc., can be added via the HomeWork Additional Insured Amendment. The Additional Insured Amendment is generally intended to be used when a third party has an insurable interest in property covered by the HomeWork Amendment or requires a Certificate of Insurance.

**HomeWork Supplement Eligible Businesses**

Professional Services	Accountants/Auditors Adjusters Appraisers Architects Computer Programmers Dentists Economists Engineers Financial Advisors/Planners Lawyers Management Consultants Market Research Psychologists Training
Educational/Instructional Services	Art/Music/Instructors Educational/Vocational Counselors Tutors
Artists	Designers Painters Sculptors

Sales	Home Decorating products – Sales Household Products Insurance Sales Real Estate Sales Securities and Financial Services Telemarketing/Direct Mail Services Travel Agents/Travel Planners
Administrative Support Services	Bookkeepers, Accounting, Auditing Clerks Data-Entry Clerks Editors/Proofreaders Resume Services Secretaries/Stenographers/Typists Telephone Answering Services Translators
Personal Services	Dressmaking/Tailoring Interior Designers Shopping Services
Repair Services	Cameras Clocks Musical Instruments Watches
Craftsmakers	Ceramics/Pottery Clothes Engraving Leather Goods Quilts Stained-Glass Products

## **L. HOME DAY CARE RULES**

1. Maximum of 3 children cared for, excluding insured's own children
2. A licensed nurse must be on the premises if there are children under age 1, excluding the insured's own children
3. Insured may not care for children between the hours of 7 PM and 5 AM
4. Maximum hours of operation is 10 hours per day or 50 hours per week
5. Provider must be at least 30 years old AND have a minimum of 3 years Day Care experience
6. Provider may not administer prescription medications to the children, excluding insured's own children
7. Insured must be licensed by the state.
8. Business must be an individual proprietorship or husband/wife partnership
9. No employees, other than family members
10. No swimming pool or trampolines on premises
11. No dogs or exotic animals on premises

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**M. EARTHQUAKE RULES**

Effective 03/06/06, earthquake coverage is no longer available for either new business or as an endorsement to existing business.

**N. RESERVED FOR FUTURE USE**

**O. RESERVED FOR FUTURE USE**

## **DWELLING FIRE**

### **A. ELIGIBILITY**

The Dwelling Fire segment has one coverage option. Coverage is provided for both liability and the dwelling. Coverage for the Dwelling Fire Segment will be written in the same underwriting company as the primary residence.

The following residence types are eligible for the Dwelling Fire segment.

1. Dwellings owned by the insured and rented to others.
2. Condominiums and co-operatives that are owned by the insured and rented to others.
3. Dwellings owned and occupied by the insured.
4. All Dwelling Fire are written on a "Special" form.

### **B. LOSS SETTLEMENT OPTIONS**

USP Portfolio has two loss settlement options. Policies desiring guaranteed replacement cost must be insured at 100% of replacement value. Insured can elect the actual cash value option, which revises loss settlement on the dwelling to an actual cash value basis.

### **C. INSURANCE-TO-VALUE PROGRAM**

In order to keep up with current costs, residence/dwelling and condo limits are typically adjusted annually at renewal. Limits for these coverages will not be reduced without the policyholder's consent.

Our program is based on all dwelling being properly insured to their full replacement cost. Using information and factors obtained from recognized leaders in the residential appraisal field, we have developed a viable Insurance-to-Value program.

Documentation of replacement cost valuation is required on all new business. The replacement cost must be calculated using an acceptable methodology as determined by us. Additionally, all risks submitted for new business must include a photograph. Alterations exceeding 5% of the current replacement cost and/or in excess of \$10,000 requires notification to Encompass Insurance within 30 days.

If the Actual Cash Value loss settlement option is desired, calculate the replacement cost. Determine depreciated value, based on age and condition utilizing industry depreciation tables. Unlike the replacement cost option, policies with the actual cash value loss settlement option will not be increased for insurance-to-value each renewal.

### **D. BINDING GUIDELINES - See detail guides at end of Homeowners Underwriting Section and the Risk Profile Summary.**

### **E. INELIGIBLE EXPOSURES**

See Home Section.



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**F. Dwellings in the Course of Construction or Major Renovation (25% or more increase in Dwelling Value require the following:**

See Home Section.

**G. WOODSTOVE REQUIREMENTS**

See Home Section.

**H. SCHEDULED PERSONAL PROPERTY (Only available on owner-occupied dwelling fire)**

See Home Section.

**I. EARTHQUAKE RULES**

See Home Section.

## **BOAT**

### **A. ELIGIBILITY**

Boat segments coverage can only be written as part of a Package policy.

### **B. LIABILITY COVERAGE**

USP Portfolio provides liability coverage for the following boats automatically within the Home and Dwelling Fire Segments.

- Outboard motors 0 to 25 horsepower
- Sailboats 0 to 25 feet
- Inboard and Inboard/Outboard motors 0 to 50 horsepower

If liability and hull coverage is purchased for boats falling within the above parameters, liability can be purchased up to \$500,000.

### **C. CORPORATELY OWNED BOATS**

Corporately owned craft can be written when the craft is used strictly for private pleasure purposes.

### **D. VALUE OF BOAT/MOTORS**

1. The value of the boat or any outboard motor may never be less than the average value listed in current editions of ABOS, BUC or similar industry guides.
2. Newly purchased watercraft should be valued at its full purchase price.

### **E. BOAT UNDERWRITING RULES**

1. Value: < \$125,000
2. Length: < 40 feet (at centerline), other than sailboat
3. Maximum Speed: < 56 MPH
4. Hull age: < 26 years old if hull coverage is requested
5. Operators must have minimum of two years boating experience
6. Operator must be a licensed driver (equal to) or > 5 years
7. An operator cannot have >1 incident

### **F. INELIGIBLE BOATS AND PERSONAL WATERCRAFT**

1. Not seaworthy.
2. Non-commercially manufactured (kit or homemade boats).
3. Craft under construction.
4. Hydroplanes and any strictly one-man motorized craft.
5. Houseboats as permanent living quarters.
6. Submarines motor driven surfboats, water cycles, or any type of experimental craft.
7. Surplus military or naval craft.

8. Air boats.
9. Inflatable boats.
10. Ice boats.
11. Amphibious land/water crafts.
12. Air propelled boats, including marsh boats.
13. New Personal Watercraft exposures (such as Jet Skis, Waverunners, Seadoos, etc.)

### **G. INELIGIBLE EXPOSURES**

1. Used by any youth organization.
2. Equipped with gasoline or "white gas" fueled appliances.
3. Powered above manufacturer or coast guard's designation.
4. Powered by converted automobile or air-cooled engines.
5. Equipped with hydrofoils or dry-stacked exhaust system.
6. Designed or modified for performance or competition.
7. Hauled by trailer not designed for use as boat trailer.
8. Home-built or kit-built trailers.
9. Used by person not having a valid driver's license.
10. Kept or stored in unsecured open lots.
11. Boats with existing damage.

### **H. INELIGIBLE USES**

1. Any commercial or business-related use, including renting, hiring, or chartering.
2. Racing, other than sailboats.
3. Permanent living quarters.

### **I. EXTENDED NAVIGATION ENDORSEMENT**

The following are the minimum allowable requirements to issue the Extended Navigation Endorsement:

Boat Length:	35 Feet
Operator Experience:	4 Years of Ocean Navigational Experience
Membership:	U.S. Power Squadron and Coast Guard Auxiliary
Boat Equipment:	Twin Engines LORAN VHF Radio with Backup Radio Firefighting Equipment (Automatic Halon System and Fire Extinguishers) Tenders Automatic Radio Beacon

## **PERSONAL UMBRELLA**

### **A. REQUIRED EXPOSURES**

1. Personal Umbrella coverage may only be written as part of a Package policy.
2. Personal Umbrella coverage may be written with a Home Segment provided that the only car in the household is a corporately owned vehicle.

### **B. COVERED EXPOSURES**

All exposures, except trailers, can have Personal Umbrella Coverage (with or without primary liability), subject to the required Exposure Rule A. above.

### **C. REQUIRED UNDERLYING LIMITS**

- Personal Umbrella coverage must be present on all listed exposures (except trailers and excluded vehicles).
- The same liability limit must be selected for all exposures.
- Underlying exposures covered by a USP Elite, Deluxe or Special Portfolio policy must carry minimum limits of \$100,000/300,000 Bodily Injury and \$100,000 Property Damage or \$300,000 Single Limit Liability for motor vehicles.
- Homeowners, boat, personal watercraft and dwelling fire written in Elite, Deluxe or Special must carry minimum \$300,000 Single Limit Liability.

### **D. UNDERWRITING RULES**

1. All underlying exposures not insured with us must meet the underwriting rules for the exposure as if we were insuring it.
2. Carrier providing primary liability coverage for underlying exposures must be rated at least 'B+'.

### **E. INELIGIBLE EXPOSURES – for any Personal Umbrella Policy**

1. Any exposure which cannot be covered under a personal lines policy.
2. Homes/Dwellings with a trampoline on the premises.
3. Homes/Dwellings with a dog on the prohibited animal list.
4. Homes/Dwellings with a prior liability loss in the last 3 years.
5. Homes/Dwellings with a Home day care Endorsement.

### **F. INELIGIBLE DRIVERS – for any Personal Umbrella Policy**

1. If the combined household has greater than 12 Insurance Eligibility Points in the last 3 years.
2. If any individual driver in the household has 6 or more Insurance Eligibility Points in the last 3 years.
3. If any operator in the household is an ineligible operator, whether they are insured with us or else where.

**G. INELIGIBLE EXPOSURES – for limits of liability greater than \$2 million**

1. Policies with 3 or more insured Homes/Dwellings, including the primary residence.
2. Homes/Dwellings in the course of construction.

**H. INELIGIBLE DRIVERS – for limits of liability greater than \$2 million**

1. If any individual operator, with 9 or more years driving experience, has more than 1 incident in the last 3 years.
2. If any individual operator, with less than 9 years driving experience, has any incident in the last 3 years.
3. If the combined household has more than 1 incident in the last 3 years.
4. If any operator in the household has any major conviction (DWI, hit and run, driving under the suspension/revocation, reckless driving, homicide/assault/felony) in the last 5 years.
5. If any operator in the household has a license suspension/revocation in the last 5 years.
6. If any operator in the household has Financial responsibility filings due to a previous suspension/revocation.
7. If the combined household has more than 1 non-at-fault loss in the last 3 years.
8. If any principal operator has less than 3 years driving experience.
9. If the Named Insured has less than 9 years driving experience.
10. If the Named Insured has not been gainfully employed continuously for the last 2 years or is not retired.
11. If any operator's ability to operate a vehicle has been impaired in any way because of a condition or medication.
12. If any operator is a compensated handicap and has a conviction or at-fault accident in the last 3 years.
13. If any operator is a compensated handicap and has been operating a vehicle with the compensation for less than 2 years.