ALL COMMERCIAL LINES

AGENCY BINDING AUTHORITY

Your agency’s agreement with the Company gives you binding authority on risks that do not appear as conditionally acceptable or prohibited under the All Classes section of this guidebook. When you bind coverage for a qualifying risk, be guided by the following statement from the Agency Agreement:

“The agent shall mail, deliver, or otherwise communicate to the Company promptly, but no later than the second business day after the date on which the applicable insurance is effective, a true and complete report of each binder, policy, endorsement, or certificate issued by the agent.”

For example, a qualifying risk bound on a Saturday or Sunday before a Monday that is a legal holiday should be “communicated” to the Company on the following Tuesday, if possible, but in no event later than Wednesday.

**Conditionally Acceptable Risks** are those risks that contain questionable hazards. Should you consider a risk within this category to be desirable, you must submit it to the Company for consideration. You cannot bind coverage, indicate an effective date, accept any premium payment, nor relinquish any part of the declaration to the applicant. Once written, the approval of the Underwriting Department is required to increase the limits of liability or property values, or provide additional coverages.

**Account Experience** – In order for any account to be eligible for agency binding, the earned/incurred loss ratio must not exceed 45% for the prior three years. **Consideration is given if one single loss occurring in that three-year period causes the loss ratio to exceed 50%—please call underwriting. Incurred losses are all paid claims plus all outstanding reserves.**

In addition, no individual line of coverage (e.g., WC, BU, AC, BA) can have suffered more than three (3) losses during the three-year period.

Accounts, or any part of an account, that have been nonrenewed by an insurer for any reason, must be referred to the Underwriting Department prior to binding coverage.

Any accounts that do not fall within the aforementioned parameters must be referred to Underwriting prior to quoting or binding.

**Submission** – Once a risk has been quoted successfully and bound, the producing agent will send the completed application(s) to Mutual Benefit per the current procedure. Please be sure that all applications are complete and all rating worksheets enclosed. For all Pennsylvania accounts that include workers’ compensation coverage (other than businessowners accounts), insurance carrier loss runs (hard copy) for the most recent three-year period must be submitted with the application. **A check for the deposit premium must accompany the application(s).** The application(s) must indicate the desired pay plan.

**Company Assistance** – Accounts that meet virtually all the criteria for quoting but fall outside by a small margin may be quoted with Underwriting’s assistance. For example, an account that meets all requirements but needs a price for an umbrella policy can be rated by the producer so long as the quote excludes the umbrella. The producer may call an underwriter for an umbrella quote after rating the balance of the account. In another example, if the producer has rated an eligible account and believes the account’s loss history and risk characteristics deserve consideration for credits, the agent can contact the underwriter or the marketing representative to discuss the information necessary to substantiate credits.
ALL COMMERCIAL LINES (Cont.)

AGENCY BINDING AUTHORITY

We hope this process will provide for a faster and much more efficient method of quoting standard target market risks for the agency force, as well as allow Company underwriters to focus their time on larger, more complex accounts. This should benefit all agents (and the Company), whether your agency tends to focus on small or large commercial accounts.

NOTE: For individual lines, please refer to the more detailed binding authority guidelines that comprise the following pages.

PA ONLY SEVERE WEATHER WARNING -- SUSPENSION OF PROPERTY BINDING AUTHORITY

When the National Weather Service issues a tropical storm watch or warning, a hurricane watch or warning, or a tornado watch or warning, a temporary moratorium will be implemented for all areas affected by said watch or warning for all new business, requests for additional coverage, and binding of coverage. The moratorium will be lifted 24 hours after the termination of the last watch or warning issued by the National Weather Service.

If an agent believes circumstances warrant an exception to these restrictions, an underwriter or field marketing representative must be contacted.

MARYLAND REQUIREMENTS FOR TEMPORARY MORATORIUMS SUSPENSION OF BINDING AUTHORITY

When the National Weather Service issues a storm watch or weather warning for weather events or the Governor or a Governmental Entity has declared a state of emergency, we will implement a temporary moratorium for writing all new business, requesting additional coverage, and binding coverage on the part(s) of the state so impacted. This applies to a hurricane or tropical storm watch, warning, or advisory issued by the National Weather Service. It also applies to Governor- or other governmental agency-declared disasters, including states of emergencies, evacuations, special curfews, and earthquakes as specifically defined in Maryland’s regulations for temporary moratoriums and weather events. Such moratoriums will only apply to those lines of business reasonably expected to be affected by the event or emergency.

The moratorium will not apply to binding authority or providing coverage for the following:

* Insurance that was bound prior to the implementation of the moratorium
* Additional types of coverages, endorsement, or limits being made to an existing policy while it is in the renewal period, which includes the 45 days prior to, and up to and including, the renewal date of an existing property and casualty insurance policy, subject to any change becoming effective on the renewal date of the policy.

The moratorium will be lifted based on the timing provided in Maryland regulation for the termination of the weather event or declared state of emergency.

EARTHQUAKES

Agents have no binding authority for the peril of earthquake on any policy providing property coverages.

In addition, Mutual Benefit will not write earthquake coverage within 60 days following an earthquake measuring 5.0 or higher on the Richter Scale.
All binding authority rests solely with Select Risk Insurance Company. Coverage will not be bound until the application is received and approved by the Company. Applications cannot be backdated.

In order for us to consider Select Risk, the application must clearly show your intent. Applications received without a request for a specific company will only be considered for Mutual Benefit Insurance Company.
The agent has binding authority for workers’ compensation on any one acceptable risk, subject to the following limitations. Additional capacity is available for qualifying risks upon approval from the Company. Any application involving unusual characteristics must be approved by a Company underwriter prior to binding.

I. No binding or policy writing authority is granted for risks that have any of the following characteristics/qualities:

A. A risk with an experience modification that is greater than 1.00.
B. **A risk with greater than 20 employees at any one location/shift at any one time.**
C. Any risk appearing on the prohibited or conditionally acceptable list in the All Classes section of this guidebook.
D. A risk that has experienced back, neck, knee, or carpal tunnel injuries within the past three years.
E. A risk that has been in business less than three years.
F. A risk that has no prior employees.
G. A risk that utilizes leased or temporary employees.
H. **A risk that employs personnel residing outside of Pennsylvania or Maryland.**
I. A risk that performs work that is in excess of three stories in height.
J. **A risk that is open 24 hours.**
K. A risk that does not have employees payroll (other than the owner) assigned to the primary class.
L. A risk that hires undocumented workers or illegal aliens.
M. A risk with international employees hired on a temporary basis.

II. Loss Run Requirement

A. Prior to binding or writing any risk (with the exception of qualifying Businessowners classifications), a prior insurance carrier loss run for the most recent three-year period is required. Loss runs for risks with a Businessowners classification may be requested at the underwriter’s discretion.
B. Experience modification greater than 1.00: Five-year prior insurance carrier loss runs must be submitted before a risk with an experience modification greater than 1.00 can be considered by underwriting.

III. A check for the down payment must accompany the submission or be received within three business days for electronic submissions.
Although there is broad form all-states coverage language built into the workers’ compensation policy, it is important to note it is for INCIDENTAL OPERATIONS only. The purpose is to provide for incidental work and/or work-related travel by employees that are from the states where we are licensed to operate (Pennsylvania and Maryland). Our workers’ compensation policy is not appropriate for insureds that hire employees outside of Pennsylvania or Maryland. If you discover there are out-of-state employees, you must notify us IMMEDIATELY. We will send notification to the insured that they must secure workers’ compensation coverage for their employees (other than Pennsylvania and Maryland) elsewhere.

CARPENTRY — NEW BUSINESS

Pennsylvania — To be eligible for Mutual Benefit, a new business account with Codes 651 (Carpentry – NOC) or 652 (Carpentry – Detached one- or two-family dwellings) as the primary code must meet all of the guidelines that follow. “Primary code” is defined as 40% or more of the total payroll being generated from Codes 651 or 652.

Maryland — To be eligible for Mutual Benefit, a new business account with Codes 5651 (Carpentry – Dwellings three stories or less) or 5645 (Carpentry – Detached one- or two-family dwell-ings) or 5403 (Carpentry NOC) as the primary code must meet all of the guidelines that follow. “Primary code” is defined as 40% or more of the total payroll being generated from Codes 5651, 5645, or 5403.

PENNSYLVANIA AND MARYLAND

- Must have an experience modification or merit credit of 1.00 or less. Exceptions may be made by the underwriter if one large loss is distorting the modification. We will need a detailed explanation of what changes were made to prevent or lessen future losses.

- Prior carrier loss runs are required (see Loss Run Requirement section below).

- The business being insured should have been in existence and have had employees for a minimum of three years.

- The minimum payroll for Pennsylvania Codes 651 and/or 652 must be $25,000 when one of these codes is the primary classification.

- The minimum payroll for Maryland Codes 5651, 5645 and/or 5403 must be $25,000 when one of these codes is the primary classification.
ARTISAN CONTRACTOR

AGENCY BINDING AUTHORITY

The agent’s binding or policy writing authority on any one acceptable risk for all coverages combined is authorized to the following amounts. Additional capacity is available for qualifying risks on approval from the Company. Any application involving unusual characteristics or multi-state locations should be approved by a Company underwriter before binding.

Commercial accounts eligible for agency rating, quoting, and binding are all classes of business that qualify for the Artisan Contractor Program.

Line Limits

Liability – $1,000,000 each occurrence/$2,000,000 general aggregate

The maximum limits identified below are the total aggregate property amounts per location for all coverages with a specific limit of insurance.

Property – Total amount subject limit up to $1,000,000. Total amount subject includes building, business personal property, inland marine coverage, and business income/extra expense. Blanket coverage is permitted for business personal property (storage, office contents, and property in the open).

All construction types are eligible.

ISO public protection classes 1 through 9 are eligible.

ISO public protection class 10 is prohibited from being quoted and/or bound.

Insured must have minimum of three years’ experience.

The following exposures are conditionally acceptable for commercial property:

A. Any property that contains a cooking exposure
B. Buildings held for sale
C. Frame row properties
D. Household goods in storage
E. Property within 600 feet of the ocean or coastal property situated less than 12 feet above normal high tide level
F. Roadside stands
G. Seasonal property
Inland Marine Equipment—See Inland Marine Binding Authority Section

No binding authority is granted:

- On any risk appearing on the prohibited or conditionally acceptable list in the All Classes section of this guidebook.
- For the peril of flood or earthquake
- For an insured in business less than three years
- For risks exceeding $5,000,000 in receipts
- **Prohibited properties include:**
  A. Air-supported (inflated) structures
  B. Buildings held for sale or speculation (including builders’ risks)
  C. Buildings scheduled for demolition
  D. Property in litigation
  E. Vacant, unoccupied, or inoperative property
  F. Woodworking (any occupancy with any percentage)

**Payroll** — The actual payroll is used for contracting employees. Payroll for clerical employees and salespersons will not be used. The applicable payroll for proprietors, partners, and active executive officers shall be:

Maryland — $20,000  Pennsylvania — $5,200

The following guidelines from the Agency Agreement must be followed when binding coverage on a qualifying risk: “The Agent shall mail, deliver or otherwise communicate to the Company promptly, but no later than the second business day after the date on which the applicable interest is effective, a true and complete report of each binder, policy, endorsement, or certificate issued by the Agent.” This should include all accident/loss information.

**A check for the down payment must accompany the submission or be received within three business days for electronic submissions.**
BUSINESSOWNERS

AGENCY BINDING AUTHORITY

For a quality risk that exceeds the following guidelines, please contact the Underwriting Department. The agent’s binding authority on any one acceptable risk for all coverages combined is authorized to the following amounts. Additional capacity is available for qualifying risks on approval from the Company. Any application involving unusual characteristics or multi-state locations should be approved by a Company underwriter before binding.

Line Limits:

1. **Property**
   A. Total amount subject—Property limit up to $1,000,000 (less for restaurants; see specific restaurant template). Total amount subject includes building, business personal property, inland marine coverage, and business income. Business income includes 100% of rental income and/or 10% of receipts for a mercantile/office occupancy. Peak season coverage (10% of contents limit) will not be considered part of the binding limit. However, if additional peak season is desired, this additional amount is to be considered part of the limit.
   B. All construction types are eligible. Restrictions may apply based on specific classes. Specific class templates should be reviewed prior to binding.
   C. Protection Classes 1 through 9 are eligible.
   D. Protection Class 10 is prohibited from being quoted and/or bound.

2. **Liability**
   A. Liability limits up to $1,000,000 (single limit) for Bodily Injury, Property Damage, Personal Injury, and Advertising Injury.
   B. Medical Expenses—$5,000
   C. Professional Liability - You may bind up to $1,000,000 for Barber and Beauty Shops and Funeral Directors Professional Liability. The professional liability limit cannot exceed the policy liability limit. Pharmacist professional liability is available—please call your underwriter for acceptability.
   D. Damage To Premises Rented To You - $250,000 maximum
   E. **Employment Practices Liability (EPLI)** - available only on BU’s with BU Max or Wholesaler Max enhancer endorsements
      You may bind the following for any risk:
      1) $25,000 limit;
      2) $1,000 deductible
      3) Up to 30 employees
      For any limit above $25,000, over 30 employees or above $1,000 deductible, please call your underwriter for acceptability.

3. Receipts - All Eligible Classes

<table>
<thead>
<tr>
<th>Occupancy</th>
<th>Binding Authority</th>
<th>Refer to Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Other than restaurants)</td>
<td>Up to $5,000,000</td>
<td>$5,000,001 - $10,000,000</td>
</tr>
<tr>
<td>Restaurants</td>
<td>Up to $2,500,000</td>
<td>$2,500,001 - $3,000,000</td>
</tr>
</tbody>
</table>

4. Coverage

   Maximum Limits By Coverage, unless a higher limit is approved by Underwriting.
BUSINESSOWNERS

AGENCY BINDING AUTHORITY (Cont.)

<table>
<thead>
<tr>
<th>Coverage</th>
<th>Maximum Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Receivable</td>
<td>$250,000</td>
</tr>
<tr>
<td>Customers’ Property</td>
<td>$20,000</td>
</tr>
<tr>
<td>Employee Dishonesty</td>
<td>$100,000</td>
</tr>
<tr>
<td>Fine Arts Coverage</td>
<td>$100,000</td>
</tr>
<tr>
<td>Forgery Or Alteration</td>
<td>$100,000</td>
</tr>
<tr>
<td>Money and Securities</td>
<td>$30,000 on premises/</td>
</tr>
<tr>
<td></td>
<td>$20,000 off premises</td>
</tr>
<tr>
<td>Off Premises Business Personal Property</td>
<td>$50,000</td>
</tr>
<tr>
<td>Spoilage</td>
<td>$50,000 per location</td>
</tr>
<tr>
<td>Valuable Papers And Records</td>
<td>$250,000</td>
</tr>
<tr>
<td>Water Back-Up And Sump Overflow</td>
<td>$20,000</td>
</tr>
</tbody>
</table>

No binding authority is granted:

- On any risk appearing on the prohibited or conditionally acceptable list in the All Classes section of this guidebook.
- For the peril of flood or earthquake.
- For an insured in business less than three years.

INSURANCE TO VALUE

It is extremely important that accurate replacement cost values be developed for Buildings and Business Personal Property. Businessowners policies written on a replacement cost basis must meet the coinsurance condition as specified in the Businessowners Form. The Company will confirm values through the use of a building valuation system. Where discrepancies exist, verification of the original values must be submitted or values adjusted to be in line with the Company’s estimated replacement cost.

Coverages will be written to insure owners of eligible businesses on Businessowners Coverage Form BP 00 03.

Prohibited Properties include:

A. Air-supported (inflated) structures
B. Buildings held for speculation
C. Buildings scheduled for demolition
D. Loft buildings
E. Property in litigation
F. Student housing
G. Subsidized housing (other than senior citizen housing)
H. Vacant, unoccupied, or inoperative property
I. Woodworking (any occupancy with any percentage)
Conditional Properties:

A. Buildings held for sale
B. Frame row properties
C. Household goods in storage
D. Property within 600 feet of the ocean or coastal property situated less than 12 feet above normal high tide level
E. Roadside stands
F. Seasonal property

For building coverage, structure must be six stories or less. For contents coverage, structures exceeding six stories are conditionally acceptable.

COMMERCIAL INLAND MARINE

AGENCY BINDING AUTHORITY

The agent’s binding authority on any one acceptable risk for all coverages combined is authorized to the following amounts. Additional capacity is available for qualifying risks upon approval from the Company. Any application involving unusual characteristics must be approved by a Company underwriter prior to binding.

I. The maximum limits identified below are the total aggregate property amounts per location for all coverages with a specific limit of insurance.

A. When inland marine coverage is in buildings, you must consider the total amount subject of all property coverage.

1. Total amount subject includes building, business personal property, inland marine coverage, and business income.
   a. Businessowners and artisan contractor – property limit up to $1,000,000 (lower for restaurants; see Restaurant Template).
   b. All other property, refer to property authority.
2. All construction types are eligible.
3. Protection Classes 1 through 9 are eligible.
4. Protection Class 10 is prohibited from being quoted and/or bound.

B. In transit/in or on any one vehicle, property limit up to $125,000

C. At any unnamed location, property limit up to $125,000

D. On any one item/piece of equipment, etc., property limit up to $150,000
II. **No binding authority is granted:**

   A. On prohibited and conditionally acceptable coverage shown below; nor
   B. When the insured has been in business fewer than three years.

III. Inland marine coverages require an itemized schedule, including serial numbers, model numbers, and values when any one item’s value is $2,500 or greater, or weighs 300 pounds or greater, or is self-propelled.

IV. The following are **prohibited** inland marine coverage/risks:

   A. Animals – show, race, or high-valued
   B. Antique vehicles
   C. Aviation hulls
   D. Boats normally written as ocean marine coverage
   E. Bridges, tunnels, and dams
   F. Credit or financial guarantees other than installment floaters
   G. Deferred payment merchandise
   H. Department store floaters
   I. Film floater
   J. First class and registered mail
   K. Floor plan policies
   L. Furriers’ customers
   M. Garment contractors
   N. Jewelers block
   O. Logging and lumbering equipment
   P. Mining equipment -surface or underground
   Q. Mortality and health insurance on birds or animals
   R. Motor truck cargo
      1. Explosives
      2. Flammables, including fuel oil
   S. Ocean, river, and lake cargo but not excluding lake, river, or intercostal shipments when incidental to transportation policies
   T. Parcel post
   U. Processing risks
   V. Radioactive contamination or radium floaters
   W. Recreational vehicles
COMMERCIAL INLAND MARINE (Cont.)

AGENCY BINDING AUTHORITY

X. Rolling stock railroad
Y. Stamp dealer
Z. Theatrical floaters
   AA. Warehousemen’s liability

V. The following are **conditionally acceptable** inland marine coverages/risks:
   A. Cold storage locker bailee
   B. Contractors’ equipment – personal use
      1. What experience does the insured have operating equipment?
      2. For whom is insured using equipment?
   C. Equipment leased, loaned, or rented to others
   D. Exhibition floaters
   E. Fine arts dealers and museums
   F. Horse and wagon floater
   G. Motor truck cargo
   H. Musical instruments – used professionally. Appraisals are needed for items valued over $2,500
   I. Paraphernalia floaters
   J. Radio and TV towers
   K. Salesmen floaters
   L. Satellite dishes
   M. Scientific instruments floaters
   N. Sport cards
      1. Cards must be kept in locked cases
      2. No off-premises coverage will be provided
      3. Maximum value of $50 per unscheduled card
   O. Transportation floaters
   P. Trip transit – household furniture
   Q. Vending machine floater
   R. Accounts receivable greater than $25,000
   S. Camera and sound equipment -used commercially
   T. Fine arts (appraisals are needed for items valued over $2,500)
   U. Installation floater
   V. Sign coverage greater than $25,000 (no billboards)
   W. Valuable papers greater than $25,000

VII. A check for the down payment must accompany the submission or be received within three business days for electronic submissions.
AGENCY BINDING AUTHORITY

The agent’s binding authority on any one acceptable risk for all coverages combined is authorized to the follow-ing amounts. Additional capacity is available for qualifying risks upon approval from the Company. Any application involving unusual characteristics must be approved by a Company underwriter prior to binding.

I. The maximum limits identified below are the total aggregate property amounts per location for all coverages with a specific limit of insurance. The total amount subject includes building, business personal property, inland marine coverage, and business income/extra expense.

A. Total amount subject – Property limit up to $1,000,000 (lower for restaurants; see Restaurant Template). Total amount subject includes building, business personal property, inland marine coverage, and business income/extra expense.

B. All construction types are eligible.

C. Protection Classes 1 through 9 are eligible.

D. Protection Class 10 is prohibited from being quoted and/or bound.

E. For building coverage, structure may be up to a maximum of six stories. For contents coverage, structures exceeding six stories are conditionally acceptable—please call your underwriter.

II. No binding or policy writing authority is granted:

A. When the coinsurance is less than 80%;

B. On the peril of flood or earthquake;

C. For ISO Protection Class 10;

D. When the insured has been in business fewer than three years;

E. On any risk listed in the All Classes section of this guidebook or below as being conditionally acceptable or prohibited.

III. Anti-arson applications are required for all monoline property policies providing building coverages. If it is not submitted with the property application, we will notify your agency and allow 15 days for it to be received in our office.

IV. The following exposures are prohibited for commercial property:

A. Air-supported structures

B. Buildings held for speculation (including builders’ risk)

C. Buildings scheduled for demolition

D. Furnished rooms

E. Loft buildings

F. Property in litigation
COMMERCIAL PROPERTY
(OTHER THAN ARTISAN AND BUSINESSOWNERS) (Cont.)

BINDING AUTHORITY

G. Student housing
   H. Subsidized housing (other than senior citizen housing)
   I. **Vacant**, unoccupied or inoperative property
   J. Woodworking (any occupancy with any percentage)

V. The following exposures are **conditionally acceptable** for commercial property:
   A. Any property that contains a cooking exposure
   B. Buildings held for sale
   C. Frame row properties
   D. Household goods in storage
   E. Property within 600 feet of the ocean or coastal property situated less than 12 feet above normal high tide level
   F. Roadside stands
   G. Seasonal property

VI. A **check for the down payment must accompany the submission or be received within three business days for electronic submissions.**

COMMERCIAL UMBRELLA

Agency Binding Authority

All **binding authority rests solely with Mutual Benefit.** A fully completed application on every new risk is mandatory.

Mutual Benefit must write the **primary general liability policy**, except those lines of business for which Mutual Benefit is not licensed. A risk falling into this category must be written by a domestic insurer rated “A-” or better by A.M. Best.

In addition, an umbrella may include workers’ compensation coverage when a Maryland workers’ compensation policy is provided by a Maryland workers’ compensation fund.

I. **UNDERWRITING CONSIDERATION**
   Detailed information is required on every risk and must be updated regularly. A fully completed application is mandatory on every new risk, while applications are required every three years on renewal policies. The Acord application has been designed to provide all pertinent information.

II. **UNDERWRITING**
   A. All underwriting authority is reserved for Mutual Benefit Insurance Company.
   B. Mutual Benefit must write the **primary general liability policy** on standard forms, except
those lines of business for which Mutual Benefit is not licensed or does not normally write in its course of business. Those lines which Mutual Benefit does not normally write must be written by a domestic insurer rated “A-” or better by A.M. Best and must be written on standard forms.

C. Quotations will be made based on information contained in the risk application. It is, therefore, mandatory that it be fully completed on every risk. Specific risk exposures may warrant additional underwriting information.

III. BINDING AUTHORITY – DO NOT BIND

ALL BINDING AUTHORITY RESTS SOLELY WITH MUTUAL BENEFIT INSURANCE COMPANY. COVERAGE WILL NOT BE BOUND UNTIL THE APPLICATION IS RECEIVED AND APPROVED BY THE COMPANY. APPLICATIONS CANNOT BE BACKDATED.

IV. MINIMUM UNDERLYING LIMITS

A. General liability, businessowners, business automobile, garage, and artisan contractor, $500,000 each occurrence; Must have $1,000,000 limit for vehicles with a GVW in excess of 20,000.

B. The aggregate limit must be two times the occurrence limit.

C. Employers liability: $100,000 each accident

$100,000 each employee

$500,000 policy limit

V. SELF-INSURED RETENTION—$10,000

VI. A check for the down payment must accompany the submission or be received within three business days for electronic submissions.
GARAGE

AGENCY BINDING AUTHORITY

(Written as General Liability policy in combination with Business Auto for nonowned auto and garagekeeper’s exposures)

See Auto Repair/Body Shop template for eligibility requirements.

I. Prohibited
   A. New/Used Dealers—any type.
   B. Towing:
      1. Accident-seeking towing operations
      2. Primary business providing towing
   C. Tire recapping
   D. Heat systems:
      1. Portable heaters
      2. Kerosene heaters
      3. Waste oil burners, unless UL approved
      4. Furnace located in shop area less than 18” from the floor surface
      5. Wood or coal burners
      6. Open flame heaters
   E. Repair shops for:
      1. Ultra-expensive vehicles
      2. Emergency vehicles
      3. Recreational vehicles
      4. Government vehicles, including law enforcement vehicles
      5. Tractor trailers
      6. High performance vehicles
      7. Motorcycles
      8. Handicap conversion
      9. Conversion vans/trucks

Refer to Underwriting:

Repair shops for:
   1. Classic/Antique vehicles with GKL limits above $150,000.

F. Body shop without an approved paint booth***

***Approved paint booth consists of:
   1. Exhaust system vented to the exterior of the building;
   2. Vapor-tight lights;
   3. Explosion-proof wiring and/or switches on the outside of the booth;
   4. Total masonry enclosure; and
   5. Underwriting Laboratories (UL) approval.

G. Salvage yards or storage.
H. Garages with apartment exposures
I. Farm implementation repair/service
J. Machinery and equipment service.

II. A check for the down payment must accompany the submission or be received within three business days for electronic submissions.

GENERAL LIABILITY
(OTHER THAN ARTISAN AND BUSINESSOWNERS)
AGENCY BINDING AUTHORITY

The agent’s binding authority on any one acceptable risk for all coverages combined is authorized to the following amounts. Additional capacity is available for qualifying risks upon approval from the Company. Any application involving unusual characteristics must be approved by a Company underwriter prior to binding.

I. Agents may bind up to these limits:
   A. Each occurrence $1,000,000
   B. General aggregate $2,000,000

II. No binding or policywriting authority is granted:
   A. When the applicant has fewer than three years’ experience;
   B. For any professional liability exposure other than beauticians, morticians.
   C. On any conditionally acceptable or prohibited risk listed in the All Classes section of this guide book or below.

III. We will use the actual payroll for employees, not payroll for clerical or salespersons, unless sales is the primary class. The applicable payroll for proprietors, partners, and active executive officers shall be:
   A. Pennsylvania – $ 2,080 minimum to $10,400 maximum
   B. Maryland – $20,000

IV. The following classes must be limited to residential and “light commercial”:
   A. If operations includes heavy commercial, industrial or institutional work, please submit for underwriting consideration.
   B. Independent Contractors and Contractors Executive Supervisor – See Eligibility Criteria section for guidelines specific to these classifications. Amount of work subcontracted continues to be limited as specified in this section.
   C. A $500 property damage deductible will be applied to the following:
      1) All painting contractors for spray-painting operations.
      2) All grocery stores/supermarkets for shopping cart deductible.
   D. Surveyors – Eligible surveyors must also carry separate professional liability coverage in order to be written under this program.

V. Acceptable Sub-Contracted work:
   A. If gross annual receipts are over $500,000, no more than 25% of the receipts may be from work subcontracted to others.
GENERAL LIABILITY
(OTHER THAN ARTISAN AND BUSINESSOWNERS)

AGENCY BINDING AUTHORITY (Cont.)

B. For gross annual receipts under $500,000, no more than 50% of receipts may be from subcontracted work.

NOTE: The cost of work subcontracted includes the cost of labor and materials. If your risk is outside these guidelines, it is considered conditionally acceptable. Please submit it for underwriting consideration.

See Subcontractors Guidelines section for additional explanation.

VI. A check for the down payment must accompany the submission or be received within three business days for electronic submissions.

CRIME

AGENCY BINDING AUTHORITY

When written as specific coverages or when included in the comprehensive (special) coverages, burglary, robbery, and theft are subject to the following limitations:

I. Refer to Company – you do not have binding authority for the following risks, written outside of our Businessowners Program.
   A. Convenience stores
   B. Drug stores
   C. Hotels/motels
   D. Liquor stores (alarm required)
   E. Newsstands
   F. Sporting goods stores with any sales of guns/ammunition
   G. Restaurants/delicatessens/pizza shops *
   H. Supermarkets/grocery stores *
   I. Television/stereo stores *
   J. Video and record stores *

*For classes shown for G. through J., refer to Underwriting for limits greater than $20,000 for other than employee dishonesty; refer to Underwriting for limits greater than $50,000 for employee dishonesty.

II. Prohibited classes/coverages – No binding authority for the following classes:
   A. Art galleries
   B. Check cashing businesses
   C. Financial institutions and loan companies
   D. Furriers and fur shops
   E. Jewelry stores
III. **No binding authority is granted:**
   A. When a loss has occurred within the past three years
   B. When an insured has been in business fewer than three years
   C. For automobile service stations

IV. **Agency binding limits on acceptable classes (outside of the businessowners program):**
   A. Employee dishonesty (ten or fewer employees)
      $50,000
   B. Forgery or alteration
      $20,000
   C. Liability for guests’ property inside premises (20-room maximum)
      $5,000
   D. Premises burglary
      $25,000
   E. Premises theft and robbery outside the premises
      $20,000
   F. Robbery and safe burglary
      $20,000
   G. Robbery and safe burglary of money and securities
      $20,000
   H. Theft, disappearance, and destruction
      $20,000

V. A check for the down payment must accompany the submission or be received within three business days for electronic submissions.
AGENCY BINDING AUTHORITY

The agent’s binding authority on any one acceptable risk is authorized to the following amounts. Additional capacity is available for qualifying risks upon approval from the Company. Any application involving unusual characteristics must be approved by a Company underwriter prior to binding.

The maximum limits identified below are the total business auto liability limits that may be bound prior to obtaining Company approval:

I. Limits of liability up to $1,000,000 are eligible. There is no stacking of Uninsured/Underinsured coverages.

II. No binding or policywriting authority is granted for:
   
   A. Any risk appearing on the prohibited or conditionally acceptable list under the Risk Classification section of this manual;
   B. Any risk in which the applicant or operators are not citizens of the U.S. and are not residents of Maryland or Pennsylvania;
   C. Risks having more than ten vehicles;
   D. Risks loaning/leasing vehicles to others, with or without operators;
   E. Vehicles registered or garaged outside of Maryland or Pennsylvania.

III. Exposures:
   
   A. The following exposures are prohibited for business auto:
      1. Deadhead andbobtail operations
      2. Driving schools
      3. Emergency vehicles
      4. House movers
      5. Lunch wagons
      6. Public livery
      7. Rolling stores
      8. Towing as principal operations
      9. PUC or other filings
     10. Well-drilling-other than water.

   B. The following exposures are conditionally acceptable for business auto:
      1. Dump trucks-personal use
      2. Towing as incidental operations
      3. Radius > 100 mile radius.
IV. Vehicle/Operators

Do Not Bind – Refer to Underwriter for Acceptability

A driver:

- Not licensed in the states of Pennsylvania or Maryland.

- Who is not a permanent resident of Pennsylvania or Maryland.

- That does not have a valid driver’s license or has had his/her license or motor vehicle registration revoked or suspended within the preceding two-year period for reasons relating to his/her driving record.

- That has had three or more moving violations within the preceding two-year period.

- That has had two or more motor vehicle accidents or any combination of three or more accidents and moving violations within the preceding three-year period, for which the driver was at fault for the accidents.

- That has had a conviction of any of the following within the preceding three-year period:
  1. Driving while under the influence of alcohol, impaired by any drug(s) or drug(s) and alcohol, or impaired by any controlled dangerous substance;
  2. Homicide, assault, reckless endangerment, or criminal negligence arising out of the operation of a motor vehicle;
  3. Using the motor vehicles to participate in a felony;
  4. Major violation(s).
A vehicle:

- With an original cost new of more than $150,000. Cost or low production models may lead to unusual expense in replacing or repairing damaged parts (e.g. Rolls Royce, Maserati, Ferrari, Lotus)
- Physical damage coverage-other than ACV basis.
- With a gross vehicle weight greater than 20,000 pounds
- Not titled or used in the business
- That has been restored
- That has been “after-factory” customized
- That is a kit or “gray market” vehicle
- Designed primarily for off-road use
- Used for speed deliveries, such as telegrams, special delivery mail, messages, pizzas, package delivery, and newspaper distribution
- With high performance or high speed potential: vehicles identified as “intermediate,” “sports,” “sports premium,” or “high performance” in the ISO Symbol and Identification pages

Due to various states’ handling of stacking of Uninsured/Underinsured Motorist coverages, you cannot insure an individually titled vehicle, which is used exclusively for personal use on the business automobile policy. It does not qualify for business automobile coverage. Qualifying risks may be eligible for our personal automobile policy. Please refer to a personal lines underwriter.

V. Hired Car and Nonowned Auto Liability Guidelines

A. Used for speed deliveries, including, but not limited to telegrams, special delivery mail, messages, pizzas,

B. Other auto coverage – if the insured has a business auto policy in force with us or another carrier, coverage must be written on the business auto policy covering the vehicles.

C. Operator information should accompany the application.

D. The prohibited and conditionally acceptable lists for business auto apply to hired and nonowned auto liability.

E. Prior approval must be obtained before binding coverage on any operation where the insured relies solely on the employees’ vehicles.
VI. **Option Forms**

A. **Maryland**-Option forms are required when the uninsured motorist limit is different from the liability limit and/or when the insured chooses to waive PIP coverages. If the signed and dated option form is not received with in 3 days of the application, we will notify your agency and allow 15 days for it to be received in our office. If it is not received within the 15 day time-frame, applicable coverages will be amended to maximum limits and a charge will be made.

B. **Pennsylvania**-Option forms are required with all business auto policies (except hired and non-owned auto policies). If an option form is not received within 3 days of our receipt of the application, we will notify your agency to submit completed, signed and dated option forms. If uninsured and/or underinsured motorist coverage is selected, rejection of stacking forms must be signed, dated and received by us within 55 days of the effective date of the policy. If we do not receive the forms in this time period, notice of cancellation will be sent on the business auto policy. If we receive the completed rejection of stacking forms and not the Commercial Auto PA Option Form, applicable coverages will be increased to the maximum limit available with the commensurate premium charge.

VII. **A check for the down payment must accompany the submission or be received within three business days for electronic submissions.**