UNDERWRITING GUIDELINES FOR APARTMENTS SEGMENT

Local exceptions to these underwriting guidelines may apply. Please consult with your underwriter or sales executive for details and to discuss risks which exceed the following.

Apartment Pac[SM] risks will typically have:

- Up to $5 million Total Insured Values (Building and Business Personal Property) at each building,
- Less than 25 locations, and
- All buildings less than seven stories.

Businesses that exceed *any* of the above thresholds should be considered for placement in ***Apartment Pac Plus***[SM]. Please consult with your underwriter if Total Insured Values exceed $75 million.

Underwriting Guidelines for *Apartment Pac* and *Apartment Pac Plus*

Building and General Liability coverage is required.
One hundred percent insurance-to-value is required.

Eligible operations are businesses specifically listed in the Classification section.

Management/Supervision:
Businesses must have one of the following types of supervision:

- A full-time resident manager, or
- An owner residing in the complex, or
- A full-time property management company with a minimum of three years experience.

Loss Experience:
The business must have favorable loss experience for Property and General Liability.

- For each $10,000 in premium size, favorable loss experience can be generally defined as no more than two claims (Property and General Liability) and no loss greater than $10,000 in the last three years.
- Please contact your underwriter if the business has had more than three water damage claims.

Prior Carrier:
The business should have had continuous insurance coverage for the last three years, with no cancellations by the insurer(s) or non-renewals (for other than market withdrawals or transfers within an insurer company group).

Property/Premises Liability Underwriting Guidelines:
Businesses must have adequate protective measures to detect fires, especially in restaurant kitchens, in-house laundries, laundry rooms and boiler rooms. They should meet applicable code requirements for the installation and maintenance of building services and must also meet all life safety code requirements. No cited violations of fire or life safety codes.

Smoke detectors are required in all units (especially in and near sleeping areas), common areas, hallways and high hazard areas such as laundries and trash chutes and compactors. Hard-wired detectors with battery back-up and central station reporting are preferred.

Apartments and cooperatives that are more than six stories should be fully sprinklered. Water supply to the system should be regularly tested and booster pumps provided, if necessary.

Life safety sprinkler systems do not constitute a full fire sprinkler system. These risks do not warrant property sprinkler credit. A building with a life safety sprinkler system may be considered for schedule rating due to this favorable General Liability risk characteristic.

Buildings should be equipped with manual pull stations in appropriate locations in corridors and hallways. They

should alarm locally and to a 24-hour monitoring service.

Fire extinguishers should be provided. The type and number of extinguishers will usually be specified by local code. Businesses should maintain an inventory of all extinguishers and regularly verify that they are in place and are fully charged. Extinguishers should be inspected and tested according to local requirements.

Buildings should be constructed with smoke barriers to control smoke movement. Fire doors should be regularly inspected and kept clear. Automatic door closers and self-latching locks should be installed on every door. Closers should be randomly inspected on a regular basis.

Property Underwriting Guidelines:
Buildings must sustain a minimum occupancy rate of 80 percent (excluding areas such as basements and maintenance rooms).

The plumbing, HVAC, wiring and roof systems should have been updated in the past 30 years.

Restaurant, mercantile, office or service occupancies must not exceed 25 percent of the total building area. Please see the Building underwriting guidelines to classify buildings with restaurant, mercantile, office or service occupancies exceeding 25 percent of the total building area.

Premises Liability Underwriting Guidelines:
All restaurant tenants must meet the underwriting guidelines for restaurants.

Please consult with your underwriter if any buildings were constructed prior to 1978.

Emergency lighting units should be in locations such as corridors, passageways, stairwells and remote areas. Exit signs should be properly located and illuminated. Both emergency lighting and exit lighting should be on a regular maintenance program.

Emergency lighting is required for buildings over three stories or more than 12 units.

For buildings over two stories, fire escapes are required.

The building should have a sufficient number of means of egress in case building evacuation is necessary.

Each floor must have at least two means of egress.

Every exit should be clearly visible or the route to the exit conspicuously indicated, and the exit access and exits themselves should be marked and lighted, as required by local code. All means of egress should be free and unobstructed. Exit doors should be arranged to open readily when the building is occupied. Powered doors should be designed and installed to be functional even in the event of power failure.

Facilities should develop and implement plans for addressing reasonably foreseeable emergencies on the premises. Such emergencies can include fires, explosions, severe weather, natural disasters, crime and medical emergencies. The plan should include procedures for promptly notifying emergency services; protecting employees, residents and the general public; protecting property; resuming operations as soon as possible, damage control procedures, communication with media and other outside entities; and promptly notifying legal or insurance contacts. Routine emergency drills should be established to train employees and residents how to effectively respond to such situations. Emergency exit locations and procedures should be communicated to all residents and posted.

Please consult with your underwriter if armed security guards are present.

Swimming Pools/Playgrounds Underwriting Guidelines:
If present, swimming pools must be entirely fenced. No diving boards or slides are permitted. Ponds used for swimming must include warning signs for hazards such as boating and thin ice, if applicable. (Apply the Swimming Pool Additional Liability Charge for ponds.) Hours of operation and rules should be posted. Lifeguards are preferred, but not required.

Playgrounds should be entirely fenced. The surface beneath the playground equipment must be soft (rubber, grass, mulch, sand) with no concrete surfaces.

Business Income for Apartment Segment
Business Income and Extra Expense coverage is included for ***Apartment Pac*** and automatically includes rental value. Coverage applies on an Actual Loss Sustained basis for up to 12 consecutive months. Coverage may also be written on a policy or location level basis for any dollar limit without the 12 month limitation.

For ***Apartment Pac Plus***, Business Income and Extra

Expense coverage is optional. When selected, the coverage includes rental value and may be written with a policy or location level dollar limit limitation. The dollar limit is based on 80 percent of annual rents/fees and may be modified.

Additional Underwriting Guidelines for *Apartment Pac Plus*:
General Liability premiums are based on number of units. Unit means a single room or group of rooms intended for occupancy as separate living quarters for a person or persons. General Liability premium is not subject to premium audit.

Supplemental Application:
Completion of the Habitational Supplemental Application is required for ***Apartment Pac Plus***. This application is available in *Agent HQ*[SM]/Reference Library/Worksheets and Applications.

Classifications for Apartment

These classifications apply to buildings owned by the insured and wholly leased to others for habitational occupancy. Select the classification that best describes the occupancy of the building. Coverage for buildings used as carports, clubhouses and other facilities that support the operation of the apartment complex, should be classified using the same classification that applies to the predominant operation.

Please refer to the Fire Rating Divisions definition at the end of the Classifications section to determine the number of fire divisions.

Description	Pac Program Code	Pac Plus Program Code	Eligible SIC
Buildings (1-4 apartment units per fire rating division)	**106**	**KK2**	**6514**

- Building coverage includes structures such as:
  - Fences,
  - Outdoor swimming pools,
  - Business Personal Property owned by the insured that is used to maintain the building(s), such as:
    - Fire extinguishing equipment,
    - Outdoor furniture,
    - Floor coverings,
    - Lobby and hallway furnishings,
    - Appliances used for refrigeration/ventilation/cooking/dishwashing/laundering,
    - Lawn maintenance and snow removal equipment, and
    - Alarm systems.
- Building Owners Endorsement is available as an option.
- Blanket Limits Building and Business Personal Property coverage is available as an option.
- CG D0 76-Exclusion – Lead is mandatory.
- CG D2 37-Exclusion – Real Estate Development Completed Operations is mandatory.

Description	Pac Program Code	Pac Plus Program Code	Eligible SIC
Buildings (5-12 apartment units per fire rating division)	**10C**	**KK3**	**6513**

• Building coverage includes structures such as:
  ◦ Fences,
  ◦ Outdoor swimming pools,
  ◦ Business Personal Property owned by the insured that is used to maintain the building(s), such as:
  ▪ Fire extinguishing equipment,
  ▪ Outdoor furniture,
  ▪ Floor coverings,
  ▪ Lobby and hallway furnishings,
  ▪ Appliances used for refrigeration/ventilation/cooking/dishwashing/laundering,
  ▪ Lawn maintenance and snow removal equipment, and
  ▪ Alarm systems.
• Building Owners Endorsement is available as an option.
• Blanket Limits Building and Business Personal Property coverage is available as an option.
• CG D0 76-Exclusion – Lead is mandatory.
• CG D2 37-Exclusion – Real Estate Development Completed Operations is mandatory.			

Buildings (13+ apartment units per fire-rating division)	**10A**	**KK1**	**6513**

• Building coverage includes structures such as:
  ◦ Fences,
  ◦ Outdoor swimming pools,
  ◦ Business Personal Property owned by the insured that is used to maintain the building(s), such as:
  ▪ Fire extinguishing equipment,
  ▪ Outdoor furniture,
  ▪ Floor coverings,
  ▪ Lobby and hallway furnishings,
  ▪ Appliances used for refrigeration/ventilation/cooking/dishwashing/laundering,
  ▪ Lawn maintenance and snow removal equipment, and
  ▪ Alarm systems.
• Building Owners Endorsement is available as an option.
• Blanket Limits Building and Business Personal Property coverage is available as an option.
• CG D0 76-Exclusion – Lead is mandatory.
• CG D2 37-Exclusion – Real Estate Development Completed Operations is mandatory.			

Description	Pac Program Code	Pac Plus Program Code	Eligible SIC
Cooperatives	**099**	**KK4**	**6513**

- Building coverage includes structures such as:
  - Fences,
  - Outdoor swimming pools,
  - Business Personal Property owned by the insured that is used to maintain the building(s), such as:
    - Fire extinguishing equipment,
    - Outdoor furniture,
    - Floor coverings,
    - Lobby and hallway furnishings,
    - Appliances used for refrigeration/ventilation/cooking/dishwashing/laundering,
    - Lawn maintenance and snow removal equipment, and
    - Alarm systems.
- Building Owners Endorsement is available as an option.
- Blanket Limits Building and Business Personal Property coverage is available as an option.
- Garagekeepers coverage is available as an option, for building owners providing parking facilities for tenants.
- Directors and Officers Liability is available as an option.
- CG D0 76-Exclusion – Lead is mandatory.
- CG D2 37-Exclusion – Real Estate Development Completed Operations is mandatory.

Dwellings (1-4 family)	**10F**	**KK5**	**6514**

- Applies to a stand-alone building (not affiliated with an apartment complex) used as a residence for up to four families.
- For 1 to 4 family dwellings which are part of an apartment complex, use the appropriate apartment building program code.
- Building coverage includes structures such as:
  - Fences,
  - Outdoor swimming pools,
  - Business Personal Property owned by the insured that is used to maintain the building(s), such as:
    - Fire extinguishing equipment,
    - Outdoor furniture,
    - Floor coverings,
    - Lobby and hallway furnishings,
    - Appliances used for refrigeration/ventilation/cooking/dishwashing/laundering,
    - Lawn maintenance and snow removal equipment, and
    - Alarm systems.
- CG D0 76-Exclusion – Lead is mandatory.
- CG D2 37-Exclusion – Real Estate Development Completed Operations is mandatory.

Description	Pac Program Code	Pac Plus Program Code	Eligible SIC

Fire Rating Divisions

Fire rating divisions are defined as the number of living units expected to be heavily damaged by fire, smoke or water in a fire incident. The number of fire rating divisions in a residential complex is based upon the following:

1. Fire Partitions having a fire resistive rating of 2 hours or more, and extending to the underside of the roof, completely cutting off one area from another. Where fire partitions cannot be verified in concealed spaces, assume no barriers exist, and that all units within comprise one fire rating division. Any door opening must have a minimum 1½ hour rated automatic or self-closing fire door. All other opening must also be protect by 1½ hour fire dampers or fire penetration seals.
2. Multi-story buildings of Modified Fire Resistive or Fire Resistive construction (ISO RCP Codes 5 and 6) may use additional criteria:
   (a) Vertical fire rating divisions formed by all floors sealed to provide a 2 hour fire resistive rating. Elevator shafts and stair towers must be rated for 2 hours, and be provided with Class B, 1½ hour self closing doors; HVAC, telephone, mechanicals, trash, laundry and other areas sealed at each floor or contained within a 2 hour rated room, with Class B, 1½ hour self closing fire doors.
   (b) Horizontal fire rating divisions formed by 1 hour fire partitions between units and self closing non-combustible or solid wood doors: use 2 units as a base number of units per fire rating division. This applies only when both of the aforementioned criteria and the vertical cutoffs noted in item (1) are met.
3. If neither of the above applies use the total number of units within the building to determine the correct program code.

Ineligible Operations, Products or Services for Apartment

Risks with the following exposures, products or operations should not be written as ***Apartment Pac*** or ***Apartment Pac Plus*** accounts:

INELIGIBLE OPERATIONS
Assisted living facilities
Associations (homeowner or townhouse)
Boarding houses
College housing
Condominiums (see Condominium segment)
Fraternities or sororities
Group homes
Nursing homes or chronic care facilities
Rehabilitation facilities
Senior living facilities, including assisted living or independent senior living (excluding active adult, e.g. 55+, communities)
Subsidized, public or government funded complexes
Waterfront complexes with marinas and/or docks

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