

## TEXAS UNDERWRITING GUIDELINES



**AUTO - TEXAS ENCOMPASS INSURANCE RISK PROFILE SUMMARY**

<b>Program</b>	<b>Kansas City Fire &amp; Marine Ins. Co./ Encompass Property and Casualty Co.</b>	<b>Glens Falls Ins. Co./ Encompass Insurance Company of America</b>		<b>Boston Old Colony Ins. Co. Encompass Independent Insurance Company</b>			<b>Fidelity &amp; Casualty Encompass Home &amp; Auto Insurance Co.</b>
<b>Insurance Score</b>	<b>Group I</b>	<b>Group I</b>	<b>Group II</b>	<b>Group I</b>	<b>Group II</b>	<b>Group III</b>	<b>Group IV</b>
<b>OPERATOR EXPERIENCE</b>							
<b>Principal</b>	≥ 9 Years	≥ 7 Years		≥ 5 Years			≥ 5 Years
<b>Principal or Occasional drivers if part of family account</b>	≥ 9 Years	≥ 1 Year Occasional ≥ 5 Years Principal		> 0 Year Occasional > 0 Year Principal			≥ 2 Year Occasional ≥ 3 Years Principal
<b>DRIVING RECORD – PAST 3 YEARS</b>							
<b>Comp Losses ≥ \$500 (No Theft)</b>	1	1		2			1
<b>Incidents (Minor Violations, AF/NAF Accidents)</b>	0	1 (0 in last 12 months)		1			0
<b>Incidents for Drivers licensed ≤ 3 Years</b>	N/A	0		0			0
<b>Major Violations i.e. hit &amp; run, reckless operator, driving while suspended susp., F/R filing (5 Years)</b>	None	None		None			None
<b>DWI/DUI – Not acceptable in any plan (7 Years)</b>	None	None		None			None



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<b>VEHICLE CHARACTERISTICS</b>				
<b>Number of Vehicles</b>	No Requirements	No Requirements	>1 vehicle	>1 vehicle
<b>Vehicle Requirements</b>	<b>No liability only</b> At least one vehicle must have Liability and Physical Damage Coverage (Comp and Coll.)	<b>No liability only</b> At least one vehicle must have Liability and Physical Damage Coverage (Comp and Coll.)	At least one vehicle must have Liability and Physical Damage Coverage (Comp and Coll.)	At least one vehicle must have Liability and Physical Damage Coverage (Comp and Coll.)
<b>Sports/Specialty</b>	Not Eligible	Not Eligible	All operators in household must be Clean with (0) incidents and all must be licensed 9 years. 3 years experience required with this or similar vehicle. <b>Must be part of Multi-Vehicle Policy with no more than 1 Sport Specialty vehicle.</b>	Not Eligible
<b>Prohibited Vehicles</b>	Not Eligible	Not Eligible	Not Eligible	Not Eligible



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**Sports/Specialty vehicles will be acceptable for accounts with experienced drivers with excellent driving records.**

### **Sports/Specialty Vehicles:**

Acura NSX, Buick GNX, Camaro Z28/IROC Z, Corvette, Cyclone/Typhoon, Eagle Talon TSI, Geo Tracker, Laser RS Turbo, Mitsubishi 3000GT/Eclipse GSX Turbo, Mustang SVO/GT/5.0/4.6ltr/Cobra, Nissan 300ZX Turbo, Trans Am/Formula, Porsche, RX-7, Stealth, Toyota Supra Turbo/MR-2 Supercharged, Wrangler/CJ

### **Prohibited Vehicles:**

Aston Martin, Avanti, Bentley, Bricklin, Cobra, Daewoo, DeLorean, Dodge Viper, Excalibur, Ferrari, Hummer, Jenson Interceptor, Lamborghini, Lancia Scorpion, Lotus, Maserati, Morgan, Panoz, Pantera, Quavle, Rolls Royce, TVR, Zimmer, Kit cars and vehicles modified for performance and any vehicle valued at over \$100,000..

### **Statement of physical condition:**

Drivers over age 70 may be eligible, but require a satisfactory statement of physical condition. For drivers with physical or mental conditions that could seriously affect their ability to safely operate a motor vehicle, please call the Risk Management Center.

### **Encompass requirement:**

We seek to insure those who comply with Texas Auto Insurance requirements. Texas law does not require insurers to accept applicant who has been operating an uninsured motor vehicle in the state for more than 30 days during the 12 months immediately preceding the date of the application. Please do not submit these risks in any company.

**PROPERTY - TEXAS ENCOMPASS INSURANCE RISK PROFILE SUMMARY**

Owner Occupied Minimum and Maximum Values		
	<u>Dwelling Binding Authority</u> <b>Metro &gt; \$150,000</b> <b>Non Metro &gt; \$90,000</b> <b>Primary Dwelling &gt;\$1 Million</b> <b>Dwelling Fire &lt; \$300,000</b>	<u>HOB T &amp; HOB CON Binding Authority</u> Metro \$40,000 /Gold Program Non Metro \$25,000/ Silver Program
<b>If Value does not meet the above criteria, please call the Risk Management Center (RMC)</b>		
<b>Metro Areas</b>	Austin, Corpus Christi, Dallas/Fort Worth Metroplex, El Paso, Houston, San Antonio, Property in Tarrant County. - Call the Risk Management Center (RMC)	

- Maximum Value** \$3,000,000 Coverage A.
- ITV** Must be written at 100% replacement cost.
- Protection Class** PC 1-8  
**PC 9 & 10 Ineligible for all programs except as stated below:**  
PC 9 acceptable for secondary dwellings when all other requirements are met. Encompass must insure primary home and auto. Dwelling must have both central station fire and burglar alarms if value is over \$500,000 in PC 9.
- Number of Families** Owner occupied = 1 to 2 families. Rented to others = 1 to 2 families. Number of rentals maximum of 4 locations with a maximum of 2 units per location. Encompass Insurance must write the supporting Homeowners.
- Deductible** 1% or \$1000 minimum deductible, **whichever is greater** in the following territories:  
1N, 1C, 1S, 2N, 2S, 3N, 3S, 4, 8, 9E, 9W, 10S, 10C, 10W, 10E, 11, 15C, 15N, 16C, 16S, 16N, 17N, 17S, 18, 19C, 19N, 20.  
1% or \$1000 minimum deductible in all other territories.
- Roof Type** Wood shake or wood shingle roofs are ineligible. Composition shingles layered over wood roof is unacceptable.
- Loss Activity** **Platinum Plus** - 0 loss activity in last 5 years.  
**Platinum** -0 loss activity in the last 3 years.  
**Gold** – 1 glass loss in three year experience.  
**Silver** – Maximum of one property loss subject to the following :  
  - One loss of type other than fire, liability, flood, mysterious disappearance, vandalism or theft (over \$500) permitted in three years; or
  - One minor theft loss (under \$500 paid) permitted in past three years. If the theft loss occurred at a prior residence, the limitation on the amount paid will not apply.
  - Fire, vandalism, flood losses – 0 in 5 years.
  - Prior losses caused by negligence or intentional acts should not be written.
  - Liability losses are not acceptable.**Maximum loss activity = 1**  
**Note:**  
**A single prior water damage claim ( for either the applicant or the covered property) will not be counted for purposes of determining eligibility or initial rating tier. "Prior water damage claim" means a request by an insured for indemnification from an insurer for a loss arising from the discharge or leakage of water or steam that is the direct result of the failure of a plumbing system or other system that contains water or steam.**

**Note:**

**Mold losses that have been properly remediated and certified will not be counted for purposes of determining eligibility or initial rating tier. The certification (MDR-1 form) must be submitted to the Risk Management Center prior to acceptance of the risk.**

**Information needs to be reviewed with the Risk Management Center prior to acceptance of the risk.**

Non-remediated mold, fire, vandalism, theft/burglary, flood losses - 0 in 5 years. Prior losses caused by negligence or intentional acts should not be written. Liability losses are not acceptable.

Encompass will accept up to 2 appliance-related water losses, in a three year experience, that have been properly remediated and certified. These losses will not be counted for the purpose of determining the loss activity classification. The certification (WDR-1 form) must be submitted to the Risk Management Center prior to acceptance of the risk. Any risk that has made and received payment for three or more appliance-related claims within a three year period is ineligible for coverage through Encompass.

**Maintenance**

Home must be well maintained.

- If dwelling is more than 20 years old, the roof (unless it is tile or slate) must be replaced
- If dwelling is more than 40 years old, the electrical service of the entire home must be controlled by circuit breakers with a minimum of 100 amp service
- If dwelling is more than 50 years old, the plumbing system of the entire home must consist of copper or PVC pipes

**Photo Requirements**

Front and rear photos required for any property built prior to 1980.

**Coastal**

Must be > 1,500 ft from shore and > 15 ft above mean high tide. Island exposures are ineligible.

**Central Alarms**

Require both Burglar & Fire for:

Dwelling	> \$750,000	PC 1-8
Dwelling	> \$500,000	PC 9
Condo/Tenant	> \$250,000	
SPP	> \$300,000	
Jewelry	> \$100,000	

**Foundation**

Open foundations, pier and pilings are ineligible.

**Prior Insurance**

Required if a need existed and no lapse in coverage permitted for the past 12 months.

**Ineligible Exposures**

See list attached

## **PROPERTY - TEXAS ENCOMPASS INSURANCE RISK PROFILE SUMMARY**

### **INELIGIBLE EXPOSURES**

#### **Unacceptable Hazards**

- a. True farming exposures
  - income from farm exceeds \$5,000 or
  - more than 5 head of livestock or horses or
  - horses are boarded for others or
  - more than one tractor, other than a lawn or garden tractor, or any true farm machinery or
  - any farm employees or transient laborers or
  - any manufacturing or processing activities or
  - any public activities such as hayrides, hunting, fishing or camping or
- b. Supplemental heating by coal, kerosene stoves or multiple space heaters
- c. Trampoline on premises
- d. Underground fuel tanks
- e. Yards with unfenced swimming pools
- f. Dwellings that are vacant or unoccupied
- g. Dwellings with unrepaired damage or below average maintenance
- h. Dwellings in the course of construction or major renovations
- i. Wood stoves
- j. Aggressive dogs or exotic animals ( see ineligible list below)

#### **Unacceptable Dogs**

Alitas, Alaskan Malamutes, American Pit Bulls, American Staffshire Terriera, Bull Terriers, Chows, Doberman Pinscher, English Bull Terriers, German Shepards, Great Danes, Huskies, Presa, Canorios (aka: Canarian Dog, Dogo Canario, Canary Dog, Perro De Presa Canario), Rhodesian Ridgebacks, Rotweilers, St. Bernards, Hybrid and Purebred Wolves, Coyotes, Wild Dogs, Exotic Pets or a Pet with a prior bite history.

#### **Unacceptable 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. Isolated areas or on a road which is not accessible year round.

#### **Unacceptable Construction**

- a. Construction done by owner, unless professional licensed contractor (includes wiring, heating, and plumbing)
- b. Dwellings of obsolete, unique, or irreplaceable construction.
- c. Unapproved roofs including roll tar paper, tin, aluminum.
- d. Without modern and adequate electrical service, plumbing, or heating system.

#### **Unacceptable Structures**

- a. Basement homes
- b. Boat houses as primary residences
- c. Mobile Home
- d. Earth homes
- e. Modular homes
- f. Dwellings with open foundations, piers, or pilings (unless enclosed by concrete or masonry).

#### **Unacceptable Use of Dwelling**

- a. Number of families exceed number of units
- b. Units rented or leased to others during any part of the year.
- c. With any roomers or boarders.
- d. Business on premises, if incidental check with Underwriting.
- e. Home Daycare

#### **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 watches or warning has been posted. Authority to bind is reinstated after the storm and threat of damage has passed.

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## 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 owner occupied dwelling fire or owner occupied seasonal/secondary home (Dwelling, Condo), can be extended from a home segment. When liability only is written, the agent must have a photo of the property evidencing no hazards. Photo is retained by agent and subject to audit.

Property in the name of a Corporation, Limited, Partnership, Estate of, Trust, DBA (Doing business As), TA (Trading As), Association, Municipality, Township, or Company is **ineligible**.

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

### B. INSURANCE-TO-VALUE PROGRAM

All new business must be written for at least 100% replacement cost. In order to keep up with the current costs, residence/dwelling, condo and renter limits are typically adjusted annually at renewal. Limits for these coverage's 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.

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.

**C. SCHEDULED PERSONAL PROPERTY**

The following applies to all new and existing business:

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

<b>Class</b>	<b>Aggregate</b>
Jewelry	\$100,000
Fine Arts	100,000
Furs	25,000
Silverware	25,000
Cameras	25,000
Stamps	25,000
Coins/Collectibles/Trading Cards	25,000
Musical Instruments	25,000
Golfer's Equipment	25,000
Other	Refer to Risk Management Center

2. For scheduled classes, any single item exceeding \$50,000 must be submitted non-bound.
3. Any schedule exceeding \$150,000 in total value must be submitted non-bound.
4. Schedules for the following should be submitted non-bound.
  - 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.
5. Appraisal Requirements

Certified appraisals are required for all single jewelry items valued at \$25,000 or more. Appraisals are required for all other single items valued at \$50,000 or more. All appraisals are to be retained by the agent.

**DWELLING FIRE****A. ELIGIBILITY**

The Dwelling Fire segment has one coverage option. The following residence types are eligible for the Dwelling Fire segment.

1. Encompass Insurance must write supporting home.
2. Dwellings owned by the insured and rented to others, provided they are not seasonal rentals.

**B. UNDERWRITING RULES**

See HOME SECTION

**C. ADDITIONAL INELIGIBLE EXPOSURES**

See HOME SECTION

**D. SCHEDULED PERSONAL PROPERTY** (only available on owner occupied dwelling fire)

See HOME SECTION

## **BOAT**

### **A. ELIGIBILITY**

Boat segments can only be written with auto and home support.

### **B. LIABILITY COVERAGE**

Liability coverage for the following boats are automatically included within the Home and Dwelling Fire Segment.

- 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: < 16 years old if hull coverage is requested
5. Operators must have minimum of two years boating experience
6. Operators must meet the private passenger auto operator requirements.

### **F. INELIGIBLE BOATS & WATERCRAFT**

1. Not seaworthy.
2. Non-commercially manufactured (kit or home-made boats).
3. Craft under construction.
4. Hydroplanes and any strictly one-man motorized craft.
5. Houseboats as permanent living quarters.
6. Submarines, motor driven surf boats, 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. Jet boats, jet skis and jet drives

### **G. ADDITIONAL INELIGIBLE EXPOSURES**

1. Used by any youth organization.
2. Equipped with gasoline or "white gas" fueled appliances.
3. Powered above manufacturer's 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.
12. Boats used for business entertainment.
13. Boats used for racing events.
14. Boats that are chartered.

### **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 Fire fighting Equipment (Automatic Halon System and Fire Extinguishers) Tenders Automatic Radio Beacon

**EXCESS LIABILITY****A. REQUIRED EXPOSURES**

Umbrella Excess Liability coverage may only be written when we have the support of the home and auto segment.

**B. REQUIRED UNDERLYING LIMITS**

1. The same liability limit must be selected for all exposures.
2. Underlying exposures covered by an Encompass 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.
3. Homeowners, boat and dwelling fire must carry minimum \$300,000 Single Limit Liability.

**C. 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+'.

**D. INELIGIBLE EXPOSURES**

1. Any exposure which cannot be covered under a personal lines policy.
2. Celebrities, professional athletes, entertainers or other target risks.
3. Any boat (excluding sailboats) used for racing.
4. Any boat with a rated speed over 55 mph.
5. Any boat over 40 feet in length.
6. Any boat with power in excess of the manufacturer's specifications.
7. Any owned or non-owned aircraft exposure
8. Any motor vehicle used for organized racing, stunt, speed or demolition activity.
9. Any farm exposure other than that described in the minimum underlying limits table.
10. Any professional exposure (excluding teachers)