Underwriting Rules

The Personal Liability and Farm Personal Liability Coverage Forms provide broad coverage tailored to meet the personal loss exposures of today's insureds. To maintain competitive premiums, care must be taken in the underwriting of insureds and their liability exposures. The Personal and Farm Personal Liability Policies must be written only on well-maintained risks that show pride of ownership. Only persons with reputable backgrounds should be considered as insureds.

1. The primary underwriting responsibility in selecting risks rests with the agent. The agent's knowledge of applicants and community conditions can be invaluable. The agent's inspection of the property and complete reporting of the facts concerning the property and applicant are particularly important when binding a Personal or Farm Personal Liability Policy. Since the policy embodies risks of both individuals and their property, applications should be solicited only from persons with a good loss history and no unusual liability hazards.

2. All questions on the application must be completed. If a question is not applicable, agents are required to answer that question N/A (not applicable).

3. Supporting property coverage is required.

4. Applications are **not** to be submitted on the following **individuals**:

   a. Applicant, spouse, or resident of household who has incurred more than one liability loss within the past three years.
   b. Applicant, spouse, or resident of household who has had any claim(s) involving dogs within the past three years. This would include dog bites or any other type of dog related bodily injury or physical damage claims.
   c. Applicant, spouse, or resident of household who has a trained guard dog, a Staffordshire Terrier (Pit Bull, American Bull Terrier, or Yankee Terrier), a Rottweiler, a wolf hybrid (Tundra Shepherd), an Akita, a Chow, a Presa Canario, a dog which has bitten someone, or any animal which has vicious tendencies. A dog of mixed breed, which includes any prohibited breed, is still unacceptable.
   d. Applicant, spouse, or resident of household who owns or keeps any animals or reptiles commonly considered by the general public to be wild and/or potentially dangerous by nature, regardless of past claim(s) history. Examples include, but are not limited to: bears, mountain lions, cougars, pythons, rattlesnakes, skunks, etc. (Agents are encouraged to check with the underwriter prior to binding or submitting if uncertain of acceptability).
   e. Applicant, spouse, or resident of household whose habits or living conditions show a lack of responsibility for property or for rights of others.
   f. Applicants who are mentally incapable of making sound judgments.
   g. Applicant, spouse, or resident of household who has been engaged in illegal activities of any kind or who has a history of falsifying a claim or purposely destroying their own property or who has ever been convicted of a felony.
   h. Applicant, spouse, or resident of household with poor credit experience, such as a history of bad checks, or who habitually defaults on accounts or who has incurred a bankruptcy in the past five years.
   i. Applicant, spouse, or resident of household who hire employees under 16 years of age to perform hazardous tasks, including the operation of farm machinery.
   j. Applicant, spouse, or resident of household whose principal business is breeding, or using horses for riding, racing, or show purposes. The boarding of horses for others for a fee is not acceptable.
   k. Applicant, spouse, resident of household, or any farm employee who has over two moving violations or two or more at fault accidents within the past three years and who will be operating farm equipment.
   l. Persons who are alcoholics, drug or narcotic addicts.

5. Applications are **not** to be submitted on the following **property**:

   a. Vacant dwellings.
   b. Property with debris or lack of maintenance.
   c. Property with fences in poor condition or lacking maintenance. (To be acceptable, fences should meet "legal fence" criteria.)
   d. Property with machinery in poor operating condition.
   e. Property with machinery lacking proper safety devices designed for use with the equipment (i.e., power take-off guards, slow moving vehicle signs, operating lights, etc.).
   f. Property where livestock has frequently escaped.
   g. Property with unfenced in ground or above ground swimming pools. To be eligible, fences must completely surround pool, be at least four (4) feet high, and have a self-locking gate. This rule applies to new business or new pool installations.
   h. Any swimming pool with a diving board or slide.
   i. Watercraft or ATVs if driver's record for violations and accidents exceed Cameron Mutual Personal Auto new business requirements. (Only one minor moving violation and one minor not-at-fault accident within the last three years.)
   j. Watercraft with motors greater than 200 horsepower.
   k. Boats that exceed speeds of 50 MPH.
   l. Property where "U-pick" operations are allowed.
   m. Property with trampolines that do not utilize a safety enclosure and spring cover or pad. (This rule is specific to new business.)
   n. Bed and Breakfast.
   o. Retaining walls that pose a fall hazard need to have either natural vegetation or a railing to restrict access.
   p. Stairways with 3 or more steps require a hand rail. Porches or decks with 3 or more steps must also have a railing.

6. The agent has no authority to bind coverage in excess of the liability limits stated in this manual.

7. Liability may be extended to cover the dwelling exposures for not more than four 1-family or two 2-family dwellings. When exposures exceed this limitation of four (4) families, the entire exposure must be placed under a Commercial Liability Policy. Student housing with more than three occupants is not acceptable.

8. If liability coverage is extended to any rental premises, functioning smoke detectors must be installed according to state, city or county code. At least one smoke detector in each bedroom and at least one smoke detector on each dwelling level is required.

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General Rules

1. ELIGIBILITY

a. PERSONAL LIABILITY COVERAGE

Personal Liability Coverage may be provided for a person maintaining a residence in a one or two family dwelling.

GL-1 - Personal Liability Coverage

b. FARM PERSONAL LIABILITY COVERAGE

Farming includes the operation of roadside stands and farm markets used mainly for the sale of the insured's own farm products.

GL-2 - Farm Personal Liability Coverage

The following should not be considered eligible:

(1) Manufacturing, processing, freezing or dehydrating operations.
(2) Roadside stands in excess of 250 square feet.
(3) Race horse operations.
(4) Incorporated farms, unless the corporation owns or leases the farm and is financially controlled by the insured.

2. PROGRAM DESCRIPTION

a. MANDATORY COVERAGES

The following is a general description of the coverages provided by Forms GL-1 and GL-2. The coverage parts state the complete conditions.

(1) Coverage L - Liability

Coverage L pays on behalf of the insured for damages due to bodily injury or property damage caused by an occurrence arising out of the insured premises or the insured's personal activities.

(2) Coverage M - Medical Payment to Others

Coverage M pays medical expenses, incurred by persons who are not insureds, for bodily injury related to the insured premises or the insured's personal activities.

b. LIMITS OF LIABILITY

The basic limits of liability for each coverage are:

Coverage L ---	$100,000 Per Occurrence
Coverage M --	$1,000 Per Person
	$25,000 Per Accident

Higher limits of liability for Coverages L and M are shown in the Rate Pages. All mandatory and optional coverages must be written at the same limit. Agents do not have binding authority for the $50,000, $200,000 and $400,000 policy limits for new business. These limits are allowed for renewals only and are designated by the shaded areas.

3. POLICY WRITING INSTRUCTIONS

Unless indicated otherwise, these rules apply to Personal Liability Coverage and to Farm Personal Liability Coverage.

a. POLICY ISSUING

The Personal Liability Policy and Farm Personal Liability Policy described in this manual may be issued as a companion policy to Fire and Extended Coverage policies. Attach the mandatory forms and any other optional endorsement(s) to the Liability Declaration.

b. POLICY TERM

(1) Annual: Policies may be written on an annual basis or a continuous renewal basis. Each renewal on the anniversary of the policy effective date will be subject to the rules, forms and rates then in effect.

(2) Three or Five Year Deferred: Policies may be written for a period of three years or five years and the premium paid in annual installments. The premium for each anniversary installment shall be based on the rates then in effect.

Attach Endorsement ML-181 - Deferred Premium Payment Plan

c. WHO TO NAME AS AN INSURED

(1) A married couple that live in the same household may both be named as insureds on the policy.

(2) All other insureds must be addressed via separate endorsement.

4. REQUIRED COVERAGES

Coverage is required for the following exposures if they exist:

+ All residence premises of the named insured.

+ All farm premises of the named insured.

+ All domestic employees of the named insured not covered or required to be covered by worker's compensation insurance. A charge is required for domestic employees in excess of two.

5. LIABILITY COVERAGES AND OPTIONS

a. APPLICABLE TO BOTH PERSONAL AND FARM PERSONAL LIABILITY

(1) Additional Interests

(a) Additional Insured - GL-70 No Charge

Personal or Farm Personal Liability Coverage may be extended to include the additional interests described below. Coverage is limited to the premises shown on the endorsement.

(1) Nonresident co-owner.

(2) A corporation or trust that owns or leases the premises and is financially controlled by the insured.

(3) Farm managers.

(4) A Tenant or lessee may not be included as an additional insured under the Personal or Farm Personal Coverages.

Attach endorsement GL-70 and make entries to show the names of the additional insureds, the location of the premises and the extent of their interest.

(b) Additional Insured – GL-70 – With Charge

Personal or Farm Personal Liability Coverage may be extended to include the additional interests described below. Coverage is limited to the premises shown on the endorsement.

(1) A person or organization with an interest in the insured's location.

(2) A person or organization with an interest in the insured's equipment.

(3) A tenant or lessee may not be included as an additional insured under the Personal or Farm Personal Coverages.

Attached endorsement GL-70 and make entries to show the names of the additional insureds, the location of the premises and the extent of their interest.

(c) Additional Insured and Additional Residences – GL-72

A person that is a resident of the named insured's household who is not related to the insured and who would not otherwise be covered as an insured under the policy. This endorsement may be used for couples that are not married but live together.

Attach endorsement GL-72 and make entries to show the names of the additional residents of the household.

(2) Additional Residence Premises – Occupied by an Insured

A residence includes incidental garages. Each additional residence to be insured must be individually rated.

Initial Residence - one or two family

Additional Residence Maintained by the Insured

No endorsement necessary. Show appropriate charge and location on the declaration page.

(3) Additional Residence Premises - Rented to Others

Coverage may be provided for additional one or two family residence premises rented to others, owned by the named insured or spouse, at the additional premium shown in the Rate Pages.

This provision may be extended to not more than four (4) residence premises; meaning four (4) one-family dwellings or two (2) two-family dwellings. When the number of exposures exceeds this limitation of four (4) residence premises, the entire exposure must be placed under a Commercial Liability Policy.

Attach Endorsement GL-73 - Additional Residences Rented to Others

(4) Office, Professional, Private School or Studio Occupancy

Coverage may be provided for liability of an insured arising from a business which is conducted by an insured on the premises:

(a) Provided the premises are occupied principally for residential purposes, and there is no other business conducted on the premises.

(b) Arising from an office, professional, private school or studio occupancy in the dwelling or in a separate structure on the premises or in an additional residence premises occupied by the insured.

Attach Endorsement GL-80 - Office, Professional, Private School or Studio Occupancy

(5) Business Activities

Coverage may be provided for the liability of an insured arising out of business activities, other than a business of which the insured is sole owner or a partner, at the additional premium shown in the Rate Pages.

Classify as shown in the Rate Pages, and apply the charge to each person insured.

Attach Endorsement GL-74 - Business Activities

(6) Employer's Liability - Domestic Residence Employees

This applies only when employers' liability coverage for domestic employees is not provided or required to be provided by a Workers' Compensation Policy. A charge is required for domestic residence employees in excess of two.

(7) Personal Injury

Coverage may be provided for the named insured's legal liability resulting from the false arrest, libel, slander or invasion of privacy of another. The additional premium is shown in the Rate Pages.

Attach Endorsement GL-81 - Personal Injury Endorsement

(8) Snowmobiles

Coverage may be provided for each snowmobile owned by an insured residing in the named insured's household at the premium shown in the Rate Pages. Applicant must be insured by a standard or preferred auto carrier to be eligible.

Attach Endorsement GL-83 - Snowmobile

(9) Watercraft

Coverage may be provided for watercraft not covered by the policy at the premiums shown in the Rate Pages.

Attach Endorsement GL-82 - Watercraft

Ineligible risks:

(1) Risks for resort operators where the equipment may be used by many different persons.
(2) Boats and motors used for commercial purposes or for rent, hire or charter.
(3) Boats or motors used for racing events.
(4) Boats with non-marine or converted automobile engines.
(5) Special or unique type boats such as swamp buggies, amphibious land-watercraft, collapsible boats, air boats and experimental crafts of any type.
(6) Boats that are homemade.
(7) Boats left on the water except when securely tied from all four angles.
(8) Risks for persons who have been cancelled, refused renewal, or rejected by another company.
(9) House boats.
(10) Personal watercraft; i.e. jet skis.
(11) Boat operators who do not have their auto insurance with a standard or preferred auto carrier.
(12) Boats that exceed speeds of 50 MPH.
(13) Motors that exceed 200 horsepower.

(10) Animal Collision

Coverage may be provided for loss by death of livestock owned by an insured when the loss is caused by the collision between the animal and a vehicle not owned by or operated by an insured or employee of an insured, at the premium shown in the Rate Pages.

The lesser of the market value of the animal; $400 per animal; or the amount of the insured’s interest in the animal, will apply.

Attach Endorsement ML-337 – Animal Collision

(11) All-Terrain Vehicle Liability Coverage

The personal liability and farm liability policies must include an exclusion for ATV's (IL 2187C 06-05). However, the farm personal liability policies may be endorsed to provide some limited coverage. Please see item # 7 on page Liab-GR-7.

b. APPLICABLE TO PERSONAL LIABILITY ONLY

Incidental Farming Endorsement

The personal liability policy excludes a business. Insureds owning up to 40 acres, who perform incidental farming activities, need this endorsement. This endorsement does not provide employer liability coverage. Use the appropriate premium shown in the Rate Pages.

Attach Endorsement ML-320C Incidental Farming

c. APPLICABLE TO FARM PERSONAL LIABILITY ONLY

(1) Farms

The initial farm premises means the principal farm premises, including a one-family residence and farm buildings and all farm land without buildings, maintained by the insured in connection with the principal farm premises. An additional farm premises means other farm premises with buildings maintained by the insured in connection with the additional farm premises.

+ Initial Farm Premises

+ Additional Farm Premises with Buildings

No endorsement necessary. Show appropriate charge and location on the declaration page.

(2) Additional Farm Premises - Rented to Others

Coverage for liability arising out of additional farm premises owned by the insured and rented or held for rental to others, can be added at the premium shown in the Rate Pages.

Attach Endorsement GL-73 - Additional Residences or Farms Rented to Others

(3) Custom Farming – Limited to a 50 mile radius

Coverage for liability arising out of custom farm work totaling up to $1,000 in receipts is included in the base policy premium. Custom work in excess of $1,000 in receipts can be added at the premium shown in the Rate Pages.

Attach Endorsement GL-75 – Custom Farming (describe the custom farming activities)

Do not attach GL-75 if MM-750, Coverage Restricted to Described Premises, is attached.

(4) Farm Employees

Provides liability and medical payments coverage for injuries sustained by farm employees during the course of their employment. Six-months coverage is included in the base policy premium. Additional farm employee coverage is available at the premium shown in the Rate Pages.

Attach Endorsement GL-76 - Employer's Liability - Farm Employee

This endorsement form is MANDATORY on all Farm Personal Policies. Display both the automatic six-months coverage and any additional coverage purchased. List by name farm employees who are not to be insured under this endorsement.

(5) Limited Farm Pollution Coverage - Increased Limit Options

Coverage for liability arising out of the release of agricultural chemicals on the insured premises is made a part of the Farm Personal Liability Policy. A coverage limit of $25,000 applies on an ANNUAL AGGREGATE BASIS and is subject to a $500 Deductible for each occurrence.

Optional limits of $50,000 and $100,000 are available at the premiums shown in the Rate Pages.

Attach Endorsement GL-565 (Mandatory form) and make an entry to show the annual aggregate limit.

(6) Premises-Only Liability Coverage

When an insured has personal acts insured via a separate policy, issuing another policy in their name will stack coverage. To avoid stacking of coverage the “Coverage Restricted to Described Premises” (MM-750) must be endorsed to the policy. This endorsement has no premium impact.

(7) All-Terrain Vehicle Liability Coverage

Only farm liability policies may purchase a buy-back endorsement for limited liability coverage affording on and off premises exposures (IL 24 99C 06-05). An ATV is defined as a vehicle designed primarily for off-road use. It has four or more tires, handle bars for steering, and a seat that is straddled. The ATV buy-back endorsement provides BI, PD and Medical coverage. It does not provide guest passenger, UM/UIM, or physical damage. Coverage under the buy-back endorsement applies automatically to all owned ATV’s that meet the definition of an ATV. Listing the specific unit on the endorsement is not necessary.

<u>Eligibility</u>:

(1) ATV must be primarily used in conjunction with the farming operation.
(2) ATV must have four or more wheels.
(3) Policies with more than two ATV’s are not eligible for coverage.
(4) High performance/racing types of ATV’s are not eligible. Only utility type or utility models are eligible; i.e. have a utility rack and hitch.

PERSONAL LIABILITY

ANNUAL RATES -LIABILITY AND MEDICAL PAYMENTS LIMITS

	$1,000 Medical Payments Included			Additional For Increased Med Pay Limits			
Limits	**$100,000**	**$300,000**	**$500,000**	**$2,000**	**$3,000**	**$4,000**	**$5,000**
Initial Res 0-5Acres	59	80	90	8	10	14	17
Incidental Farming Up to 40 Acres	102	138	154	11	17	22	26
Add'l Res. Occ. By Ins.	22	30	34	4	6	8	9
Each Add'l Res (1Fam) Rented to Others	31	42	48	4	6	8	9
Each Add'l Res (2 Fam) Rented to Others	46	62	70	4	6	8	9
Add'l Insured (GL-70, GL-72)	36	48	54	8	10	14	17
Incidental Office or Studio in Res.	36	48	54	8	10	14	17
Each Add'l Res. Employee	11	15	17	4	6	8	9

FARM PERSONAL LIABILITY

ANNUAL RATES - LIABILITY AND MEDICAL PAYMENTS LIMITS

	$1,000 Medical Payments Included			Additional For Increased Med Pay Limits			
Limits	**$100,000**	**$300,000**	**$500,000**	**$2,000**	**$3,000**	**$4,000**	**$5,000**
Acres: 0-120	136	183	205	14	20	25	31
121-240	146	197	221	14	20	25	31
241-320	149	201	226	14	20	25	31
321-400	155	209	234	14	20	25	31
401-500	160	217	243	14	20	25	31
501-1,000	177	239	268	14	20	25	31
Each Add'l 200 acres	8	11	12	--	--	--	--
East Add'l Farm Premises w/bldgs	29	39	44	7	9	13	15
Add'l Res. Occ. By Ins.	22	30	34	4	6	8	9
Each Add'l Res (1Fam) Rented to Others	31	42	48	4	6	8	9
Each Add'l Res (2 Fam) Rented to Others	46	62	70	4	6	8	9
Office, Prof., Private School or Studio Occ.	36	48	54	8	10	14	17
Add'l Insured	36	48	54	8	10	14	17
Custom Farming	77	105	117	8	11	15	20
Each Add'l Res. Employee	11	15	17	4	6	8	9
1 or 2 ATV's	36	48	54	1	2	3	4

(For premises only liability coverage - use MM-750 endorsement.)

* Agents do not have binding authority for the $50,000, $200,000 and $400,000 policy limits. These limits are allowed for renewals only and are designated by the shaded areas.

COVERAGE OPTIONS

BUSINESS ACTIVITIES – BUSINESS NOT OWNED BY INSURED
GL-74

	($1,000 Medical Payments Included)			Optional Med Pay Limits			
Limits (000's omitted)	$100,000	$300,000	$500,000	$2	$3	$4	$5
A	8	11	12	4	6	8	9
B	10	14	15	4	6	8	9
C	22	30	34	4	6	8	9
D	9	12	14	4	6	8	9
E	9	12	14	N/A	N/A	N/A	N/A
(Premium for E to be added to premium for C or D)							

A - CLERICAL OFFICE EMPLOYEES - No other duties.
A - SALESMEN, COLLECTORS, OR MESSENGERS - No installation, demonstration or servicing operations.
B - SALESMEN, COLLECTORS, OR MESSENGERS - Including installation, demonstration, or servicing operations.
C - TEACHERS - Athletic, laboratory, manual training, physical training, and swimming instruction, excluding liability for corporal punishment.
D - TEACHERS - Not otherwise classified, excluding liability for corporal punishment of pupils.
E - TEACHERS - Liability for corporal punishment of pupils.

PERSONAL INJURY (No Medical Payments)
GL-81

	(Medical Payments Not Included)		
Limits	$100,000	$300,000	$500,000
	26	35	39

SNOWMOBILE
GL- 83

	($1,000 Medical Payments Included)			Optional Med Pay Limits			
Limits	$100,000	$300,000	$500,000	$2,000	$3,000	$4,000	$5,000
	93	126	141	9	12	17	22

WATERCRAFT
GL-82

	($1,000 Medical Payments Included)							Optional Med Pay Limits			
Limits (000's omitted)		$100		$300		$500		$2	$3	$4	$5
Inboard/IO, Outboard Boats and Sailboats (b) Under 16 MPH											
Less than 26 feet		36		48		54		4	6	8	9
26 to 40 feet		89		120		134		9	12	17	22
Over 40 feet		152		206		231		13	19	24	30
Inboard/IO, Outboard Boats and Sailboats (b) 16-30 MPH											
Less than 26 feet		73		98		110		15	21	28	34
26 to 40 feet		140		189		212		13	19	24	30
Over 40 feet		229		309		346		22	29	37	44
Inboard/IO, Outboard Boats and Sailboats (b) 31-50 MPH											
Less than 26 feet		176		238		266		15	21	28	34
26 to 40 feet		229		309		346		22	29	37	44
Sailboats No Aux. Power 26 to 40 feet Inc.		73		98		110		4	6	8	9

NOTE:

(a) Rates are based on the speed and length of the boat. Show speed and length of boat on application.
(b) Sailboats 26 to 40 feet inclusive equipped with Auxiliary Power are classed as Inboard Motor Boats.
(c) Coverage for watercraft up to 25HP is included in the policy.

COVERAGE OPTIONS FOR FARM PERSONAL LIABILITY ONLY

ANIMAL COLLISION (Death of Livestock on Public Highway)
ML-337

Actual cash value but not to exceed $400 per animal.

Estimated Number of Head	Premium
1 but not more than 100	$14
101 but not more than 250	$33
251 but not more than 500	$51
501 but not more than 1,000	$67
1,001 or more	Submit for rating

COVERAGE OPTIONS FOR FARM PERSONAL LIABILITY ONLY (Cont.)

FARM EMPLOYEE LIABILITY AND MEDICAL PAYMENTS
GL-76

Six months minimum premium per policy is included in Base Premium.
(This table is to be used if Employee coverage exceeds six months minimum.)

Limits	$1,000 MP		$2,000 MP		$3,000 MP		$4,000 MP		$5,000 MP	
	Part-time	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time	Full-time
100,000	33	82	40	98	43	106	46	114	49	122
300,000	45	109	52	125	55	133	58	141	61	149
500,000	51	123	58	139	61	147	64	155	67	163

ROADSIDE STANDS
No Endorsement Needed

	ANNUAL PREMIUM ($1,000 Medical Payments Included)							Optional Med Pay Limits			
Limits (000's omitted)		$100		$300		$500		$2	$3	$4	$5
Per Stand (over one)		17		23		25		4	5	7	8

FARM POLLUTION COVERAGE - OPTIONAL LIMITS
GL-565

Limit	Premium
$100,000	$51