

**VERMONT MUTUAL INSURANCE COMPANY
NORTHERN SECURITY INSURANCE COMPANY, INC.
UNDERWRITING GUIDELINES**

I. HOMEOWNERS UNDERWRITING REQUIREMENTS & RESTRICTIONS

- A.** Primary & secondary dwellings must be equipped with a central heating system.
1. Separate flues are required for homes with multi heating units. Risks with a propane or natural gas fired heating appliance sharing a flue with an oil fired appliance may be referred for underwriter approval.
 2. An inspection will be ordered when a woodstove is present in the home. Chimney cleaning is required annually by a professional chimney cleaner.
 3. For secondary risks annual servicing of heating units/appliances is required.
- B.** A secondary and/or seasonal dwelling that is used on a year round basis must be equipped with a central heating system.
- C.** All new 3 and 4 family homeowners will require submission of a completed dwelling questionnaire with photo.
- D. Ocean front properties:** No new business unless there is a natural or man-made windbreak between the risk and the ocean. Property must be over 1,000' from the water.
- E.** Photos and cost estimators required on **all** new business.
- F.** A risk is not eligible if any animal owned or kept has shown dangerous propensities or has been involved in any occurrence that resulted in bodily injury or property damage. A risk is also ineligible if the prospective insured(s) or applicant(s) own or keep any of the following animals: Akitas, American Staffordshire Terrier, Bull Mastiff, Cane Corso, Chow, Dingo, Doberman Pinschers, German Shepherds, Korean Jindo, New Yorkie, Pit Bull Terriers, Presa Canario, Rottweilers, Staffordshire Terrier, St. Francis Terrier, Wolf Hybrids, Mixed Breeds that include any of the above animals, Guard/Attack dogs, and any animal with a past history of biting or that demonstrates aggressive behavior.
- G.** Application must be submitted with insured's loss history for the last 5 years. New risks with one or more prior water loss(es) due to a freeze-up event in the past 5 years are not eligible. Current risks with two or more water losses due to a freeze-up event are not eligible for renewal.
- H. Pool eligibility:**
1. Primary or secondary owner occupied, one family risks only.
 2. Pool installation must be done by a professional and need to meet local municipal ordinances and the manufacturer's recommended requirements.
 3. Above ground pools must have a retractable or lockable ladder.
 4. Above ground pools with decks must have self-locking gates.
 5. Risks with diving rocks are not eligible.
 6. Risks with a slide are not eligible.
 7. In-ground swimming pools must be securely fenced, with a self-locking gate.
 8. In-ground pools with diving boards must meet the following criteria:
 - a. Board cannot be more than 18 inches overhanging from pool edge and cannot be more than 6 feet long;
 - b. Boards must be less than 3 feet above the water;
 - c. Depth of water at the end of the board can be no less than 8 feet or the manufacturer's recommended depth for the type of diving board installed.
- Note: All pool risks are subject to inspection.
- I.** Inflation guard endorsement (**HO 04 46**) is mandatory (8% minimum) on all **HO 00 01, 02 & 03** new and renewal business.
- J.** To add Endorsement **HO 24 70**, Additional Residence Rented to Others, property coverage must be written with Vermont Mutual / Northern Security on the Dwelling program.
- K.** Risks with outdoor trampolines are ineligible.
- L.** Risks that are vacant, unoccupied or undergoing major renovations are ineligible. Partial renovations must be referred prior to binding.
- M.** Minimum \$500 deductible required on all **HO 00 01, HO 00 02** and **HO 00 03** new business.
Minimum \$250 deductible required on all **HO 00 04** and **HO 00 06** new business.

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- N. The following risks are unacceptable: an underground storage tank, which contains, or has contained, a regulated substance (all petroleum and toxic, corrosive or other chemicals and related sludge). A U.S.T. is a tank, including the underground pipes connected to it, the volume of which is at least 10% beneath the surface of the ground. The following tanks are **not** included in this definition:
1. Septic and manure storage tanks
 2. Stormwater or wastewater collection systems
 3. Storage tanks situated in underground area (i.e. basement) if the tank is upon or above the floor area
 4. Tanks used for the storage of propane, propylene, butane and butylenes
- O. 1. New construction or purchases after October 31, 2009 must be equipped with a carbon monoxide detector in the immediate vicinity of any bedroom.
- a. In single family homes and any multi family occupancy
 - b. Any addition to or restoration of an existing single-family dwelling that adds at least one bedroom to the dwelling unit.
 - c. Any conversion of a building to a single-family dwelling
2. New construction or purchases after October 31, 2009 must be equipped with photoelectric, ionization or a combination of both smoke detectors. Detectors shall be installed on each level of the building and the immediate vicinity of any bedroom.
- After October 31, 2009 smoke detectors installed in a multifamily building or a newly constructed single family dwelling must be powered both by the electrical service in the building or dwelling and by battery.
- P. Risks with student occupancy are not eligible.
- Q. Risks presenting the following electrical service features are not acceptable:
1. Knob and Tube wiring;
 2. Aluminum wiring that has not been comprehensively remediated/re-terminated using either the Amp-Tyco Copalum or AlumiConn method. (Required documentation must include a letter or invoice from the electrical contractor who performed the work describing the scope of the work completed and a copy of the municipal electrical permit obtained to perform this remediation/re-termination which clearly indicates the project was inspected and approved by the local authority having jurisdiction)
 3. Fused over-current protection that does not exclusively use Type S/Tamper proof type fuses on branch wiring circuits;
 4. Electrical service size per unit of less than 60 amps.
- R. **Prior Company Approval Must Be Obtained on the Following Situations:**
1. Any dwelling located on an island or any other inaccessible location.
 2. Property that has been non-renewed or canceled by any company, including non-payment of premium.
 3. Any unsupported seasonal property located in protection classes 9 or 10 in Vermont Mutual. (Normally these should be written in Northern Security).
 4. **SNOWMOBILES:** If any of the following circumstances apply:
 - a. Machine is over 800 cc
 - b. Machine is over 600 cc with any operator under 25 years of age
 - c. Any operator under 15 years of age
 - d. Any type of previous snowmobile claim
 - e. Any operator with multiple violations and/or accidents on motor vehicle record
 5. Risks with farm barns or former farm barns.
 6. Risks previously insured with a surplus lines carrier or with a fair plan in the past five years.
 7. Log homes must be referred and will only be considered when: Kit or manufactured construction and are built by a qualified contractor.

S. HURRICANE & TROPICAL STORM BINDING AUTHORITY

Coverage may not be bound for a new risk or for an additional amount on an existing risk in any area where a **Tropical Storm Watch, Tropical Storm Warning, Hurricane Watch or Hurricane Warning** is in effect. This procedure remains in effect until 24 hours after the **Watches** and **Warnings** are discontinued. **Tropical Storm Watches, Tropical Storm Warnings, Hurricane Watches or Hurricane Warnings** are official conditions put into effect by the National Hurricane Center of the National Weather Service.

Should a serious weather event not classified as a hurricane or tropical storm affect your area, we may suspend binding authority. When this occurs, we will notify you of the suspension and restoration of binding authority.

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II. LIMITS OF INSURANCE

A. Minimum Limits

1. **HO 00 01 - \$80,000**
2. **HO 00 02 and 00 03 - \$100,000**
3. **HO 00 04 and 00 06 - \$15,000**
4. **Seasonal Dwellings - \$80,000**

B. Maximum Limits - Coverage A

1. Primary Residences, and Secondary Residences defined as any dwelling which will not be un-occupied, at any time, for more than 30 consecutive days.
 - a. Protection Classes 1 through 8 (Within 1,000 feet of a hydrant) - **\$1,200,000**
 - b. Protection Class 9 - **\$900,000**
 - c. All Other Protection Classes - **\$750,000**

2. Seasonal Residences
All Protection Classes - **\$500,000**

A central station fire alarm is required for the following risks:

- Primary homes with Coverage A \$750,000 and above
- Secondary or Seasonal homes with Coverage A \$500,000 and above
- Protection Class 10 risks with Coverage A \$500,000 and above

Contact your underwriter for prior approval of values in excess of your binding authority.

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VI. PERSONAL INLAND MARINE

Supporting lines: All Personal Inland Marine coverage must be written in conjunction with one of our Homeowner policies. **HO 00 04's** will receive limited consideration as supporting business.

Refer to company rate pages for applicable rates.

General Underwriting Guidelines

1. Total schedules greater than \$100,000 require a central station burglar and fire alarm.
2. The following must be referred to underwriter for approval prior to binding:
 - a. Limits above the Maximum Limits stated in the below guidelines
 - b. Schedules totaling more than 50% of Coverage C for HO4 and HO6 policy forms
 - c. Risks with a scheduled item claim in the last 5 years
 - d. Any person for whom insurance has been cancelled or declined by another company
3. The following risks are ineligible:
 - a. Any person previously insured in surplus lines
 - b. Students or others living in dormitories, boarding houses, hotels, assisted living facilities or located in storage facilities

All risks are subject to underwriting of the entire risk profile.

Personal Articles

1. **Jewelry**
 - a. Scheduled Items
 - 1) Maximum limit per item: \$50,000
 - 2) Appraisals
 - a) one appraisal required for items valued at \$10,000 or more
 - b) Must include adequate descriptions including carat, cut, color and clarity
 - c) Appraisal date should be no more than 5 years old
 - d) Must be stated in U.S. dollars
 - 3) Options Available
 - a) In-Vault – Coverage may be provided on scheduled jewelry for a reduced premium if the jewelry is kept in a bank vault or a vault in a non-bank security facility
 - i. An address must be provided indicating where the vaulted location is
 - ii. Company must be notified when items are removed from the vault in order for coverage to apply
 - iii. An additional premium will be charged for the period of time items are away from the vault address provided
 - b) Agreed Value – Coverage may be provided on an Agreed Value basis on selected scheduled jewelry. Multiply the annual premium for each item by a factor of 1.20.
 - b. Blanket Limit
 - 1) Maximum limit per item: \$10,000
 - 2) Maximum blanket limit: \$50,000, purchased in \$1,000 increments
 - c. Unmounted stones or gems, or items in poor condition, are not eligible
 - d. See “Jewelry Descriptions – Required Information” for necessary description information

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Personal Articles (Cont'd)

2. Furs

- a. Scheduled Items
 - 1) Maximum limit per item: \$5,000
 - 2) Must include an accurate description: brand, type, length
 - 3) Appraisal or bill of sale for new purchase is required. Appraisal must specify current or replacement cost value. Appraisal date should be no more than 5 years old.
- b. Blanket Limit is not available

3. Cameras

- a. Scheduled Items
 - 1) Maximum limit per item: \$5,000
 - 2) Must include an accurate description: brand, serial number and other equipment
- b. Cameras used for business purposes must be referred prior to binding.
- c. Rare or antique cameras are ineligible
- d. Blanket Limit is not available

4. Musical Instruments

- a. Scheduled Items
 - 1) Maximum limit per item: \$50,000
 - 2) Must include an accurate description: manufacturer, instrument type
- b. Instruments used in performance for pay must be referred prior to binding
- c. Rare or antique instruments are ineligible
- d. Blanket Limit is not available

5. Silverware

- a. Scheduled Items
 - 1) Maximum limit per item: \$5,000
 - 2) Property may be scheduled in the following groups:
 - * Silverware and Silver-plated ware
 - * Goldware and Gold-plated ware
 - 3) Must include an accurate description such as silverware, silver-plated ware, goldware, gold-plated ware or pewterware
 - 4) Description must also include the brand and complete breakdown of pieces
 - 5) Antique or historical silverware should be covered under fine arts
- b. Blanket Limit is not available

6. Golfer's Equipment

- a. Scheduled Items
 - 1) Maximum of total scheduled items: \$10,000
 - 2) Description of items must include brand and value breakdown of pieces
- b. Blanket Limit is not available

7. Fine Arts

- a. Scheduled Items
 - 1) Maximum limit per item: \$100,000
 - 2) Maximum Breakage coverage per item: \$10,000
 - 3) Appraisals
 - a) One appraisal required for items valued at \$10,000 or more
 - b) Must include an adequate description and value for each item
 - c) Appraisal date should be no more than 5 years old
 - d) Must be stated in U.S. dollars
 - 4) Schedules of \$50,000 or more require a central station alarm
- b. Blanket Limit is not available

Note: When submitting fine arts schedules, keep in mind values should be recognizable. Items that are more of a sentimental value or a fad may not be of the value requested by a consumer. Memorabilia is defined as valued or collected for their association with a particular field or interest such as baseball cards.

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Personal Articles (cont'd)

8. Postage Stamps

- a. Scheduled Items
 - 1) Maximum limit per item: \$1,000
 - 2) Maximum limit per collection not kept in fireproof safe or vault: \$5,000
 - 3) Maximum limit for collection kept in fireproof safe or vault: \$25,000
 - 4) Description of items must include: year issued, denomination, color, artistry, landmark, etc.
 - 5) Extensive exhibition of collection must be referred
- b. Blanket Limit is not available

9. Rare and Current Coins

- a. Scheduled Items
 - 1) Maximum limit per item: \$2,500
 - 2) Maximum limit per collection not kept in fireproof safe or vault: \$5,000
 - 3) Maximum limit for collection kept in fireproof safe or vault: \$25,000
 - 4) Description of items must include: year issued, denomination, metal type, artistry, landmark and value
 - 5) Extensive exhibition of collection must be referred
- b. Blanket Limit is not available

10. Guns

- a. Maximum limit: \$10,000 per schedule, maximum per item: \$2,500
- b. Scheduled Items - Description of items must include: year, make, model and serial number
- c. Blanket Limit is not available
- d. Ineligible Guns
 - 1) Class III guns:
 - * machine guns
 - * submachine guns
 - * silencers
 - * firearms with a barrel diameter greater than 50 caliber
 - * short-barrel guns (barrel length 16 inches or less)
 - * shotguns with a barrel length of 18 inches or less
 - 2) Curio or Relic guns - must meet one of the following:
 - * 50 years old or more
 - * Certified as a curio by the curator of a municipal, state or federal museum
 - * Derives most of its value from its rare, novel or bizarre character, or from its association with a historic event, period or person
- e. All guns must be kept in a locked cabinet or safe

11. Bicycles

- a. Scheduled Items
 - 1) Maximum limit per bicycle: \$7,500
 - 2) Description of bicycle must include: year, make, model, color, serial number and any special features
- b. Blanket Limit is not available
- c. Bicycles away at school or used in racing are ineligible.

12. Motorized Snowmobiles (VM-SNO)

- a. Scheduled Items
- b. Description of snowmobile and trailer must include: year, make, model and serial number
- c. Any of the following require prior company approval:
 - 1) Machine is over 800 CC
 - 2) Machine is over 600 CC with any operator under the age of 25
 - 3) Any operator under the age of 15
 - 4) Any type of previous snowmobile claim
 - 5) Any operator with multiple violations and/or accidents on a motor vehicle report
- d. Snowmobiles used for racing are ineligible
- e. Snowmobiles leased or rented to others are ineligible

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Personal Articles (cont'd)

- 13. Outboard Motors And Boats - Physical damage (VM 144), Liability (HO 24 75)**
- a. Scheduled Items
 - b. Maximum limit for a boat: \$50,000
 - c. Description of motor boat, outboard motor and trailer must include:
 - 1) Motor Boat: Year, Manufacturer, Model, Length and Registration number
 - 2) Outboard Motor: Year, Manufacturer, Model and Serial Number
 - 3) Boat Trailer: Year, Manufacturer and Serial Number
 - d. Specific Guidelines
 - 1) Age
 - a) Wood hulls - excess of 10 years are ineligible
 - b) Fiberglass hulls - excess of 25 years are ineligible
 - e. Pontoon Boats - Freshwater use only
 - f. Watercraft must be principally docked/moored in CT, MA, ME, NH, NY, RI or VT
 - g. Operators must complete safety course where required by law
 - h. A marine survey is required on sailboats that are 30 to 40 feet and that are more than 15 years of age.
 - i. Refer to Company Prior to Binding
 - 1) Risks with a boat loss within the last 3 years
 - 2) Canoes and kayaks
 - 3) Any operator under the age of 15
 - j. Ineligible
 - 1) Jet Ski or Jet Boats
 - 2) Speed exceeds 45 mph
 - 3) Motor boats over 26 feet in length
 - 4) Sailboats with or without auxiliary power – over 40 feet
 - 5) Boats with crews
 - 6) Boats used for racing
 - a) Commonly referred to as cigarette or banana boats
 - b) Boats identified in the Marine Blue Book or by an “R” under boat type
 - 7) Boats used commercially, for charter, public livery, or for business purposes
 - 8) Boats that are homemade, kit or house boats
 - 9) Boats that are owned by other than an individual, spouse or civil partner
 - 10) Boats located at a secondary or seasonal location rented to others or provided for the use of others
 - 11) Canoes and kayaks used in white water
 - k. Blanket Limit is not available

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JEWELRY DESCRIPTIONS - REQUIRED INFORMATION

Diamond Items: Shape of stone(s) - Round (rd), pear shape (ps), marquise (mq), etc.
Weight of stone(s) in carats (cts) - Decimal is accurate and preferred (i.e. .50 cts); fraction is less desirable (i.e. ½ cts); items with more than one stone have total weight (TW).
Clarity of stone(s) – Grade as follows: IF, VVS1, VVS2, VS1, VS2, SI1, SI2, I1, I2, I3.
One of these symbols must be used; “fine” or “good” clarity is not acceptable.
Color of stone(s) – Grade as follows: D, E, F, G, H, I, J, K, L, M, N...Z
Colors graded with a letter; “high” or “fine” color is not acceptable.
Number of stone(s) – Actual number of stones in the item.
Mounting description – Includes number of prongs and karat of gold (10K, 14K, 18K).

Colored Stones: RUBY, EMERALD, SAPPHIRE

Shape of stone(s) - Round, marquise, oval, etc.
Weight of stone(s) - Measurements in millimeters (mm) or carats (cts) are acceptable
Description of stone(s) - These stones are usually described as "light", "dark", "medium" or "strong". These words help determine clarity.

Gold Items: RINGS, CHARMS, CHAINS, EARRINGS, BRACELETS

Weight in grams (gms) or pennyweight (dwt) - Most important for gold items.
Chain length - Standard for neck chains are 16", 18", 20", 24", 30"; standard for bracelets are 8" for men's, 7" for women's.
Karat of gold - 10k, 14k, 18k, etc.
Men's or ladies'

Semi-Precious Stones: AMETHYST, TOPAZ, GARNETS

Shape of stone(s) - Round, marquise, oval, etc.
Weight in carats - Measurement in millimeters (mm) acceptable.

Pearls:

Length - In inches
Size in millimeters - 3mm to 8mm standard
Number of pearls
Luster - "Low", "Medium", or "High" commonly used
Color - "Cream", "White", or "Pink" commonly used
Clarity - "Blemish free", "Slightly blemished" commonly used
Clasp - Type and make

Watches:

Men's or ladies'
Brand name
Style number - If no style number, then further details are needed
Face shape - Round, square, etc.
Features - Day, date, sweep hand
Dial color
Strap - Leather, metal, color

Underwriting Rules For Mobilehomes

1. Mobile homes over 10 years in age are not eligible.
2. Mobile homes 11-15 years of age with updates – refer to company.
3. Mobile homes with supplementary questionnaire (see Appendix 12) and photo are required on all new business.
4. Minimum Coverage A Limit - \$15,000.
5. Any risk that has cancelled or non-renewed for any reason is not eligible.
6. **Seasonal** mobile homes are **not** eligible.
7. Secondary mobile homes may be referred if within 10 years of age and Company writes primary supporting business. Minimum \$500 deductible required.
8. Skirting is mandatory unless there is an enclosed foundation.
9. Holly Park models are **not** eligible.
10. Policies will be written at actual cash value:
 - a. Unless Replacement Cost on building coverage is requested.
 - b. When guidelines in number 11. below are not met.
11. Replacement cost on building coverage is available following these guidelines.
 - a. Homes 0-5 years old are eligible for replacement cost coverage. Actual cash value endorsement will apply once the home reaches 6 years old, unless otherwise agreed to by the underwriter.
 - b. Homes over five (5) years and up to ten (10) years old will need prior underwriting approval. Some form of documentation to substantiate the value of the property is required. To determine the value of the mobile home, we recommend that you contact a local mobile home dealer, resale broker, or park operator. Also, there are independent valuation guides available: these include NADA Mobile Home Appraisal Guide, and Boeckh Building Cost Guides.
12. Travel trailers, including those located permanently in campgrounds, are **not** eligible.
13. Mobile homes with woodstoves or space heaters, unless factory installed, are **not** eligible.