

# Southeast Mutual Insurance Company

## TP1 Underwriting Guidelines

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# SOUTHEAST MUTUAL TP1 PACKAGE POLICY

## OPERATING AREA

Southeast Mutual Insurance Company is allowed by law to insure property in all of the following Counties and all of the Townships within each County:

Dodge County	Houston County	Steele County
Fillmore County	Mower County	Wabasha County
Freeborn County	Olmsted County	Waseca County
Goodhue County	Rice County	Winona County

And all of the cities, villages and boroughs situated within the authorized territory that do not exceed the statutory limits of inhabitants as stipulated by the laws of the State of Minnesota. Cities of the 3<sup>rd</sup> Class. (Population of 20,000 or less)

**EXCEPTION:** City of Winona (we are allowed to write in this city because we were writing there before the population reached 20,000)

## GENERAL RULES AND INFORMATION

The Southeast Mutual TP1 policy is intended to insure well maintained one or two family owner-occupied farm dwellings as well as the insured's farm personal property and farm barns, buildings and structures. We can also insure non-farm dwellings and personal property under this program when they don't qualify for a PH1 policy. Increased limits and optional coverages are available. We can also provide contents coverages for tenants.

If an insured has a primary residence located in our writing territory, we need to insure that dwelling as supporting coverage for any other coverage to be placed with our company. Southeast Mutual will insure rental and/or seasonal dwellings if we also have the primary residence or other approved supporting coverage for the owner. Please do not bind unsupported coverage of rental or seasonal dwellings.

We ask that all new property be viewed personally by the agent before completing the application. If the property is questionable in any way, please call our office before binding coverage.

A fire extinguisher should be located near exits and high hazard areas in all buildings. Every dwelling should have a fire extinguisher and a working smoke detector. A fire extinguisher should be mounted on all tractors and combines. **We will waive \$100 of the deductible on a fire loss to a tractor or combine if there was an operational 2 1/2 lb or larger fire extinguisher on the tractor or a 5 lb fire extinguisher on the combine at the time of the loss.** We will refill approved fire extinguishers free of charge for a current insured of Southeast Mutual.

**Southeast Mutual Insurance Company is governed by Chapter 67A.14 of the Minnesota Insurance Laws.**

**67A.14 Insurable Property**

Subdivision 1. Kind of Property.

- a) Township mutual fire insurance companies may insure qualified property. Qualified property means dwellings, household goods, and appurtenant structures, farm outbuildings, farm personal property, churches, church personal property, county fair buildings, community and township meeting halls and their usual contents.
- b) Township mutual fire insurance companies may extend coverage to include any Insured's secondary property if the township mutual fire insurance company covers qualified property belonging to the insured. Secondary property means any real or personal property that is not considered qualified property for a township mutual fire insurance company to cover under this chapter. The maximum amount of coverage that a township mutual fire insurance company may write for secondary property is twenty-five (25) percent of the total limit of liability of the policy issued to an insured covering the qualified property.

Subdivision 5. What may not be insured: property outside designated territory;

**Exceptions.**

- a) No township mutual fire insurance company shall insure any property in cities of the first or second class.
- b) If by annexation or other growth in population a city, town, township or unorganized territory or any portion thereof is reclassified into a city of the second class, a township mutual insurance company may continue to do business in that portion of the city in which it was authorized to do business prior to the reclassification.
- c) A township mutual insurance company may insure any real or personal property, including qualified or secondary property, subject to the limitations in subdivision 1, paragraph (b) located outside of the limits of the territory in which the company is authorized by its certificate or articles of incorporation to transact business, if the company is already covering qualified property belonging to the insured, inside the limits of the company's territory.
- d) A township mutual fire insurance company may insure property temporarily outside of the authorized territory of the township mutual insurance company.

**BINDING AUTHORITY**

A licensed agent of Southeast Mutual may bind coverage on eligible risks for the limits of coverage approved by the statewide company the policy will be written with. There is no binding authority to bind any unacceptable or prohibited type risk or coverage as referred to in the following pages of this manual. The risk may be bound by completing the appropriate application or binder and mailing it to Southeast Mutual Insurance Co.

The binder shall specify the type of policy, limits of liability, perils covered, effective date and term, name and address of the insured and any other parties with insurable interest (mortgagee, loss payee or fee owner), type of construction and occupancy. The application/binder should be mailed to Southeast Mutual on or before the effective date of coverage. Coverage limit of 30 Days.

**PERILS WE INSURE AGAINST**

<b>LIMITED</b>	<b>BASIC</b>	<b>BROAD</b>
<b>Includes the Following Perils Only</b>	<b>Includes All Limited Perils Plus the Following Add'l</b>	<b>Includes All Limited and Basic Perils Plus the Following Add'l</b>
Fire or Lightning	Vandalism and Malicious	*Falling Objects
Windstorm and Hail	Mischief	*Weight of Ice, Snow or Sleet
Explosion	Theft	*Collapse of a Residence or Any Part of a Residence
Riot or Civil Commotion	Glass Breakage (Dwellings & Mobile Homes Only)	*Sudden and Accidental Tearing Apart, Burning or Bulging
Aircraft		*Accidental Discharge or Overflow of Liquids or Steam
Vehicles		*Freezing of a Plumbing, Heating or Air Conditioning System or Domestic Appliance
Sudden and Accidental Damage from Smoke		*Sudden and Accidental Damage from Artificially Generated Electrical Currents
		**Collision and/or Overturn
		**Add'l Perils Applying to Livestock:
		** Electrocutation
		** Accidental Shooting
		** Drowning
		** Attack by Dogs or Wild Animals
		** Collapse of a Building
<b>SPECIAL – RISKS OF DIRECT PHYSICAL LOSS UNLESS THE LOSS IS EXCLUDED</b>		
* Apply to dwellings, household personal property and increase in living costs only		
** Apply to farm personal property only		

## ALL APPLICATIONS

Policies under the farm program are written on a one year term with renewal every three years.

1. **A fully and correctly completed application** will make a big difference in how quickly the policy can be processed. If we need to wait for additional information from the agent or if we need to send it back to the statewide company several times to make changes, the process date can be severely delayed. **The applicant and the agent must sign all applications and restrictive endorsements.**
2. Please include driver's license, social security and phone numbers
3. You must check the box if the applicant's insurance has been cancelled or non-renewed for any reason.
4. You must list **all** losses, at this or any other location, within the last three (3) years. List the dates, type of loss, and amount with the initials of the applicant. **(Any loss of \$10,000 or more should also be declared regardless of the date)**
5. Fire and wind coverages are generally written for the same amount. If an exception to this is desired, please call our office.
6. A replacement cost computation should be done for **any** dwelling. Please be sure to note the age of roofing, siding, heating and plumbing as well as any restrictions that should apply.
7. A replacement cost worksheet for all outbuildings should be included. Indicate all buildings to be insured, including class, coverage amount and form (Limited, Basic or Special). Agent must note all coverage restrictions that should apply, such as roof and paint exclusions.
8. Indicate any optional coverage desired, such as special form, replacement cost on household personal property, non-depreciation of repairs, etc.
9. If there is a solid fuel burning appliance on the property to be insured, the agent must submit a completed Solid Fuel Application with a photo of the appliance along with the application for insurance. **Solid Fuel Burning Surcharge:** We do make a charge for solid fuel units. This would include, but is not limited to, radiant, circulating, airtight, pellet and corn burning units as well as inserts, room heater/fireplace stoves and wood burning furnaces. The surcharge applies to each building containing a solid fuel burning unit. **Outside solid fuel burning units that are of the boiler variety, must be located not less than 40 feet from insured property and will not be surcharged.**
10. **INSURANCE FRAUD IS A CRIME - Fraudulent or incomplete information on an application may be cause for rejection of the application or cancellation of the policy if it has already been issued.**

## **NEW APPLICATIONS**

1. All new business must have an application from the packaging statewide company completed in detail with all the necessary information. Each statewide packaging company has their own applications and requirements.
2. Please submit all possible information for the client such as phone number, driver's license number and social security number.
3. Tell the client about the different payment methods we have, credit card and automatic withdrawal. If the client decides to use one of these payment methods, include all necessary information with the application. For applications requesting the automatic withdrawal payment method, please include a check for approximately two months premium.
4. There should be an overall inspection of the property by the agent at the time the application is written and any obvious problems or necessary restrictions should be noted on the application.
5. The client should be told that there will be a company inspector from Southeast Mutual contacting them to set up an appointment to do a thorough inspection of the property. Southeast Mutual will then review the inspector's report along with any recommendations regarding coverage.
6. Photos of all buildings are required for all new business. Each building must comply with the insurance to value requirements for the specific class it is written in.

## **RENEWAL APPLICATIONS**

1. A list of expiring policies, along with the corresponding computer-generated renewal applications, will be sent to the producing agent 30 to 45 days before the month in which the policies renew. The renewal application shows the current coverage as well as suggestions for other coverages that might be needed.
2. Indicate any changes on the application and complete the underwriting guide provided by Southeast Mutual Insurance Company. Changes in the risk such as increased values, physical condition of buildings and new exposures should be properly accounted for on the application.
3. Photos of outbuildings or dwellings are required when requested on renewal.
4. All renewal applications should be in the office prior to the expiration date. It is the agent's duty to inform Southeast Mutual when a policy cannot be renewed on time. You may submit a binder to extend coverage for a maximum of 30 days.

## **UNDERWRITING REQUIREMENTS**

These are basic underwriting requirements only. Every risk is a unique situation and will be evaluated as such. The underwriter can make the final decision of acceptability, forms, and rates only after completely reviewing the material submitted by you. If you provide complete material, the underwriter will then be able to evaluate the property and the requested coverages. Every request for information on the application is there for a reason. You cannot give us too much underwriting information about the risk. Please include the following:

1. A fully completed application, including social security numbers and drivers license numbers (Use the appropriate application from whichever statewide company you are placing the business with).
2. A residential replacement cost computation worksheet must be submitted when requesting coverage on a dwelling
3. A completed worksheet with replacement cost calculations for all outbuildings to be covered
4. If there is a solid fuel burning appliance associated with the risk, a completed solid fuel supplemental application must be included along with a photograph of the unit

## **INELIGIBLE RISKS**

- Vacant or unoccupied properties. If a currently insured property becomes vacant or unoccupied, we may be able to cover it for a short time with very limited coverages.
- Knob and tube wiring, even if mixed with romex.
- Rooming or boarding houses.
- Basement homes, dome homes, earth homes.
- Dwelling risks, which were not originally designed for dwelling purposes.
- Risks that have been cancelled, declined or non-renewed by another insurance company.
- Tenant policies on students unless we have supporting coverage for their parents.
- Tenant-occupied property with a solid fuel burning appliance
- Risks with homemade solid fuel appliances.
- Risks with a solid fuel-burning appliance not installed to NFPA 211 code.
- Risks that have a solid fuel burning appliance not vented into a chimney either of approved masonry with proper liner or a 2100 degree manufactured metal chimney. Wood and gas stoves cannot be vented into the same chimney.

- Homes which do not meet the following update requirements:
  1. Plumbing - **completely** updated in the last 40 years.
  2. Heating - **replaced** in the last 30 years.
  3. Electrical - **completely** updated in the last 30 years
  4. Roof – Roof surfaces over 15 years old may not qualify for R/C – Roof loss will be adjusted on ACV basis. See statewide company underwriting guidelines for roof age requirements and credits for ACV coverage.
- Risks occupied by transient tenants (vacation rentals).
- Outside wood boiler furnaces located less than 40 feet from insured property.
- Unsupported seasonals or rentals.
- Unsupported mobile homes
- Fur farms, sawmills, warehouses, cattle dealers, tree farms, sod farms, and other similar commercial risks.
- Risks with two or more losses in the last three years.
- Properties without central heating systems, other than all electric. (Applies to A1 Dwellings Only)
- Buildings with exposed urethane or styrene insulation
- **Solid fuel units in attached garages**
- **Property, which is not accessible to the responding Fire Department.**

### **MAILING PROCEDURES**

All requests for new coverage or for a change to current coverage must be sent to Southeast Mutual Insurance Company. We will underwrite the request and then submit it to the proper statewide packaging company. Processed policies and endorsements are sent directly to the insured and all interested parties indicated. The agency will receive only the agent's copy.

Any change in title, coverage, location, or mortgagee requires an endorsement. This should include all parties having ownership or title to the property insured. It is essential that the description of the risk, what is insured, its construction, size and condition is included on the endorsement to define the classification and recognize the exposure.

**Agent Web Inquiry** - Changes to coverage on current policies may now be sent to us through the Southeast Mutual website using Agent Web Inquiry. Photos and/or worksheets can be sent as an attachment to the request. When we receive the e-mail request in our office it will be forwarded to the packaging statewide company. This normally results in much faster turnaround time.

## **CANCELLATIONS**

An insured may request cancellation of their policy at any time. The original policy or a signed "Lost Policy Release" should be sent to the Company with the request. The policy may be cancelled at the request of the Company after providing sufficient reason for the cancellation as well as the proper amount of advance notice to the insured and any mortgagee. Whether at the request of the Insured or the Company, the earned premium shall be computed on a pro rata basis and any unearned premium will be refunded.

A \$15.00 reinstatement fee will be charged to reinstate a policy if a certified notice of cancellation has been sent because of non-payment of premium.

## **TRANSFER OR ASSIGNMENT**

The policy may be endorsed to effect:

Assignment from one insured to another in the event of transfer of title of the property, however, a policy may not be assigned without our written consent.

## **RESTRICTION OF INDIVIDUAL POLICIES**

If a policy would not be issued because of unusual exposures, the applicant may request a restriction of coverage at no reduction in premium. The request, signed by the applicant, must be referred to the Company. Form "V".

## **PACKAGING POLICIES**

Southeast Mutual Insurance Company packages policies with the following statewide packaging companies:

Austin Mutual Insurance Company  
North Star Mutual Insurance Company  
RAM Mutual Insurance Company

## **BILLING PROCEDURES**

**Southeast Mutual has a minimum premium requirement of \$40.00 for our portion of the policy. Check with the specific statewide company for their minimum premium requirements.**

All policies are billed directly to the insured on an annual, semi-annual, quarterly or monthly basis. For semi-annual and quarterly billings there is a billing fee for each installment of \$2.00 for Southeast Mutual, \$2.00 for North Star and \$3.00 for RAM.

Southeast Mutual Insurance Company will collect all premiums. The agent will be informed when a policyholder is delinquent. The agent is expected to assist in delinquent collections.

## **FIRE PROTECTION**

The location of the building(s) determines its fire protection classification as defined below.

**PROTECTED** - Residence/Building must be within 6 miles of the responding Fire Department

**UNPROTECTED** - Residence/Building is over 6 miles from the responding Fire Department

## **POLICY FORM AND PRINCIPAL COVERAGES**

Form TP-1 provides the following principal coverages:

**Coverage A** – Residence

**Coverage C** – Household Personal Property

**Coverage D** - Increase in Living Costs

**Coverage E** – Scheduled Farm Personal Property

**Coverage F** – Unscheduled Farm Personal Property

**Coverage G** – Farm Barns, Buildings, and Structures

**Coverage H** – Special Hazard and Low Value Outbuildings

## **DWELLING COVERAGE SECTION**

### **A-5 DWELLING – SPECIAL FORM ONLY**

- Minimum Coverage - \$100,000 - **Inflation Guard Coverage Applies**
- Dwelling must be owner-occupied and in excellent condition
- Dwelling must be insured to 100% of its replacement value.
- Household Personal Property – Includes 80% (60% with RAM) of Coverage A
- Includes Replacement Cost and Special Form for Household Personal Property
- Includes Increase in Living Cost – Actual Loss Sustained
- Includes 2 Special Packages of Coverages
- Dwelling must be 30 years old or less or must have been completely updated within the last 30 years.

### **A-1 DWELLING – BROAD OR SPECIAL FORM**

- Minimum Coverage - \$60,000 - **Inflation Guard Coverage Applies**
- Dwelling must be owner-occupied
- Dwellings must be insured from 80% to 100% of their replacement value. Check the statewide carrier's specific requirements regarding shingles, etc.
- Household Personal Property – Includes 60% of Coverage A
- Increase in Living Costs – Includes 20% of Coverage A
- Dwelling should have a minimum of 100 amp service in the dwelling. A 60 amp service may be acceptable but must be inspected prior to approval. If the risk is accepted with a 60 amp service and conditions of the risk change making 60 amps insufficient, we will require that the service be updated.
- Dwelling must have a central heating plant vented to an approved chimney built from the ground up or a venting system approved by a recognized testing authority. A properly installed electric heating system will also suffice.

## NEW / UPGRADED HOME DISCOUNT

**NOTE: This new/upgraded home discount applies only to the Southeast Mutual portion of the TP1 package policy. Please check with the packaging statewide company for the availability of a discount for their portion of the premium.**

- **May be applied only to A1 or A5 owner –occupied homes.**
- Dwellings which have been completed and occupied within the last 8 years are eligible for a premium discount as shown in the table below.
- Dwellings in which the electrical system has been completely replaced within the last 8 years.
  - ❖ All of the old electrical wiring must have been removed and replaced with new wiring.
  - ❖ There must be new receptacles, new circuit boxes and new conduit in exposed areas.
  - ❖ The installer must certify the system as being fully replaced.
  - ❖ The system must be inspected and approved by the local civil authority for state and local building code compliance.
  - ❖ Dwellings which have been partially rewired are not eligible for the discount.
- **The discount applies only to the base premium for the dwelling.**

<b>Year of Construction or Year Electrical System Totally Replaced</b>	<b>Apply This Discount</b>
Current Calendar Year	16%
1 Year Preceding Current Calendar Year	14%
2 Years Preceding Current Calendar Year	12%
3 Years Preceding Current Calendar Year	10%
4 Years Preceding Current Calendar Year	8%
5 Years Preceding Current Calendar Year	6%
6 Years Preceding Current Calendar Year	4%
7 Years Preceding Current Calendar Year	2%

### **A-2 SCHEDULED DWELLING - LIMITED (RENTAL ONLY), BASIC, BROAD OR SPECIAL FORM**

- See statewide company for minimum coverage amounts.
- Replacement cost is not available on the dwelling
- Minimum 60 amp electrical service; each risk will be inspected to make sure that the amperage is adequate and if not, we will require an update to 100 amp service.
- Manufactured homes may qualify for this class – see statewide company underwriting for specific requirements
- Above-ground swimming pools may qualify for this class - see statewide company for specific requirements
- **All premiums are charged per \$100 on total amount of coverage.**

## **COVERAGE OPTIONS FOR A-2 DWELLINGS**

1. **DWELLING PAK** - Owner-occupied; requires 50% of Coverage A for Household Goods, and 10% of Coverage A for Increase in Living Costs
2. **REGULAR SCHEDULED DWELLING** - Owner-occupied; amounts for household personal property and increase in living costs can vary.
3. **RENTALS AND SEASONALS – Limited, Basic or Broad Coverage Only.** Tenant-occupied. Must have supporting coverage. **No solid fuel burning appliances allowed.** (Home occupied by hired hand or immediate family member is not considered rental.)

### **A-3 MOBILE HOME - LIMITED (RENTAL ONLY), BASIC, BROAD OR SPECIAL FORM**

- **Will not write unsupported rental mobile homes**
- **No solid fuel burning appliances in a mobile home unless factory installed**
- Older, low valued mobile homes must be inspected before binding coverage
- No mobile homes with aluminum wiring (models prior to 1980)
- All mobile homes must be insured to a minimum of 50% of actual cash value
- \$4,000 minimum coverage for mobile home, \$2,000 minimum coverage for household personal property in mobile home (except in rentals)
- Dwelling must have a minimum 60 amp electrical service. Each risk will be inspected to make sure that the amperage is adequate and if not, we will require an update to 100 amp service.
- A mobile home on a farm policy is not considered rental if it is occupied by a hired hand or an immediate family member who is involved in the farming operation.

## **FARM PERSONAL PROPERTY COVERAGE**

A package policy may be endorsed to provide coverage for farm personal property on either a scheduled or unscheduled basis.

### **E SCHEDULED FARM PERSONAL PROPERTY – BROAD OR SPECIAL FORM**

This coverage is used for farm personal property not qualifying for coverage under Class F – Unscheduled Farm Personal Property such as installed equipment, registered cattle valued over \$2,000, 6-Wheelers and 4-Wheelers, semen and farm feeder computer systems. It is also used when the total farm personal property inventory is below the minimum required for Class F – Unscheduled Farm Personal Property inventory or when the insured does not want to cover 100% of his farm personal property inventory. (Minimum requirements vary, see the statewide underwriting requirements) **Note: there are special rates for some items.**

Submersible Pumps are covered in this class for “Actual Loss Sustained”. There is a flat charge per pump. This is a Southeast Mutual charge only.

## **F UNSCHEDULED FARM PERSONAL PROPERTY – BROAD OR SPECIAL FORM**

This coverage is used when insuring the entire farm personal property inventory. The coinsurance clause in the policy states that the inventory must be covered to at least 80% of actual cash value, but it is strongly recommended that the inventory be covered to 100% of actual cash value to allow for inflation and new purchases.

Livestock valued at more than \$2,000 per head must be scheduled in Class E.

Long-term leased equipment can be covered here. A copy of the contract should be submitted when requesting coverage.

**6-Wheelers and 4-Wheelers can not be covered here**

**See the TP1 Policy Form for additional exclusions and restrictions applying to Class F – Unscheduled Farm Personal Property**

## **FARM BARNS, BUILDINGS, AND STRUCTURES**

### **GENERAL UNDERWRITING GUIDELINES**

- All buildings should be well maintained and in good repair. Do not insure a building on the promise that it will be repaired in the future.
- Generally, an asphalt shingled roof over 25 years old will need to be excluded.
- Fencers or fuel tanks should not be located in any building.
- Foundations under exterior walls must be of continuous construction except for pole buildings.
- Combustibles, such as gas, should not be stored in buildings in large quantities.
- Electrical service must be up to code.
- No exposed urethane or styrene insulation

### **G1 FARM BARNS, BUILDINGS AND STRUCTURES - BASIC OR SPECIAL FORM**

- Only buildings of superior construction that are fully utilized are eligible for this class. Statewide requirements vary and should be checked.
- Building must be insured from 80% to 100% of replacement value (check statewide company for specific requirement). It is recommended that the building be insured to 100% of replacement value. Equipment which is attached to the building must be included when figuring replacement value.
- Inflation Guard Coverage applies to the building (Exception: Austin Mutual)
- Special Form and Replacement Cost are included (Exception: Austin Mutual)
- Collapse from Weight of Ice, Sleet or Snow is included
- **We will review all buildings at renewal to see if the building still qualifies for this class.**

## **G2 FARM BARNs, BUILDINGS AND STRUCTURES – LIMITED OR BASIC FORM**

- Buildings in above-average condition and fully utilized are eligible for this class. Statewide requirements and coverage options vary and should be checked
- Must be insured from 50% to 100% of replacement value. Equipment which is attached to the building must be included when figuring replacement value.
- Buildings which should go in this class are barns over 1-story, other frame or pole buildings, center pivot and jet irrigation systems, town halls, below ground swimming pools, structurally sound fences.
- Collapse due to Weight of Ice, Snow or Sleet is included

## **G-3 FARM BARNs, BUILDINGS AND STRUCTURES - LIMITED OR BASIC FORM**

- Buildings in this class should be structurally sound and have utility value. Check with the statewide company for specific requirements and possible exclusions
- Must be insured to not less than 25% of their replacement value (including attached equipment)
- Collapse coverage is not included and can not be purchased for this class
- Buildings which should go in this class are buildings used for storage, buildings with wood shingles, as well as buildings with older asphalt/metal roofs

## **H SPECIAL HAZARD - LIMITED OR BASIC FORM**

- Buildings must have some utility value – this is not intended to be a clean-up coverage with hopes that the building will either burn or blow down.
- Portable buildings, windmills, antennas and overhead wiring are eligible for coverage in this class.
- Must be insured to a minimum of 10% of their replacement value
- Hoop buildings may be covered here. Check with the statewide carrier for the possibility of being placed in other classes.

## **MISCELLANEOUS PROPERTY**

- Any commercial exposures must be located on the insured's premises
- The insured's income should be minimal. Farm income is to be the primary source of income
- We are limited by statute in that we can only use up to 25% of our total qualified property exposure to apply to these Incidental Business Risks.
- Remember this option should not take the place of a Commercial Policy. When in doubt, write it commercially.

**EXPOSED INSULATION**

**NO COVERAGE** can be written on any building or structure containing exposed urethane or styrene insulation, unless covered with an approved material. We have listed below what we consider to be acceptable coverings. You must tell us when a building contains urethane or styrene insulation and what material it is covered with.

- ¼ inch pyrocrete 102
- ½ inch cement plaster
- ¼ inch magnesium oxychloride at 60 pounds/cubic foot or ½ inch of light weight magnesium oxychloride aerated and foamed
- Fire rated gypsum board
- Mineral asbestos board
- Fire rated ½ inch plywood
- 5/8 inch standard plywood
- ¾ inch spray cellulose fiber

**DEDUCTIBLES**

The base deductible for Southeast Mutual Insurance Company is \$500.00 and applies to all property coverage perils unless otherwise indicated. There is no buyback to “No Deductible” available. **The deductible applies per occurrence.**

The base deductible may be changed by applying the following factors to the base premium.

<b>For this deductible:</b>	\$ 100	<b>Apply this factor:</b>	1.40
	\$ 250	.....	1.15
	\$ 500	.....	<b>Base</b>
	\$ 1,000	.....	.90
	\$ 2,500	.....	.80
	\$ 5,000	.....	.70

The deductible does not apply to Fire Department Service Charge coverage, Emergency Removal or Southeast Mutual coverage for refrigerated foods (SPC or Q)

## **OPTIONAL COVERAGES**

Provided by Southeast Mutual Insurance Company  
And the Statewide Company

### **J Replacement Cost on A1 Dwellings and G1 Barns, Buildings or Structures**

This coverage is provided at no charge if the buildings meet the insurance to value and underwriting requirements of both companies.

### **K Replacement Cost on Household Goods**

May be used in conjunction with A-1 Dwellings, A-2 Scheduled Dwellings, A-2 Dwelling Pak, and Mobile Homes. Minimum coverage is \$10,000. Minimum premium is \$10.00. Check the statewide carrier for specific underwriting requirements.

### **R Glass Coverage**

Provides coverage for breakage of glass constituting a part of the cab of the mobile farm equipment. A \$25 deductible applies.

### **S Peak Season**

Used when insured has a larger inventory at different times of the year on their farm personal property. This form allows them to pay a premium based on the time they need the extra coverage.

### **T Farm Extra Expense**

Covers the necessary extra or additional expenses incurred to continue normal farming operations, following a loss covered by perils insured against to property covered under either coverage "E" or coverage "F" or "G".

### **Z Inflation Guard**

The limit of insurance for all property to which this optional endorsement applies may be increased by a percentage determined by us (reflecting rate of inflation) at the beginning of each policy year.

### **6J Modified Replacement Cost Coverage**

This option is only available for the A1 Dwelling class. The policy may be endorsed to provide replacement cost coverage when the amount of insurance coverage written is 70%, 60% or 50% of the dwelling's replacement cost. See rate tables for the factors to be used.

### **6S Debris Removal**

Applies to coverage A, C, E, F or G. Provides debris removal coverage when a building is totally destroyed by an insured peril, and the insured loss plus the cost of debris removal is more than the limit of insurance. (Review form). The limit will be the lesser of an additional 5% of the amount paid on the loss or \$2,000. **Southeast Mutual includes this coverage at no charge.**

### **6X Deferred Loss Payment**

To be used at the discretion of the underwriter, in concert with the agent and inspector. Each circumstance will be reviewed, prior to implementation.

### **7B Non-Depreciation of Repairs**

Applies only to coverage E or F. It pays for the repair of property with materials of equivalent kind and quality to the extent practical without deduction for depreciation. Repairs cannot exceed the actual cash value of the items damaged. **Southeast Mutual includes this coverage at no charge.**

### **7N Loss of Income**

Provides coverage for loss of net income from a livestock farming operation due to damage or destruction of an insured building, by a peril insured against under this policy. The limit must be specified and can be recovered up to 25% per each 30 days.

### **7P Leased, Rented or Borrowed Farm Machinery & Equipment**

Short term leased or rented equipment – 1 to 3 month lease period. Must supply a copy of the contract, and the item must be scheduled under class “E”. Minimum premium is \$25.00 for short-term leased equipment

### **SPC Special Package of Coverages**

Includes \$500 outdoor antenna/satellite dish coverage; \$250 fence coverage; \$250 refrigerated foods coverage and \$500 for outside wiring and its supports. **One SPC is included at no charge.** A second unit of the SPC will double these coverages and may be purchased from Southeast Mutual. Check the statewide company to determine if purchasing a second unit from them is an option. Individual limits can be increased by paying the applicable premium.

### **TP1 Farm Operations Record**

Means the expenses you incur to reproduce, replace or restore your farm operations records including the necessary research to obtain data. **Southeast Mutual provides \$1,000 at no charge.** You may purchase additional coverage up to a maximum of \$20,000.

## **OPTIONAL COVERAGES**

Provided by Southeast Mutual Insurance Company

### **Q Added Perils for Refrigerated Food Products**

Provides coverage for food products owned by the insured and located in a freezer or refrigerated unit on the insured premises. The loss must be caused by interruption of the electrical service to the unit or mechanical or electrical breakdown of the unit itself. \$250 coverage is included. The coverage may be increased to a maximum of \$1,000.

### **7A Collapse – Weight of Ice, Snow or Sleet (USE ON “FIRE ONLY” POLICIES)**

Broad Form Perils cover livestock for this type of loss but do not cover other farm personal property. Therefore, by adding this endorsement, you fill that potential gap in coverage. **(Use only on “Fire Only” policies. The statewide companies provide this coverage on package policies, with the exception of livestock, which is covered by the township mutual)**

### **7J Theft Coverage Extension**

This form deletes item (b) under the theft peril as found in Basic Perils. This allows coverage for construction materials and supplies (which are otherwise excluded from coverage) that are being used on an insured dwelling or building. Coverage may be purchased for 180 days. There will be a retained fire premium of \$50.00.

**7S Amended Theft (Expanded Coverage).** Provides expanded theft coverage by not requiring the time of the theft or attempted theft to be known and by not requiring clear and convincing proof, including physical evidence that theft occurred. **Southeast Mutual includes this coverage at no charge.**

**7U Back-Up of Sewers, Drains or Sump Systems (Not Flood Insurance)**

Coverage does not apply if the loss is caused by the insured's negligence or if loss occurs or is in progress within the first (15) days of the inception of this coverage. The limit will not exceed \$1,000 in any one occurrence. The policy deductible, in no event less than \$250, will be deducted from each loss paid under this optional coverage. You may increase coverage to a maximum of \$5,000.

**7W Collision and/or Overturn**

Applies to coverages E and F and broadens the Collision Peril by providing coverage for collision of a vehicle with an object below the surface of the ground. **Southeast Mutual includes this coverage at no charge.**

**7X Expanded Vehicle Damage.**

This endorsement expands the vehicle peril as found under the Limited Peril Section of the TP-1 to cover damage caused by any vehicles owned or operated by an insured or an occupant of the insured premises to scheduled or unscheduled farm personal property and farm barns, buildings, structures and outbuildings. **Southeast Mutual includes this coverage at no charge.**

**Fire Department Service Charge Coverage**

Under Incidental Property Coverages \$250 is automatically included in the TP1. You have the option of increasing this coverage in the following increments- \$1,000, \$2,000, and \$3,000. Maximum total coverage is \$3,250.

**Increased Limits**

Under the TP1, there are limitations on certain properties under Coverage C. Some of these limits can be increased using the guidelines below. The rate will be the A2 Basic or Broad rate, depending on which form is applied to personal property on the policy. **The increased limits apply only to Southeast Mutual coverages.**

- **Money coverage** may be increased from the base limit of \$200 to a maximum of \$700. Rate applies per \$100.
- **Securities, commercial paper, stamps, philatelic property, tickets, accounts, deeds, evidence of debt, passports, manuscripts, unpublished works and other valuable papers** may be increased from the base limit of \$2,000 to a maximum of \$4,000. Rate applies per \$100.
- **Antiques and collectables** may be increased from the base limit of \$2,000 to a maximum of \$4,000. Rate applies per \$100.
- **Watercraft including their trailers, equipment, accessories, and outboard motors** may be increased from the base limit of \$2,000 to a maximum of \$4,000. Rate applies per \$100.

- **Cemetery markers, headstones, and urns** may be increased from the base limit of \$1,000 to a maximum of \$4,000. Rate applies per \$100.
- **Horse tack, saddles, bridles, and related items** may be increased from the base limit of \$2,000 to a maximum of \$4,000. Rate applies per \$100.
- **Computer hardware, software, and related equipment and accessories** may be increased from the base limit of \$1,000 to a maximum of \$4,000. Rate applies per \$100.
- **Jewelry, watches, precious or semi precious stones, gems or furs applying to loss by theft** may be increased from the base limit of \$2,000 to a maximum of \$4,000. Rate applies per \$100.
- **Silverware, goldware, pewterware and items plated with gold or silver applying to loss by theft** may be increased from the base limit of \$2,000 to a maximum of \$4,000. Rate applies per \$100.
- **Guns and gun accessories including antique and collectable guns applying to loss by theft** may be increased from the base limit of \$2,000 to a maximum of \$4,000. Rate applies per \$100.
- **Ice fishing houses and fixtures** may be increased from the base limit of \$2,000 to a maximum of \$4,000. Rate applies per \$100.

## **CLAIMS PROCEDURES**

### **GENERAL INSTRUCTIONS**

All losses should be reported to the Southeast Mutual office in St Charles either by fax 507-932-3902 or by phone 507-932-3886 or 800-775-0098. Do not send a hard copy of the loss report when you have already notified the company by fax about the loss. Do indicate if bills or estimates will follow by mail.

An Acord form or the Southeast Mutual Proof of Loss form (which can be printed from our website) should be used when reporting claims. The form should be filled out completely so the nature and severity of the loss can be determined. Any available estimates should be attached.

### **THEFT CLAIMS**

A police report must be submitted for all theft claims. Documentation such as receipts, cancelled checks, warranty books, charge account records, etc. is also required for all theft claims.

### **VANDALISM & MALICIOUS MISCHIEF**

Any incidents of vandalism or malicious mischief should be reported by the insured to police immediately upon discovery.

## **LIVESTOCK DEATH**

We require and pay for a veterinarian's written necropsy report for any claim of damage or death or destruction to insured livestock. The necropsy should include dissection and examination of the animal to determine the cause of death.

## **AGENT'S DUTIES AFTER A LOSS**

- **Report any possible claim to Southeast Mutual immediately upon notification from the insured, even if you are not sure of coverage.**
- Inform the insured that they need to protect the property from further damage.
- Tell the insured to save any receipts for temporary repairs.
- Remind the insured to obtain any necessary reports, such as a police report or, in the case of livestock death, a veterinarian necropsy report.
- Fill out the loss form and submit promptly to us.
- Inform the insured of their policy deductible
- **Do not assign an adjuster** to the loss without prior company approval
- **Do not promise the insured payment or guarantee coverage of the loss.** Tell the insured that you will submit the claim to the company for consideration..

## **ACKNOWLEDGEMENT OF CLAIM**

After a claim is received in the Southeast Mutual office, a written acknowledgement will be sent to the agent and the insured. The acknowledgement will contain the following information:

- Claim number assigned to the loss. Use this number when contacting the company regarding the loss
- Name of the adjuster assigned to the loss (if one has been assigned) along with the adjuster's address and telephone number.
- If the claim is being handled by the company without an adjuster, the name of the person who is handling it will be included.