

SUGAR CREEK MUTUAL SPECIAL PROPERTY PROGRAMS

Effective January 1, 2015

Table of Contents

Special Property Coverages..... 3

Policy Form TMS 217 and Descriptions of Property Coverage 5

 Exclusions 5

 Special Provisions 6

Policy Form SP-5 Special Property Computer Form and Descriptions of Property Coverage 8

 Items insurable by form SP-5 Special Property Computer: 8

 Special Provisions 8

Policy Form SP-1 Semen Tank and Contents Floater Endorsement.....10

Form..... **Error! Bookmark not defined.**

Policy Form Farm Machinery Form11

Form..... **Error! Bookmark not defined.**

GENERAL RULES **Error! Bookmark not defined.**

Acceptability **Error! Bookmark not defined.**

FL-2 Broad Perils Acceptability.....12

Eligibility13

Ineligible Risks.....13

Discounts14

Claim Free Discount14

 1. Claims Payment History14

Home–Auto Discount.....15

New Home Discount.....15

Surcharges16

A risk may not be bound with more than 30% total surcharges.16

Policy Writing Instructions18

The Special Property Program of the Sugar Creek Mutual Insurance Company

Special Property Coverages

Available Special Property Coverages

All-Terrain Vehicles
Baseball Card Collections
Bicycles
Boats, Outboard Motors, and Trailers Less than \$2,499
Boats, Outboard Motors, and Trailers \$2,500-\$4,999
Boats, Outboard Motors, and Trailers \$5,000-\$9,999
Boats, Outboard Motors, and Trailers \$10,000-\$25,000
Business Property (Incidental)
Cameras, Individual non-professional
Cameras, Professional Use, Up to \$5,000
Cameras, Professional Use, \$5,001 Up to \$10,000
Cameras, Professional Use, in excess of \$10,000
Coin Collections
Coin Collections, Optional in Safe at Insured Residence
Coin Collections in Bank or Safe Deposit Company
Computers and Related Equipment \$0-\$5,000
Computers and Related Equipment \$5,001-\$10,000
Farm Equipment Floater - Machinery Scheduled
Fine Arts and Antiques w/Breakage
Fine Arts and Antiques w/o Breakage
Furs and Fur Trimmed Garments
Golf Carts without collision
Golf Carts with collision
Golf Cart Equipment Increased Limit >\$250
Golfers' Equipment
Grounds Care Vehicle Coverage without collision
Grounds Care Vehicle Coverage with collision
Guns and Related Equipment
Jewelry NOT IN VAULT, AGREED VALUE
Jewelry IN BANK VAULT OR SAFE DEPOSIT CO. AGREED VALUE
Medical Equipment Coverage up to \$1,000
Medical Equipment Coverage for the excess of \$1,000
Mobility Assistance Vehicle without collision
Mobility Assistance Vehicle with collision
Mobility Assistance Vehicle with Increased Equipment Limit >\$250
Musical Instruments individual non-professional use
Musical Instruments individual non-professional use, Named perils fire, lightning, windstorm, flood, theft & collision or overturn
Musical Instruments Professional Use >\$249 Income per year, 1st \$1,500
Musical Instruments Professional Use >\$249 Income per year, Excess of \$1,500
Radio & Personal Electronic Equipment
Safes- Damage to or theft of safes
Semen Tank Floater

DWELLING PROPERTY PROGRAMS

Silverware
Stamp Collections Insured's Residence
Stamp Collections in a Bank or Safe Deposit Company
Snowmobiles without collision
Snowmobiles with collision
Snowmobiles increased equipment limit >\$250
Sporting Equipment NOC
Tools-Personal

Policy Form TMS 217 and Descriptions of Property Coverage

Items insurable by form TMS 217:

All-Terrain Vehicles
Baseball Card Collections
Bicycles
Business Property (Incidental)
Cameras, Individual non-professional
Cameras, Professional Use, Up to \$5,000
Cameras, Professional Use \$5,001 Up to \$10,000
Cameras, Professional Use, in excess of \$10,000
Coin Collections
Coin Collections, Optional in Safe at Insured Residence
Coin Collections in Bank or Safe Deposit Company
Fine Arts and Antiques w/Breakage
Fine Arts and Antiques w/o Breakage
Furs and Fur Trimmed Garments
Golfers' Equipment
Guns and Related Equipment
Jewelry NOT IN VAULT, AGREED VALUE
Jewelry IN BANK VAULT OR SAFE DEPOSIT CO. AGREED VALUE
Radio & Personal Electronic Equipment
Silverware
Stamp Collections Insured's Residence
Stamp Collections in a Bank or Safe Deposit Company
Sporting Equipment NOC
Tools-Personal

Exclusions

We do not cover loss resulting directly or indirectly from:

1. Wear and tear, gradual deterioration, insects, vermin, inherent vice, latent defect, mechanical breakdown or faulty manufacture, corrosion, rust, dampness of atmosphere, freezing or extremes of temperature.
2. Theft, wrongful conversion, secretion or infidelity of the insured, his employees or any person to whom the insured property is entrusted.
3. Nuclear action, meaning nuclear reaction, radiation, radioactive contamination or discharge of a nuclear weapon even if accidental, or any consequence of any of these. Loss caused by nuclear action is not considered loss by perils of fire, explosion, or smoke. Direct loss by fire resulting from nuclear action is covered.
4. War (declared or undeclared), civil war, insurrection, rebellion or revolution.
5. As to Fine Arts:
 - a. Damage caused by any repairing, restoration or retouching process;
 - b. Breakage of art glass windows, glassware, statuary, marble, bric-a-brac, porcelains and similar fragile articles unless caused by fire, lightning, aircraft, theft or attempted theft, cyclone, tornado, windstorm, earthquake, flood, explosion, malicious damage or collision, derailment or overturn of conveyance;

- c. Loss to property on exhibition at fair grounds or on the premises of any national or international exposition unless the premises are covered by this policy.
6. As to Postage Stamps or Rare and Current Coin Collections:
 - a. Fading, creasing, denting, scratching, tearing, thinning, transfer of colors, inherent defect, dampness extremes of temperature, gradual depreciation, or any damage from handling or while being worked upon;
 - b. Mysterious disappearance of individual stamps, coins, or other articles unless scheduled with a specific amount of insurance, or mounted in a volume, and the page to which it is attached is also lost;
 - c. Loss to property in the custody of transportation companies; nor shipments by mail unless by registered mail;
 - d. Theft from any unattended automobile except while being shipped by registered mail;
 - e. Loss to any property which is not an actual part of a stamp or coin collection.
7. As to Guns and Equipment used with Guns:
 - a. Fouling or explosion of firearms.
8. As to Golf Carts, Boats (including motors, trailers, and miscellaneous equipment), Recreational Motor Vehicle, and Tools Used in Business, Trade or Profession:
 - a. Damage caused by any repairing, adjusting, servicing or maintenance operation, unless fire ensues, and then only for the damage caused by the ensuring fire.
9. As to Tools Used in Business, Trade or Profession:
 - a. Breakage, unless caused by any of the following perils: fire, lightning, aircraft, theft or attempted theft, cyclone, tornado, windstorm, earthquake, flood, explosion, malicious damage or collision, derailment, or overturning of conveyance;
 - b. Loss by disappearance; loss or shortage disclosed upon taking inventory; or unexplained loss;
 - c. Any electrical injury or disturbance to electrical appliances, devices or wiring from artificial causes unless fire ensues, and if fire does ensure; we shall be liable only for our proportion of loss caused by the ensuring fire.

Special Provisions

1. Fine Arts: You agree that the property will be packed and unpacked by competent packers. We will pay the amount shown for each scheduled article which is agreed to be the value of the article.
2. Golfers' Equipment also includes your other clothing while contained in a locker when you are playing golf. We cover golf balls for loss by fire or burglary provided there are visible marks of forcible entry into the building, room, or locker.
3. Musical Instruments: You agree that these instruments will not be played for pay unless an additional premium is paid to us.
4. Silverware: Silverware shall not include pens, pencils, flasks, smoking implements, or accessories or jewelry.
5. Postage Stamps or Rare and Current Coin Collection: In case of loss to any scheduled item, we shall pay you in accordance with the Loss Settlement provision. When coins or stamps are covered on a blanket basis, we shall pay the cash market value at time of loss but not more than \$1,000 on any unscheduled coin collection nor more than \$250 for any one stamp, coin, or individual article or any pair, strip, block, series sheet, cover, frame or card. We shall not pay a greater proportion of any loss on blanket property than the amount insured on blanket property bears to the cash market value at time of loss.

6. Golf Carts, Boats (including motors, trailers, and miscellaneous equipment), and Recreational Motor Vehicle: We do not cover loss resulting directly from or indirectly from:
 - a. Use as a public or livery conveyance for carrying passengers for pay;
 - b. Rental to others;
 - c. Use in any illicit or prohibited activity;
 - d. Entry in any official race or speed test.
7. Loss Settlement: Loss to covered property will be settled at the actual cash value of the damaged property at the time of loss. Actual cash value includes deduction for depreciation.

We will pay no more than:

 - a. The cost to repair or replace the damaged property with property of like kind and quality; or
 - b. The limits of liability of this policy.
8. Loss to a Pair, Set, Or Parts Other Than Fine Arts:

We may repair or replace any part of the pair or set to restore it to its value before the loss, or we may pay the difference between the actual cash value of the property before and after the loss. In the event of a loss to any part of covered property, consisting of several parts when complete, we shall pay for the value of the part of lost or damaged.

Policy Form SP-5 Special Property Computer Form and Descriptions of Property Coverage

Items insurable by form SP-5 Special Property Computer:

Computers and Related Equipment \$0-\$5,000

Computers and Related Equipment \$5,001-\$10,000

Special Provisions

1. **PROPERTY COVERED.** This policy covers electronic data processing equipment and its component parts, the property of the Insured or leased by, rented by or under the control of the Insured and for which the Insured is liable, for not exceeding the amounts specified in the Limits of Liability Section.

2. a. Data and Media, the property of the Insured or for which the Insured is liable. The term "media" means the materials on which data is recorded. "Data" is the information stored on the media, including computer programs.

b. The necessary Extra Expense incurred by the Insured to continue normal operations which are interrupted as a result of physical loss by a peril insured against to the property covered, but only for the period of time required with the exercise of due diligence and dispatch to restore normal operations.

c. Newly acquired equipment. This policy is extended to cover, as of delivery date to the Insured, property of a similar nature as that covered, acquired by the Insured subsequent to the effective date of the policy. The Insured agrees to report such additions within 30 days from the date of such acquisition and to pay premium from the date acquired at pro rata of the policy rate. This coverage shall cease to cover the acquired property if not reported within the 30 day limit. The Company shall not be liable under the extension for more than 25% of the total amount of insurance on equipment at the location or \$50,000 whichever is the lesser.

d. Newly acquired locations. In the event the equipment that is already covered by this policy is moved to a new location, occupied by the Insured, coverage will apply provided the Insured agrees to report to the company within 30 days from date of occupancy and the policy is so endorsed. This coverage shall cease to cover equipment at a newly acquired location if not reported within the 20 day limit. The Company shall not be liable for more than \$50,000 at any one location.

3. **PROPERTY EXCLUDED.** This policy does not cover:

a. Accounts, bills, evidences of debt, valuable papers, records, abstracts, deeds, manuscripts, or other documents except as they may be converted to data form, and then only in that form.

b. Property rented or leased to others while away from the premises of the Insured;

c. Any data or media, which cannot be replaced with other of like kind and quality.

4. **LIMITS OF LIABILITY.** The Liability of the Company shall not exceed the amounts stipulated in any one loss, disaster, casualty, including salvage charges, or other expenses or all combined.
5. **PERILS INSURED.** This policy insures against all risks of direct physical loss of, or damage to, the property covered from any external cause, except as excluded herein.
6. **PERILS EXCLUDED.** This policy does not insure against loss, damage or expense caused directly or indirectly by;
 - a. Mechanical failure, faulty workmanship or material, or error or omission in design of the property insured hereunder unless fire or explosion ensues, and then only for loss, damage or expense caused by such ensuing fire or explosion;

All terms of the policy not in conflict with the terms of this endorsement shall remain unchanged and applicable to this endorsement.

Policy Form SP-1 Semen Tank and Contents Floater Endorsement

Semen Tank & Contents

Property insured is portable storage containers and contained semen to be used for livestock breeding purposes.

This Policy Insures Against:

- (A) All risks of loss or damage to the insured property except as hereinafter excluded;
- (B) This policy covers damage to insured property caused by loss of vacuum in semen container as a result of mechanical or electrical failure

Perils Excluded

This Policy Does Not Insure Against:

- (A) Loss or damage which is due and confined to wear and tear, inherent vice, gradual deterioration, insects, vermin, freezing, dampness of atmosphere, extremes of temperature, unless such damage is the result of other loss covered by this policy;
- (B) Loss or damage caused by or resulting from delay, loss, or market, loss of use or interruption of business, or failure of semen to fertilize;
- (C) Loss or damage caused by or resulting from infidelity and dishonesty, either or both, of the insured or any person or persons in the employ or service of the insured whether or not such act or acts occurred during the regular hours of employment of service, or any person or persons to whom the property may be entrusted (carriers for hire excepted);
- (D) Unexplained loss, mysterious disappearance, or shortage disclosed upon taking inventory;
 - 1. By swindling, fraud, trick or false pretense; or,
 - 2. Due to acceptance of counterfeit money, fraudulent post office or express money orders, or checks or promissory notes which are not paid upon presentations.

Farm Machinery Forms FM 0001 09 06 and FM 1300 09 06

FL-2 Broad Perils Acceptability

The property valuation should be no less than 80% of the actual cash value and no more than 110% of the current market value.

The residence must contain an approved central heating system. Solid fuel stoves are not an approved central heating system.

This coverage applies to dwellings that are in average condition.

The moral and financial hazards must be minimal.

The residence must be in average physical condition.

A basement is not required.

The property is covered for stated perils only and depreciation applies.

There is not an actual age or effective age requirement.

The residence must be neat and with generally good housekeeping. Evidence of hoarding excessive amounts of personal property or clutter is not acceptable and final determination is at the discretion of the Company.

The Company will inspect all new business by independent inspectors. This inspection may include both the exterior and interior of all structures. The inspection will occur within the first 60-days of the policy period. Failure to cooperate with scheduling of inspection is grounds for cancellation, non-issue, or non-renewal.

There is not an actual age or effective age requirement.

NO NEW POLICIES ARE PERMITTED TO HAVE SOLID FUEL STOVES IN AREAS WHERE FLAMMIBLE VAPORS OR LIQUIDS ARE PRESENT. Examples would include garages, machinery storage, shop buildings.

Fused electric service is NOT permitted on NEW policies. Existing policies will be surcharged and must be updated to circuit breakers no later than **June 30, 2014**. Minimum, 100-ampere electric service with circuit breakers is required. Fire extinguishers, smoke detectors, and surge-protection for computers are required.

All buildings that are insured must be substantially built and in good repair.

Evidence of hoarding either within structures or on the grounds are indications of an unacceptable risk.

Eligibility

A policy may be issued to the owner, or owner-occupant of the residence. The residence must only be used for private residential purposes.

The main residence must be used exclusively for residential purposes, except for incidental occupancies, which have been declared, and the appropriate premium charge(s) have been made.

Dwellings can contain no more than two-families and not more than two boarders per family.

Ineligible Risks

The following are ineligible: Property in a rundown condition.

Examples may include but are not limited to:

- Bank Owned (REO-real estate owned)
- Bankruptcy
- Foreclosure
- Fused electric service with less than 100-ampere service in the dwelling
- Solid fuel burning stoves or appliances not in compliance with NFPA 211
- Roof in poor condition (wear, cupping curling),
- Roofing materials that are obsolete, Diamond shape, t-lock
- Damaged windows and/or siding
- Missing or broken steps or railings
- Evidence of mold, fungi, or mildew
- Any prior history of water damage
- Evidence of hoarding in either structures or the surrounding area

Also, see the Sugar Creek Agent Liability Manual for additional ineligible risks.

Unsupported seasonal residences. Seasonal residences are written in this dwelling property program.

Discounts

Claim Free Discount

Claim-free discount applies to property, and specialty premium.

A policyholder qualifies for a claim-free discount if they have been claim-free for three-years.

Claim-free discount is allowed on new business only when the insured can prove three-years of no claims at the insured's prior location or the existing location.

The information required to determine an insured's claims payment history and tenure with the company could be obtained from:

- Applications signed by the applicant or insured
- A loss history or claims history database, and/or:
- The company's internal records.
- Tenure is the consecutive time that an insured's Homeowner's coverage (or equivalent property and liability coverage such as Mobile-Homeowners coverage) has been provided by the company as of the beginning of a new policy period.
- For the purposes of determining tenure, a lapse in coverage up to one month is not considered a break in consecutive coverage when coverage was rewritten on another policy, such as a policy covering a different location.

1. Claims Payment History

Claims payment history considers the number and type of property and liability losses experienced by all persons who are insured's under the policy. For the purposes of determining the number of claims in the claims payment history, a claim is any loss:

- That occurred within the three year period just before the date on which an application for a new policy is made or the date on which a renewal policy is prepared;
- That occurred with respect to a risk eligible for coverage under this manual or an equivalent property and liability program, such as a Mobile-Homeowners coverage program
- Resulted in payments totaling \$500 or more.

For the purposes of determining a claim's total payment, deduct any sums obtained through subrogation from the actual amount paid.

A policy is considered claim free if, during the three year period just before the date on which an application for a new policy is made or the date on which a renewal policy is prepared, all adults insured under the policy had Homeowners or equivalent coverage (provided by any company) in force and no claims, of any dollar amount and for any cause of loss, were paid under such coverage.

Deductible Credits

A \$250 deductible is the base rate. Discounts for higher deductibles are:

- \$500 deductible, 10% applies to the property premium
- \$1,000 deductible, 15% applies to the property premium
- \$2,500 deductible, 20% applies to the property premium
- \$5,000 deductible, 25% applies to the property premium

This credit does NOT apply to special property premium.

Home–Auto Discount

Applies to dwelling premium on for policyholders who have their auto insurance through 1st Auto & Casualty Insurance Company. This is a 10% discount to the dwelling premium.

Documentation of coverage through 1st Auto and Casualty Insurance Company is required by submitting a copy of that policy declarations page to Sugar Creek Mutual Insurance Company.

New Home Discount

Applicable to the dwelling premium only. The dwelling must be less than 10 years old to qualify for the 10% discount.

The maximum allowable discount is 30% of the total base premium.

Surcharges

A risk may not be bound with more than 30% total surcharges.

SUBMITTING A BINDER THAT IS NOT ACCEPTIBLE IS GROUNDS FOR REMOVAL OF YOUR BINDING AUTHORITY.

1. Poor dwelling maintenance, 20% surcharge to the dwelling premium
2. Prior cancellation by another carrier. This must be approved by the company prior to quoting.

We will **consider** applications for new business that is being cancelled by another company (Example: claims, non-payment of premium, property condition, etcetera), with a surcharge. **Generally, a \$2,500 deductible without deductible credit will be required for a policy cancelled by another carrier for claims.**

In order to consider writing insurance on a property /policyholder cancelled by a prior carrier, we will need the following information:

- A copy of their non-renewal letter from the prior carrier
- A 5-year loss history for the location and named insureds including prior locations
- A 3-year payment history

Surcharges are:

Cancelled by prior carrier for claims year 1, 60%
Cancelled by prior carrier for claims year 2, 40%
Cancelled by prior carrier for claims year 3, 20%

Cancelled by prior carrier for other reasons year 1, 15%
Cancelled by prior carrier for other reasons year 2, 10%
Cancelled by prior carrier for other reasons year 3, 5%

Percentage to decrease each year the policy is claim free.

3. Unsupported, 25% surcharge applied to the property premium
4. Upkeep of grounds, 10% surcharge applied to the dwelling premium.
5. Vacant, Unoccupied or For Sale
 - We will consider new business where the home is vacant, unoccupied or for sale. Surcharges apply to the property premium.
 - House for sale (New Business), 100% surcharge to the property premium. There will be no coverage for arson, vandalism, or frozen plumbing.
 - Vacant or Unoccupied, 100% surcharge to the property premium. There will be no coverage for arson, vandalism, or frozen plumbing.
 - Vacant, Unoccupied or For Sale must be inspected by the company
6. Log home surcharge
We will accept full log, half log, and log sided homes. ALL log homes will be surcharged 25% of the dwelling premium.

7. Solid Fuel Surcharge

Effective January 1, 2015, indoor solid fuel burner surcharge will be \$80 and outdoor solid fuel surcharge will be \$30. This surcharge is for each solid fuel-burning unit, indoors and outdoors. We will surcharge for each solid fuel burner on the premises. NEW BUSINESS MUST COMPLY WITH NFPA 211 STANDARDS.

All property with an existing solid fuel heating system will be inspected, inside and outside, at every three-year anniversary. Compliance with NFPA 211 standards will be required of existing policies at anniversaries after June 30, 2014.

A dwelling with a solid fuel heating system, space heater, or other alternative heat source MUST also contain at least one UL approved smoke detector alarm located near each stove or heater.

8. Claims

A policy that has filed property claims that result in payments of \$500 or more will lose their 10% claim-free discount.

A policy that has 2-property claims within 3-years, or 3-property claims within 5-years, will be subject to premium surcharges from 10% to 30%. Depending on the frequency or severity of the claims, change of deductible without discount, or non-renewal of the policy are options that the Company may exercise.

Liability claims are not subject to surcharges or deductibles. Liability claims may result in non-renewal.

9. Poor Premium Payment History

Premium billings are made 30-days in advance of the due date.

If we do not receive the complete payment by the due date, a \$25 late charge will be added to your premium plus the surcharge shown below, and sent with a 10-day notice of cancellation if not paid. A second notice will NOT be sent.

In addition to the late fee, customers with a history of late payments will be surcharged in addition to the \$25 late charge:

- \$20 for the first cancellation billing, a total of \$45
- \$40 for the second cancellation billing, a total of \$65
- \$60 for the third cancellation billing, a total of \$85

The surcharge will remain in effect until a complete payment is made by the due date. Any policy that exceeds three cancellation billings is subject to non-renewal at the next policy anniversary.

10. Individual Risk Premium Modification, (IRPM's) We have available modifiers that may be used to compete, maintain, or add business. These modifiers will also be used to encourage policyholders that fail to comply with underwriting requirements. Failure to comply with underwriting may result in IRPM surcharges up to 200% of the policy premium.

Policy Writing Instructions

Inception Time

When a policy replaces another policy, it shall become effective 12:01 a.m. on the inception date of the policy.

The policy is written for a term of one year, with continuous annual renewals.

Assignment is not permitted.

An exception may be made in an inheritance situation. Contact the company prior to assignment.

Photographs of all buildings insured or not, must be included with all applications.

All sides of all buildings must be visible in the photographs. Digital submission of photographs is required method of receipt, and must accompany applications.

Photographs must show the roof and exterior from each exposure (North, South, East, and West)

All applications must be completed in black or blue ink and signed by the agent and applicant.

Electronic submission of applications is required through www.sugarcreekmutual.com. Original signatures on undertaking applications must be retained in the agent's files. These files are subject to audit by the company, or the authorized representatives of the company.

Cancellation

We require a signed cancellation request by the insured. If you do not use the standard policy cancellation form, the request must include the policy number, cancellation date, and the insured's signature. Please include a reason for the cancellation. Return premium is calculated on a short-rate basis.

Deferred Premium Rule.

The premium due at each installment is subject to the rates then in effect.

