## UNDERWRITING

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Policy Fee: $50 on all policies
BILLING/POLICY PAYMENT/NEW APPLICATION PROCEDURES

DOWN PAYMENT REQUIRED: To bind coverage, a down payment equal to the first installment must accompany all new applications. If monthly, a minimum of two months premium is required. **Vacant policies** require $250, two months premium, OR the initial installment—whichever is greatest. Mortgagee billed policies do not require a down payment.

RENEWAL BILLING PROCEDURES: At least 25 days before due date, the policy is billed. The day after the due date, the insured, mortgagee and agent are notified of cancellation.

CANCELLATION PROCEDURES: If payment is not received, a cancellation notice is sent to the insured one day after the due date. The cancellation effective date will be ten days after the due date. The mortgagee and agent are notified electronically. If paid by the cancellation date, the policy will continue with no lapse in coverage. If not paid, the policy will cancel as of the effective date listed on the cancellation notice. If paid after the cancellation date, we may reinstate the policy, and we will charge a $25 reinstatement fee (this must be done within 30 days of the due date).

PAID RECEIPTS: If payment is made after the due date, a paid receipt will be sent to the mortgagee. Agents can verify payment status on the web.

NEW POLICIES: Policyholder is mailed a complete policy. Mortgagee receives a declaration page only. Mortgagee may request a complete policy. Invoice is mailed as directed on application. Agent receives a copy of the dec sheet.

### UNDER-PAYMENTS

<table>
<thead>
<tr>
<th>$4.00 OR OVER</th>
<th>$3.99 or under</th>
</tr>
</thead>
<tbody>
<tr>
<td>WE BILL GIVING 25 DAYS</td>
<td>ADDS TO NEXT INVOICE</td>
</tr>
</tbody>
</table>

### OVER-PAYMENTS

<table>
<thead>
<tr>
<th>$10.00 OR OVER</th>
<th>$9.99 or under</th>
</tr>
</thead>
<tbody>
<tr>
<td>RETURN CHECK ISSUED</td>
<td>APPLIES TO NEXT INVOICE</td>
</tr>
</tbody>
</table>

PREMIUM PAYMENT OPTIONS: Monthly, Quarterly, Semi-Annual, Annual

- Monthly pay must participate in Automatic Bank Draft. Two months down payment required. There is a $1 service charge with each monthly transaction.
- There is a $4 service charge with each semi-annual or quarterly billing.
- No service charge if paid annually.

OTHER PAYMENT OPTIONS:

- Payment by MasterCard, Visa or Discover – Call our office or set up payment on our website
- Check by phone – Call our office
- Sweep Agency Account – Set up payment on our website

COMPLETE AND PROMPT APPLICATIONS:

Timely submission of complete applications is expected. All applications must be submitted to Barton Mutual within 48 hours of coverage being bound, and all applications must be fully completed. Failure to submit an application within this time frame or failure to submit complete applications could lead to disciplinary action. By submitting complete applications to us in a timely manner, you will help us process policies faster and help us serve your clients better.
BLANKET FARM PERSONAL PROPERTY

QUALIFICATIONS:

1. Minimum $50,000 inventory;
2. Complete inventory of ALL Farm Personal Property required.

EXCLUSIONS: GRAIN AUGERS, PORTABLE BUILDINGS, GRAIN DRYERS, IRRIGATION EQUIPMENT, BULK MILK TANKS, PACE OR SHOW HORSES, COMMERCIAL POULTRY EQUIPMENT, FOWL, AND SAW MILL EQUIPMENT. These items are exempt and must be scheduled and specifically rated.

GENERAL GUIDELINES:

The purpose of Blanket Farm Personal Property coverage is to cover all Farm Personal Property for an insured at all times without having to specifically schedule each item and adjust each item or class of items frequently. The insured will be considered fully covered if his inventory is within 80% of the actual cash value of all of his farm personal property.

As an agent, an issue to consider when utilizing this coverage is to consider his seasonal stocks (livestock, hay, grain) and market fluctuations on his products. Staying aware of market conditions and working with your client to adjust coverage amounts accordingly can help avoid a situation where they are underinsured.

When considering seasonal stocks, it is recommended that 80% of the seasonal peak value should be included. This means that the remaining farm personal property that does not fluctuate seasonally must be carried very near to 100% of the actual cash value. Should you attempt to cover your insured at 80% of the actual cash value of all items, a seasonal peak in grain stored or hay stored could result in severe under-insurance should a loss occur.

The rate developed is very economical and is designed to make it economically feasible for him to carry 100% to value.

UNDER BLANKET FARM PERSONAL PROPERTY, THE KEY IS:
ALL OR NONE TO GET THE RATE

BOAT DOCKS

QUALIFICATIONS: Boat docks can only be insured if we insure the primary residence or the seasonal residence where the dock is located. We will not insure commercial boat docks. Any exceptions must be approved by the underwriter.

COVERAGE MAY BE WRITTEN AS PART OF A PACKAGE POLICY OR IT CAN BE SCHEDULED AS INLAND MARINE:

1. PACKAGE POLICIES: (Does not include the peril of collapse.)
   a. Boat docks are covered as Related Private Structures on package policies if:
      ▪ The insured’s property extends to the lake shore. (In cases where a government entity owns some of the shore line, the boat dock is still considered to be on premises and covered under Related Private Structures coverage.)
      ▪ The dock sets adjacent to the insured’s property
   b. A boat dock will not be considered covered under Related Private Structure coverage if:
      ▪ Other property separates the insured’s property from the dock
      ▪ A public road separates the insured’s property from the dock
2. **INLAND MARINE: Special Form (includes collapse coverage).**
   a. Coverage must be written under Inland Marine if collapse coverage is desired.
   b. Requires an Inland Marine application, see Inland Marine section of this manual.
   c. RATE is $11.00 per thousand
   d. OPTIONAL: Replacement Coverage for $11.00

**LIVESTOCK**

**QUALIFICATIONS:**

Must be insured to at least 80% to value.

If other than cattle, the type of livestock must be specified (horses, sheep, etc.).

Livestock can be written in two different ways: Blanket (subject to 80% coinsurance) or Specific Animal. For Blanket, insured must specify the class of livestock (e.g. cattle, horses, sheep, swine, etc.). Explanation of each is given below. Livestock may be written in the Blanket Farm Personal Property category. See rules governing Blanket Farm Personal Property, Underwriting page 3, for details.

**EXPLANATIONS:**

**Blanket:** Covers ALL livestock on hand at MARKET VALUE at loss date. 80% co-insurance applicable. Maximum payable on any one animal is $2,500. You may select no deductible, $100 deductible, or 1st animal deductible (as indicated below).

**Specific Coverage:** The animal is listed by registration number and ear tag number and the amount of coverage desired. Example: One Angus bull--registration #386048 - ear tag 038 - $1,500 coverage. If loss occurs, insured will be paid the $1,500, less the applicable deductible. You may select no deductible or $100 deductible.

**1ST ANIMAL DEDUCTIBLE LIVESTOCK**

**QUALIFICATIONS:**

INSURANCE MUST BE CARRIED TO VALUE

**GENERAL:**

This endorsement is designed for the cattleman with a large inventory of livestock. Such an operation can afford to carry a single loss themselves rather than pay a high premium for coverage of that possible single loss. With the 1st Animal Deductible, the cattleman is protected against multiple losses or catastrophe and pays accordingly.

**EXPLANATION:**

The 1st Animal Deductible works very simply: Should the insured lose one animal by an insured peril, he has not exceeded his deductible; NO LIABILITY EXISTS.
Should the insured lose **two or more** animals by an insured peril, **in one occurrence**, liability exists. Coverage and deductible computations are shown in the following examples:

<table>
<thead>
<tr>
<th>Loss</th>
<th>Loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 cow @ $1,500</td>
<td>1 cow @ $1,500</td>
</tr>
<tr>
<td>1 calf @ $600</td>
<td>1 calf @ $600</td>
</tr>
<tr>
<td>Total $2,100</td>
<td>Total $3,900</td>
</tr>
</tbody>
</table>

\[
\text{Loss} \div 2 = \text{avg. value} = \frac{\text{Loss}}{2} = \frac{2,100}{2} = 1,050 \\
\text{Deductible} = \frac{\text{Loss}}{3} = \frac{3,900}{3} = 1,300 \\
\text{Liability} = \frac{\text{Loss}}{3} = \frac{3,900}{3} = 1,300 \\
\text{Deductible} = 1,050 \\
\text{Liability} = 2,600
\]

You may write 1st Animal Deductible on a stock herd and specifically insure a bull(s) or a registered herd.

**COINSURANCE**

Co-insurance test follows the computation below:

\[
\frac{\text{Insurance Carried}}{\text{Insurance required (80% inventory)}} = \% \text{ we will pay (up to 100%)}
\]

**VACANCY PROVISION**

See policy forms for exact language.

**UPON VACANCY/UNOCCUPANCY (APPLIES TO ALL POLICIES):**

- First 60 days – No change in coverage.
- After 60 days – Additional perils deleted: Attempted Theft; Theft; Vandalism; Breakage of Building Glass; Fire; Explosion; and Water Damage.
- After 60 days – Losses caused by all other covered perils are reduced by 15%.
- The above applies to commercial policies, however, if the building is considered “unoccupied,” the restrictions apply if the building has been unoccupied for more than 60 days or the usual unoccupancy period for the described premises, whichever is longer.

**Personal line policies:** “Vacant or Unoccupied” means no longer in continuous use as a primary private residence.

**Commercial line policies:** “Unoccupied” means customary operations are suspended, but business personal property has not been removed. “Vacant” means the occupants have moved and the building is empty or contains only limited business personal property.

**Seasonal policies:** The following amendment deletes the “vacancy or unoccupancy” restriction in the policy conditions of seasonal policies.

Coverage for fire or explosion will be as follows:

Should loss by fire or explosion occur and the amount of payable loss, determined in accordance with the policy’s provisions, exceeds 60% of the amount of insurance on the involved item(s), each being separately determined if more than one item, the following Deferred Loss Payment Conditions apply. These provisions apply separately to each item scheduled on the declarations page(s).
We will pay a maximum of 60% of the amount of coverage on the involved items(s). The remaining balance, if any, will be paid upon your rebuilding, repair or replacement (whichever is applicable) of the damaged or destroyed property for the same use and occupancy, within 12 months from the date of loss, and within 300 feet of the original location.

The amount initially paid, and the final amount payable will be in accordance with all other policy provisions and will not exceed the amount actually expended in rebuilding, repair or replacement of the item(s).

If you do not fulfill the requirements of this clause, then the initial amount paid shall constitute final settlement.

WOOD HEAT

AGENT RESPONSIBILITY:

1. Complete the wood heat underwriting on the application
2. Submit minimum of two photos:
   a. Photo of unit or fireplace
   b. Photo where chimney or vent pipe exits the room

CHIMNEY:

1. Masonry: Must be brick or block construction, tile lined, and built from the ground up. If the chimney is over 50 years old (the age of the house should help in gauging the age), the flue must be inspected by a *chimney sweep.
2. Metal: Must be Underwriters Laboratories (U.L.) approved for wood heat. Includes double or triple wall insulated pipes. If the chimney is over 25 years old, the underwriter should require an inspection by a *chimney sweep.

Inspection – The inspection by a chimney sweep for both masonry and metal should be a Level 2 inspection, which entails a camera being lowered down the flue to closely view the condition of the tile liner of a masonry chimney or the inner core of a metal chimney.

* Chimney sweep – we will only accept chimney sweeps that are certified by one of the two certifications listed below:
   1. National Fireplace Institute (NFI)
   2. Chimney Safety Institute of America

HEATING UNIT:

1. Must be U.L. approved
2. Clearances are outlined on the following page
3. Must sit on non-combustible surface
4. All others must be cleared by the underwriter

VENTING THROUGH THE WALL OR CEILING:

1. Through the wall: The device used to vent the wood stove through the wall to an outside chimney must be one of the following:
   a. A clay tile
   b. ¼ inch well casing
   c. Double or triple wall insulated pipe, U.L. approved for wood heat
2. Protection of the pipe in the wall can be either:
a. Masonry protection must be used for a clay tile and well casing and is optional for double or triple wall pipe. The device must be surrounded by 12 inches of brick and mortar in all directions, measured from the outside of the device or;
b. If a metal double or triple wall pipe, as described in “c” above, is used and masonry is not used as protection, then a U.L. approved wall kit must be used.

3. Ceiling venting: When the wood heat system uses a metal chimney, and the venting runs through the ceiling, an approved ceiling kit is required at the ceiling level to vent through the ceiling. Double or Triple wall insulated pipe must extend from the ceiling level, through the attic area, through the roof, to an appropriate height above the exterior roof level.

OUTSIDE WOOD HEAT UNITS:

1. Must be installed per manufacturer’s recommendations. Unit does not have to be U.L. approved.
2. Clearance: If unit is jacketed must be 12 inches from combustibles, if not jacketed then must be 36 inches from combustibles.
3. Smoke stack: If within 10 feet of the dwelling, must be stainless steel, well casing, or U.L. approved double or triple wall insulated pipe. If the unit or the pipe is 10 feet or more from the dwelling any type of venting pipe is acceptable.
4. Outside units used for mobile homes may not be vented into the existing duct work of the mobile home unless the unit has been tested and approved for that by Underwriters Laboratories (U.L.).

WOOD HEAT: FARM BUILDINGS

CHARGE: $35

HEATING UNIT:

Most all units are acceptable, including homemade.

CHIMNEY:

In addition to the requirements noted above, heavy well casing is acceptable. Light gauge stove pipe is not acceptable for exterior use.

CLEARANCE:

Refer to the Wood Heat Clearance Page in the Underwriting section, page 8.

VENTING THROUGH WALL:

Noted above. If structure is all metal, including wall studs, we'll relax the requirement to accommodate the installation. It may be best to contact the underwriter.
**CLEARANCE REQUIREMENTS** with no protection are as follows:

Radiant Stove = 36"  Circulator = 12"  Stove pipe = 18"

WHEN NON-COMBUSTIBLE MATERIAL IS USED AS PROTECTION ON THE WALL, CLEARANCES ARE AS FOLLOWS:

<table>
<thead>
<tr>
<th>Combustible Surface Covering</th>
<th>Radiant Stove</th>
<th>Circulator Stove</th>
<th>Stove Pipe</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.5&quot; thick masonry wall without ventilated air space</td>
<td>24&quot;</td>
<td>6&quot;</td>
<td>9&quot;</td>
</tr>
<tr>
<td>3.5&quot; thick masonry wall with ventilated air space</td>
<td>12&quot;</td>
<td>6&quot;</td>
<td>9&quot;</td>
</tr>
<tr>
<td>24 gauge sheet metal with 1&quot; ventilated air space.</td>
<td>12&quot;</td>
<td>6&quot;</td>
<td>9&quot;</td>
</tr>
<tr>
<td>1/2&quot; thick non-combustible insulation board with 1&quot; ventilated air space.</td>
<td>12&quot;</td>
<td>6&quot;</td>
<td>9&quot;</td>
</tr>
</tbody>
</table>

For ventilated air space, spacers must be non-combustible.
**BUILDER’S RISK**

1. A package policy may be written on the dwelling being constructed per the following:
   a. Dwelling must qualify for the package policy as a finished product.
   b. Dwelling must be completed in 180 days.
   c. Owner must occupy the dwelling when completed.

   If the above criteria are not met, then refer to #2, below. It is not a requirement to write this coverage from ground up. We accept coverage on a dwelling already in construction.

   Theft of building materials is not included. It must be added.

   Rates are for the minimum required deductible. If you have a higher deductible, apply appropriate credit:

   **Town (inside city limits):** $9.10/$1,000 coverage  
   **Rural (outside city limits):** $12.95/$1,000 coverage

   Theft coverage will not apply on any personal property in dwelling prior to occupancy.

2. Fire & Extended Coverage program may be used for those dwellings that do not qualify above, per the following:
   a. Dwelling must be completed within one year.
   b. Owner must occupy dwelling when completed. A package policy may be written when completed if dwelling qualifies.

   If the above criteria are not met, then refer to #3, below.

3. Standard Rental program may be used for dwellings that will be occupied as a rental when finished.
   a. Dwelling must be completed within one year.

4. Vacant program may be used per the following:
   a. Dwelling must be completed within one year.

   If this is a speculation house we will retain a minimum earned premium of $150.00.

**AUTOMATIC INCREASE**

Automatic increase will apply only to those policies that have Coverage A (Dwelling). Exception will be Commercial, Condo, Vacant, and Renter (Homeowner form 4 and Farmowner form 4).

Dwelling coverage will be increased automatically by a percentage determined by the company. The minimum increase is $1,000 annually.

- If the policy is a package policy, all dwelling package coverages will be increased accordingly, except for package coverages that are a flat amount.

- For non-package policies, only the dwelling amount will be increased automatically.
INCIDENTAL FARM ENDORSEMENT

An Incidental Farm Endorsement can be added to Homeowner or Mobile Homeowner Non-farm programs and must be added if there is any farm exposure.

There are two notable coverage issues:

1. Liability coverage only applies to the location listed on the declaration page. If your insured has a connection to other farming location(s), check with your underwriter.
2. Since the endorsement is liability only, farm related structures or farm personal property may not be covered automatically, check with your underwriter.

RENEWABLE ENERGY GENERATING EQUIPMENT

All of our policies exclude coverage for Renewable Energy Generating Equipment (i.e., Solar Panels, Wind Turbines, etc.). Coverage can be scheduled for this equipment; see Inland Marine page 25 for rating information.

ROOF REPLACEMENT COVERAGE ELIGIBILITY REQUIREMENTS

To add roof replacement to an Actual Cash Value policy or to write a replacement cost policy, the roof must meet the qualifications below. If the qualifications are not met for replacement cost policies, then the ACV roof endorsement or a roof exclusion will apply.

**Composition Shingles:**
- Applies to Personal and Commercial Lines
- Roof must be 15 years or newer
- Can only have two layers of shingles
- Once roof is 21 years old, must be excluded

**Metal Roof:**
- Applies to Personal and Commercial Lines
- Roof must be 25 years or newer
- Once roof if 36 years old, must be excluded

**Flat Roof or Rolled Roofing:**
- Applies to Personal Lines
- Not eligible for roof replacement and must be ACV on roof

**Rubber/Synthetic Coating:**
- Applies to Commercial Lines
- To qualify for replacement coverage, roof must be 15 years or newer and on a building built in 1970 or newer.
- Roof must be excluded if it is 26 years or older.

**All Other Roof Types:**
- Applies to Personal and Commercial Lines
- Not eligible for coverage and roof must be excluded
- Examples are wood shakes, clay tile, cement shingles, etc
Program Information
This chart is not intended to replace policy language. If you need the list of perils covered under Basic, Broad, or Special perils, you should reference the sample policies that are available online. (They are on the Underwriting tab of your agency homepage.)

<table>
<thead>
<tr>
<th>POLICY TYPE</th>
<th>PROGRAM</th>
<th>DWELLING COVERAGE</th>
<th>CONTENTS COVERAGE</th>
<th>INSURABLE VALUE</th>
<th>DWELLING LOSS ADJUSTMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homeowner</td>
<td>Preferred</td>
<td>Special</td>
<td>Special</td>
<td>Replacement</td>
<td>Replacement</td>
</tr>
<tr>
<td>Homeowner</td>
<td>Form 3</td>
<td>Special</td>
<td>Broad</td>
<td>Replacement</td>
<td>Replacement</td>
</tr>
<tr>
<td>Homeowner</td>
<td>Classic</td>
<td>Modified Special</td>
<td>Broad</td>
<td>Replacement</td>
<td>Repair</td>
</tr>
<tr>
<td>Homeowner</td>
<td>Form 8</td>
<td>Modified Special</td>
<td>Broad</td>
<td>Market</td>
<td>Repair</td>
</tr>
<tr>
<td>Homeowner</td>
<td>Form 6 Condo</td>
<td>Special</td>
<td>Special</td>
<td>Replacement</td>
<td>Replacement</td>
</tr>
<tr>
<td>Farmowner</td>
<td>Preferred</td>
<td>Special</td>
<td>Special</td>
<td>Replacement</td>
<td>Replacement</td>
</tr>
<tr>
<td>Farmowner</td>
<td>Form 3</td>
<td>Special</td>
<td>Broad</td>
<td>Replacement</td>
<td>Replacement</td>
</tr>
<tr>
<td>Farmowner</td>
<td>Form 8</td>
<td>Modified Special</td>
<td>Broad</td>
<td>Market</td>
<td>Repair</td>
</tr>
<tr>
<td>Farmowner</td>
<td>FO Form 1</td>
<td>Basic (Broad Form Optional)</td>
<td>Basic</td>
<td>Market</td>
<td>ACV</td>
</tr>
<tr>
<td>Mobile Homeowner</td>
<td>MHO Preferred</td>
<td>Modified Special</td>
<td>Broad</td>
<td>Replacement</td>
<td>Replacement</td>
</tr>
<tr>
<td>Mobile Homeowner</td>
<td>MHO Standard</td>
<td>Broad</td>
<td>Broad</td>
<td>Replacement</td>
<td>Replacement</td>
</tr>
<tr>
<td>Mobile Home</td>
<td>Owner Occupied or Rental or Seasonal</td>
<td>Basic (Broad Form Optional)</td>
<td>Basic</td>
<td>Market</td>
<td>ACV</td>
</tr>
<tr>
<td>Rental or Seasonal</td>
<td>Standard</td>
<td>Basic (Broad Form Optional)</td>
<td>---</td>
<td>Market</td>
<td>ACV</td>
</tr>
<tr>
<td>Rental or Seasonal</td>
<td>Preferred Replacement</td>
<td>Special</td>
<td>---</td>
<td>Replacement</td>
<td>Replacement</td>
</tr>
<tr>
<td>Rental or Seasonal</td>
<td>Preferred Repair</td>
<td>Broad</td>
<td>---</td>
<td>Market</td>
<td>Repair</td>
</tr>
<tr>
<td>Rental or Seasonal</td>
<td>Condo</td>
<td>Special</td>
<td>Broad</td>
<td>Replacement</td>
<td>Repair</td>
</tr>
<tr>
<td>Townguard</td>
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<td>Basic (Broad Form Optional)</td>
<td>Basic</td>
<td>Market</td>
<td>ACV</td>
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</tbody>
</table>