

THE FARMERS MUTUAL INSURANCE ASSOCIATION OF BURNET COUNTY

TEXAS

FMBC

UNDERWRITING MANUAL

**Standard Policy
Agent Guidelines
TABLE OF CONTENTS**

LIMITS: 3

QUALIFYING PROPERTY: 3

SCHEDULING: 3

LOSS RECORD: 3

DEDUCTIBLES: 3

POLICY TERM AND FEE: 4

CLASSIFICATION & OCCUPANCY: 4

PERSONAL PROPERTY LIMITS: 4

OTHER STRUCTURES: 4

THEFT COVERAGE: 4

INELIGIBLE RISKS: 5

INELIGIBLE ROOFS: (RESTRICTED ROOFS): 5

RESTRICTIONS ON CITY POPULATION AND COASTAL PROPERTIES: 6

RESTRICTIONS AS THEY APPLY BY COUNTY: 6

HURRICANE GUIDELINES: 6

REPLACEMENT COST COVERAGE ON DWELLING & OTHER STRUCTURES: 7

REPLACEMENT COST COVERAGE ON PERSONAL PROPERTY: 7

INSPECTIONS: 7

STANDARD POLICY

LIMITS:

Prior approval by Home Office is required for Total Insurance Value (TIV) over \$600,000.

QUALIFYING PROPERTY:

Replacement Cost Coverage ("RCC") on Dwelling & Other Structures: Property must be in "very good" or "excellent" condition. Physical conditions such as exterior wood and paint, electrical wiring, air conditioning and plumbing must show no signs of deterioration. Homes showing evidence of structural defect (including foundation damage) or unrepaired storm related damages (including roofs) will not be accepted. It is important to insure the property to its full replacement value. NOTE: in the case of a total loss, the amount paid by FMBC will not exceed the face value of Coverage A. If the full replacement value of the property is less than or more than 100% of the MSB estimated value, the agent may submit that value if it is within 90% to 120% of the MSB estimated value and it is not less than the MSB estimated actual cash value. Roofs must be 15 years old or newer to qualify for RCC.

Actual Cash Value ("ACV") on Dwellings & Other Structures: Property must be in "good" to "excellent" condition. Physical conditions such as exterior wood and paint, electrical wiring, air conditioning, plumbing, and roofing must be well maintained. Homes showing evidence of structural defect (including foundation damage) or unrepaired storm related damages (including roofs) will not be accepted. It is important to insure the property to its full actual cash value. If the full actual cash value of the property is less than or more than 100% of the MSB estimated actual cash value, the agent may submit that value if it is within 90% to 120% of the MSB estimated value.

SCHEDULING:

The following must be scheduled:

- 1) Farm buildings.
- 2) Farm equipment, irrigation systems, and feed & seed.
- 3) Television & radio antenna and outside satellite dish.
 - a) Except for counties where wind/hail is excluded.
- 4) Lawn equipment or lawn tractors over 22 HP and/or over value greater than \$3,000.

LOSS RECORD:

- 1) Applications with more than two (2) non-weather related losses in the past three (3) years are not eligible for binding.

DEDUCTIBLES:

- 1) Eligible deductibles for dwellings:
 - a) Dwelling value up to \$125,000 and manufactured/mobile homes - \$1,000 deductible.
 - b) Dwelling value from \$125,000 to \$400,000 - 1%, 2% or 3% deductible.
- 2) Mandatory deductibles may apply in certain restricted areas. Refer to the Restrictions section for details.

POLICY TERM AND FEES:

- 1) All policies are twelve (12) month policy term.
- 2) A \$50 annual policy/inspection fee will be charged and is considered fully earned by the Company and is non-refundable.
- 3) A \$25 late fee will be applied to any premium payments not received at the FMBC office on or before due date.
- 4) A \$50 fee will be assessed for every returned check.

CLASSIFICATION & OCCUPANCY:

- 1) The following types of property are insurable if occupied by the owner or an immediate family member:
 - a) Dwellings
 - b) Manufactured Homes or Mobile Homes
 - i) Home must meet guideline requirements to qualify
 - ii) Homes over 15 years old for Single Wide must have prior Underwriter approval
 - iii) Homes over 25 years old for Double Wide must have prior Underwriter approval
 - d) New Builders Risk
 - e) Optional Coverages Only
 - f) Personal Property/Contents Only
2. The following types of properties are insurable if occupied by tenant(s):
 - a) Single family dwellings
 - b) Manufactured Homes or Mobile Homes
 - i) Home must meet guideline requirements to qualify
 - c) Garage Apartments
 - i) Apartment must meet guideline requirements to qualify

PERSONAL PROPERTY LIMITS:

- 1) Minimum percentage for personal property is 40% of the dwelling value.
- 2) Maximum percentage for personal property is 70% of the dwelling value.

OTHER STRUCTURES:

- 1) Other Structures are covered automatically at 10% of dwelling coverage. However, this can be increased as necessary but prior FMBC Underwriting approval is required for Other Structures coverage greater than the value of the dwelling. Note on the application the other structures and corresponding values when greater than 10% coverage is requested.

THEFT COVERAGE:

- 1) Theft is *not* one of the covered perils in the dwelling policy. Theft coverage is available in increments of \$5,000 up to a maximum of \$20,000.
- 2) The maximum limit for any single item is \$5,000. Any single item over \$5,000 must be scheduled.
- 3) For a theft claim to be paid, there must be visible signs of breaking and entering.
- 4) Theft coverage does *not* include "mysterious disappearance".

INELIGIBLE RISKS:

- 1) Individuals who have been terminated for non-payment of premium more than once with the FMBC Group
- 2) Individuals involved in bankruptcy
- 3) Townhouses
- 4) Triplex or Fourplex
- 5) Dwellings with aluminum siding
- 6) Dwellings with cast iron plumbing
- 7) Dwellings with asbestos siding
- 8) Dwellings with aluminum or "other than" copper wiring
- 9) Condominiums
- 10) Dwellings used extensively as a daycare facility
- 11) A building or its contents with more than 40% of its floor space or more than 500 sq. ft., (whichever is the lesser amount) used for business
- 12) Mobile homes used as outbuildings
- 13) Homes showing evidence of interior or exterior structural defects (including foundation damage) or unrepaired storm related damages (including roofs).
- 14) Farm machinery, etc. primarily used for custom farming or used for commercial or business purposes
- 15) Any feed, seed, or small square hay bales not stored in a building
- 16) Unattached greenhouses constructed of plastic or glass
- 17) Structures with two (2) or more layers of roofing material
- 18) Stand-alone farm equipment unless prior approval is obtained from FMBC Underwriter
- 19) Stand-alone scheduled outbuilding/misc. structures unless prior approval is obtained from FMBC Underwriter
- 20) Water well and pump

INELIGIBLE AND/OR RESTRICTED ROOFS:

- 1) There is no coverage for cosmetic loss or damage to roof coverings caused by the peril of hail.
- 2) Wood shingle or cedar shake roofs on dwellings or outbuildings.
- 3) Composition roof over wood shingles on dwellings or outbuildings.
- 4) Metal roof nailed over composition or wood shingles.
- 5) Roof with missing shingles.
- 6) Roof with unrepaired storm damage.
- 7) Roof with two (2) or more layers of roofing material.
- 8) Onduline/Ondura Roof—A semi-rigid asphalt composition material manufactured in corrugated sheets.
- 9) Urethane-A spray applied foam material open to environment.
- 10) Spray-on roofing material (exposed).
- 11) Asbestos roof.
- 12) Hardi-slate roof.
- 13) Specialty tile roof unless approved by FMBC Underwriting
- 14) Aluminum shingle or shake, steel shingle or shake, metal shingle or shake, stone coated or granule coated metal or steel shingle or shake. A common brand name is Decra-Tile or Descra-shake, but ineligibility is for all name brand within this roofing type.
- 15) Rubber-based composite shingles. A common manufacturer is Tanko, and the shingle is also known as Lamarite wood shake.
- 16) Plastic roof sheeting (including skylights)

RESTRICTIONS FOR COASTAL PROPERTIES:

FMBC has the authority to place restrictions on different areas of the State as well as individual agents when necessary. Please call FMBC office for area restrictions.

1) COASTAL PROPERTIES:

No policies will be accepted on property located in Seacoast Tier I counties and portions of Harris County as referenced below, unless prior FMBC Underwriting approval is obtained.

- a) **Tier I Counties:** Aransas; Brazoria; Calhoun; Cameron; Chambers; Galveston; Jefferson; Kenedy; Kleberg; Matagorda; Nueces; Refugio; San Patricio; Willacy.
- b) **Property located in Harris County that is East of Highway 146 and inside the city limits of one of the following cities:** La Porte; Morgan's Pointe; Pasadena; Seabrook; Shoreacres.

RESTRICTIONS APPLY TO THE FOLLOWING COUNTIES:

1) Hidalgo County:

- a) No applications will be accepted for any classification for new or current members without prior approval of FMBC Underwriter.

2) Tier 2 Counties:

Prior approval of FMBC Underwriter is required before writing coverage for any properties in Tier 2 counties.

- a) Property must be classified as OWNER occupied, including Family occupied and Secondary residence, or TENANT occupied.
- b) No application will be accepted for property classified as UNOCCUPIED.

3) All Remaining Texas Counties:

Refer to coverage map for list of restricted counties.

HURRICANE GUIDELINES:

- 1) When a tropical storm or hurricane is within the boundaries of 20° N Latitude and 80° W Longitude, new applications or increases for existing policies may not be bound.
- 2) FMBC Underwriting Department will provide notification as soon as possible of hurricane restrictions being implemented. However, a hurricane restriction is automatically implemented as soon as a storm is within the boundaries above. The agent may call main office on start of and release of hurricane restrictions.
- 3) Additional hurricane restrictions may be implemented as necessary.
- 4) The hurricane restriction will remain in force until notification is received from the FMBC Underwriting Department.

The Hurricane Restrictions apply to the following counties: Aransas; Austin; Bee; Brazoria; Brooks; Calhoun; Cameron; Chambers; Colorado; DeWitt; Duval; Fayette; Fort Bend; Galveston; Goliad; Gonzales; Grimes; Hardin; Harris; Hidalgo; Jackson; Jasper; Jefferson; Jim Hogg; Him Wells; Karnes; Kenedy; Kleberg; Lavaca; Liberty; Live Oak; McMullen; Matagorda; Montgomery; Newton; Nueces; Orange; Polk; Refugio; San Jacinto; San Patricio; Starr; Tyler; Victoria; Walker; Waller, Washington; Wharton; Willacy.

REPLACEMENT COST COVERAGE ON DWELLINGS AND OTHER STRUCTURES:

- 1) Property valuation must be within 90% to 120% of the replacement cost as determined on the MSB cost guide. Remember: **DO NOT** use market value.
- 2) No Replacement Cost Coverage is offered for Other Structures. Other Structures are insured for Actual Cash Value.

REPLACEMENT COST COVERAGE ON PERSONAL PROPERTY:

- 1) Automatic on policies where dwelling is insured at Replacement Cost endorsement.

INSPECTIONS:

Agent is required to inspect all property prior to binding coverage. Property that does not meet the company guidelines should be rejected by the agent in the field prior to binding coverage. If the agent is unsure whether the property qualifies for coverage, the agent may submit photos to an underwriter to discuss areas of concern prior to binding coverage.

Inspections will be performed by third party inspection company on all new policies written and again every five (5) years or more often as deemed necessary.