

L O U D O U N M U T U A L

UNDERWRITING GUIDELINES

Edition Jan, 2022

Mission Statement

The mission or purpose of Loudoun Mutual Insurance Company is to provide quality insurance products to our policyholders through our strategic partners, the independent agents.

Introduction

Loudoun Mutual's success relies heavily on the independent agencies that represent us, and we put a great deal of trust in their opinions and judgments regarding the insurability of a particular risk. An agent is expected to be familiar with the insurability of any risk they submit to the company. Loudoun Mutual strives to maintain flexibility regarding acceptability of risks. Our underwriters are accessible. The company's underwriting philosophy is to look for ways to insure agent-recommended risks rather than rejecting those not meeting the guidelines.

What follows are *binding* guidelines. This does not mean that Loudoun will not accept a risk that does not meet every guideline; it simply means the company wants to review the risk before coverage is bound. Using this procedure greatly reduces the number of risks that are submitted to the company and later rejected.

RISKS REQUIRING COMPANY APPROVAL BEFORE BINDING:

1. Risks that have suffered losses within the past 3 years.
2. Risks when the applicant has declared bankruptcy or foreclosure within the last 3 years.
3. Risks with Insurance Scores as determined by our online quoting system of either:
 - a. "Low Score – Further Underwriting Required"
 - b. "Prior Bankruptcy – Further Underwriting Required"
4. Risks that have had insurance coverage cancelled, declined, or non-renewed within the past 5 years for reasons other than agency contract termination.
5. Risks with woodstoves:
 - a. Located in outbuildings, farm structures or mobile homes.
 - b. Not installed to company guidelines or is homemade.
 - c. Located in a property rented on a short-term basis, e.g., Airbnb or VRBO. This includes woodburning fireplaces; however, gas or electric fireplaces are acceptable.
6. Outdoor woodstoves within 50 feet of any combustible structure.
7. Risks expected to be Under Construction for more than 6 months.
8. Risks that are Vacant or Unoccupied.
(Risks expected to be occupied within 30 days are not considered Vacant or Unoccupied.)
9. Risks that are Under Renovation.
(Minor renovations lasting no more than 30 days are not considered Under Renovation.)
10. Risks within 5 miles of the Atlantic Ocean. (10 miles for MasterGuard Homeowners.)
11. Risks with any of the following characteristics:
 - a. Properties with wood shake roofs, stucco exteriors (including EIFS/Dryvit), Qest (polybutylene) plumbing, galvanized pipes, or aluminum wiring.
 - b. Properties with rolled roofing, tar and rock, rubber or flat roofs (unless in like new condition).
 - c. Property is isolated or inaccessible to firefighting equipment.
 - d. Properties with underground oil tanks, asbestos siding or asbestos shingles.
 - e. Property has unrepaired damage from a prior loss.
 - f. Property is in poor or hazardous condition.
 - g. Property involving anything of an unusual nature such as radical design, unknown use, unclear ownership, etc.
 - h. Properties where the market value is less than 50% of the building's replacement cost.
12. Risks with one or more of the **liability exposures** shown below:
 - a. Homes where a business is operated from the premises.
 - b. In ground swimming pool not surrounded by 4-foot fence or includes a sliding board.
 - c. Above ground swimming pool not surrounded by 4-foot fence, or not guarded by locked gate to stairs, or includes a sliding board.
 - d. Exterior stairs over 3 steps high without a handrail.
 - e. Porches or decks over 2 feet above ground level without safety railing.
 - f. Unusual or hazardous playground equipment, including skateboard ramps or tree houses. Trampolines require company approval prior to binding coverage; however, trampolines without safety netting and in an unfenced yard are ineligible.
 - g. Ownership of more than 2 horses in the homeowner or mobile homeowner programs or boarding of any equine animal.
 - h. Ownership of any dog which has previously bitten.
 - i. Ownership of any breed of dog known for its vicious nature, such as Rottweilers, Akitas, Cane Corso, Dogo Argentino, Presa Canario or any dog which the agent is too uncomfortable to be around. **Pit-Bulls are ineligible.**
 - j. Ownership of a wild or exotic animal.
 - k. Ownership of unregistered farm trucks exceeding 35,000 lbs.
 - l. Farm operations with gross receipts in excess of \$1,000,000.
 - m. Home day care for children or adults
13. Coverage may *not* be bound or increased during a time when the Commonwealth of Virginia is under a Hurricane watch or warning, or any other time in which a moratorium has been announced.

PLEASE NOTE: In most cases, if any of the above risks are approved by Underwriting, the rating will be Standard tier only and may also be surcharged.

PROHIBITED BUSINESS

The following risks cannot be insured with Loudoun Mutual under any circumstances:

1. Property risks located outside the Commonwealth of Virginia.
2. Risks not recommended by the agent.
3. Risks not meeting the eligibility requirements of a particular program.
4. Risks with woodstoves in attached garages.
5. Risks with zip lines.
6. Risks with liability limits exceeding those published within company manuals.
7. Form 4 risks for students (unless the parent has a primary homeowner/farmer policy with Loudoun).
8. Property risks under construction where the owner is acting as the general contractor.
9. Risks where a Pit-Bull (American Staffordshire terrier) or a Pit-Bull mix resides on premises.
10. Risks that have been brokered without prior company approval.

NEW BUSINESS SUBMISSIONS

The following should be included with any new business application:

1. We accept Personal Lines **applications** submitted through our online quoting and application system. Farm or Commercial applications or Personal Lines applications not submitted online should be scanned and emailed to newbusiness@loudounmutual.com. The agent is required to maintain a signed copy of all applications.
2. A **photograph*** of the dwelling and/or any other building specifically insured. In lieu of photographs, we do accept *recent* real estate appraisals, real estate listings, or other similar publications. If photographs are not being uploaded with applications, please indicate when they will follow.
3. A **Replacement Cost Estimator** is required for all dwellings insured under any Homeowners or Farmowners forms, or under any replacement cost Dwelling Policy forms (FL-2 & FL-3).
4. Minimum **down payment required** if not mortgagee billed or set to EFT.
5. All information, including **copies of binders** and **appraisals** for scheduled personal property over \$10,000 should be uploaded with the application or mailed to the company within 5 days of when coverage was bound.
6. A **woodstove questionnaire** and **photo** of the woodstove* are required for all properties containing a woodstove (free-standing or inserts). Please upload with the application or mail to the company within 5 days of when coverage was bound.

** Agencies participating in the Home Office Inspection Program are not required to submit building photographs or woodstove questionnaires. Contact the Marketing or Underwriting managers if your agency is interested in participating in this program.*

REINSTATEMENTS

Reinstatements must be pre-approved by the company. Policies may be considered for reinstatement if they have been cancelled for nonpayment *only once* within the last 3 years and have a favorable loss history, premium payment history, and Insurance Score. A reinstatement fee will be charged. Additionally, they may not be rewritten as a *new* policy with Loudoun Mutual Ins. Co. without pre-approval. Before a policy is reinstated or rewritten, the agent must confirm that there is no material change in occupancy, eligibility, condition or use. In some cases, reinstatements will reflect a lapse in coverage.

MAXIMUM LIMITS BINDING AUTHORITY:

Risks exceeding these limits must be pre-approved by the company before binding.

Homeowners Program:

<i>Type of Risk</i>	<i>Coverage Limit</i>
Dwelling	\$1,000,000
Scheduled Personal Property (any single item)	\$25,000

Tenant/Condo Homeowners Program:

<i>Type of Risk</i>	<i>Coverage Limit</i>
Contents	\$150,000
Improvements & Alterations (Coverage A)	\$150,000
Scheduled Personal Property (any single item)	\$10,000

Dwelling Program:

<i>Type of Risk</i>	<i>Coverage Limit</i>
Single Family Dwelling	\$1,000,000
Multi-Family Dwelling	\$1,000,000

Farmowners Program:

<i>Type of Risk</i>	<i>Coverage Limit</i>
Dwelling	\$1,000,000
Farm Structure	\$500,000
Scheduled Personal Property (any single item)	\$25,000
Scheduled Machinery (any single item)	\$150,000

Mobile Homeowners Program:

<i>Type of Risk</i>	<i>Coverage Limit</i>
Single Wide	\$65,000
Double Wide	\$150,000
Scheduled Personal Property (any single item)	\$10,000

Farm Fire Program:

<i>Type of Risk</i>	<i>Coverage Limit</i>
Any Single Building or Contents	\$500,000

House of Worship & Bed and Breakfast Programs:

<i>Type of Risk</i>	<i>Coverage Limit</i>
Any Single Building	\$1,000,000

Commercial Properties:

<i>Type of Risk</i>	<i>Coverage Limit</i>
Any Single Building	\$1,000,000

Umbrellas Policies:

<i>Type of Risk</i>	<i>Coverage Limit</i>
Personal or Farm Liability	\$1,000,000 <i>(higher limits bound upon co approval.)</i>