

Indiana FarmersTM **MUTUAL INSURANCE COMPANY**

Agency Homeowner Manual

Homeowner Risk Guidelines

The issuance or renewal of policies is at the discretion of the company. Risks that fall within the broad guidelines below will be considered for coverage. The mere fact that a risk meets the guidelines below does not guarantee acceptance or renewal. We expect our agent partners to inspect, underwrite, and manage a potential risk before that customer is sent to the company for review and acceptance.

Applicant

Eligibility:

- Applicants convicted of arson or insurance fraud are ineligible for coverage.
- Prior policies with cancellations or non-renewals are ineligible.
- The named insured must be in the name of a person, not a business entity, trust or estate.

Referrals:

- Two or more losses within the previous five-year period must be referred to the Underwriter.

Dwelling and Premises

Eligibility:

- Dwellings, other structures, and premises that are in disrepair or are poorly maintained are ineligible.
- Dwellings containing more than two individual family units are ineligible.
- Dwellings with two or more families or more than two roomers/boarders occupying an individual family unit are ineligible.
- Dwellings with flat roofs or T-Lock shingles are ineligible.
- Dwellings in the process of rehabilitation or structural remodeling are ineligible.
- Vacant or unoccupied dwellings are ineligible.
- Dwellings with dog breeds commonly known to have aggressive propensities are ineligible. These include, but are not limited to, the following: Pit Bull, Rottweiler, Husky, Wolf Hybrid, German Shepherd, Chow, Doberman, or a non-purebred mixed with any of the preceding breeds.
- Dwellings with wild animals, exotic animals, or animals known to have a history of aggression or biting are ineligible.
- Dwellings with unsecured/unfenced swimming pools are ineligible.
- Dwellings in foreclosure are ineligible.
- Off-premises liability coverage for ATVs is not available.

Referral:

- Log Homes
- Dwellings with farming operations or farm animals
- Dwellings with a business exposure

Wood/Solid Fuel Heating

Dwellings with an acceptable solid fuel heating device are subject to a surcharge. Solid fuel burning units may be inside or outside the structure and include, but are not limited to those that burn wood, coal, corn, or pellets. All solid fuel units will be inspected at the company's discretion. The following outlines the minimum requirements for these units and provides a list of those exposures that are unacceptable.

We require:

1. A solid fuel heating unit with system components that are U.L. listed and tested;
2. The solid fuel heating system must be installed by a professional according to the manufacturer's specifications.
3. Regular maintenance by a certified chimney sweep or qualified solid fuel heating technician in accordance with the following schedule:
 - Free-Standing Stoves (includes corn or pellet) – annual inspection and cleaning
 - Add-On Heating Units and New Furnaces – annual inspection and cleaning
 - Outdoor Wood Burners – annual inspection and cleaning
 - Fireplace Inserts – semi-annual inspection and cleaning
4. A visual inspection of the solid fuel heating system by:
 - A solid fuel heating system inspection performed by an Indiana Farmers representative
 - or submission of a completed Solid Fuel Heating Device questionnaire (ACORD 73) and photos of the solid fuel heating system including the chimney.
5. The solid fuel heating unit must be free of debris and clutter.
6. Floors must be protected by noncombustible materials such as brick, stone or tile.
7. Outdoor wood burners be a least 50 feet from structures or other combustibles.
 - This distance can be reduced based on manufacturer's specifications or to 20 feet if the unit is enclosed in a noncombustible building (steel or concrete).

Dwellings with any of the following are ineligible for coverage:

1. A solid fuel heating system that is the primary source of heat.
2. A previous solid fuel heating related loss (including chimney fires).
3. Solid fuel heating systems in garages or outbuildings.
4. A dual fuel furnace or any homemade stove or barrel stove.
5. With a solid fuel heating device that is homemade or from a kit.
6. An installation that incorporates a heat reclaimer or heat exchanger.
7. A solid fuel heating device in a tenant occupied dwelling.
8. More than two devices in a single structure.
9. A solid fuel heating device in a mobile home.
10. Unless listed for such connection, solid fuel burning appliances should not be connected to a chimney flue serving another appliance such as gas or oil fired furnaces and water heaters.

Pools

We require:

1. Pools must be fenced with a secured locking gate.
 - Above ground pools do not need to be completely fenced, but they must have a secured locking gate or a removable or lock-up ladder
 - If there is no fence, then the pool must have a hard cover or automatic retractable cover that is load-bearing
2. Diving boards that sit 1 meter (or 3 feet) above the water are acceptable, but no springboards. Pool depth must be minimum 9 feet in diving areas.
3. Slides are acceptable.

If there is any question about the acceptability of a prospective risk, please call your underwriter for approval BEFORE binding coverage. We reserve the right to decline any risk which, in the judgment of the underwriter, presents an undue exposure or a high probability of loss.

Policy Structure

Coverage A- Dwelling

Coverage B- Other Structures

Up to 10% of the Coverage A limit is included in the base policy for unscheduled other structures on the residence premises.

Coverage B for structures away from the described location may also be purchased.

Coverage C – Personal Property

For forms HO 00 02 and HO 00 03, the policy automatically provides a limit of 70% of Cov. A for tiers 20 and below and 60% of Cov. A for tiers 21 and above. Increased amounts of Coverage C may be purchased.

Coverage D – Loss of Use

All forms provide Actual Loss Sustained coverage.

Coverages E&F – Personal Liability & Medical Payments to Others

All forms provide a minimum of \$100,000 Coverage E and \$1,000 Coverage F. Increased limits may be purchased.

Outboard watercraft liability is automatically included, regardless of horsepower. Coverage for inboard, inboard/outboard, jet skis and wave runners may be purchased for an additional premium.

Coverage Minimum Limits

	HO 00 02	HO 00 03	HO 00 04	HO 00 06
COVERAGE A	\$25,000 – Must be Insured-to-Value	\$25,000 – Must be Insured-to-Value	N/A	\$1,000
COVERAGE B	10% of Coverage A	10% of Coverage A	N/A	N/A
COVERAGE C	70% of Cov. A for tiers 20 and below and 60% of Cov. A for tiers 21 and above	70% of Cov. A for tiers 20 and below and 60% of Cov. A for tiers 21 and above	\$8,000	\$8,000
COVERAGE D	Actual Loss Sustained	Actual Loss Sustained	Actual Loss Sustained	Actual Loss Sustained
COVERAGE E	\$100,000*			
COVERAGE F	\$1,000*			

*Section II coverage is not mandatory for secondary and seasonal homes when extended from the primary Homeowners policy.

The requested limits in excess of the following must be referred:

- \$750,000 Coverage A for a primary dwelling.
- \$250,000 Coverage A for a secondary or seasonal dwelling.
- \$100,000 Coverage C on an HO 00 04.
- \$150,000 Coverage C on an HO 00 06.

Rating Components

Property Loss Experience Program

Applicants and policyholders who are claim-free can receive additional discounts as outlined below, up to a maximum of ten percent. With the added reward also comes the risk of penalties should they have one or more claims. In those cases, some or all of the previously awarded discounts are removed or in some cases, surcharges are applied.

Number of Losses in the Last Five Years	Number of Policy Years with IFM		
	0-4 Years	5-9 Years	10+ Years
0	-	-7%	-10%
1	10%	-2%	-5%
2	30%	25%	20%
3	60%	60%	60%
4	100%	100%	100%

**The Property Loss Experience Program only applies to policies with the HO 00 02 or HO 00 03 coverage form.*

Discounts and Credits

- Auto/Home Discount – A 10% discount is available on any Homeowners policy if the insured’s Personal Auto policy is also written with Indiana Farmers. This credit does not apply to Mine Subsidence or to any Inland Marine coverage added to a Homeowners policy.
- Select Market Credit – A 2% credit is available on a Homeowners policy (all forms), if all of the following criteria are met:
 - 1.) the Personal Auto and Homeowners policies are written with Indiana Farmers,
 - 2.) one of the named insureds is at least 40 years old,
 - 3.) the qualifying rating tier is a 1-40,
 - 4.) there are no children (of any age) in the household.
 This credit does not apply to Mine Subsidence or to any Inland Marine coverage added to a Homeowners policy.
- Mature Homeowner Discount – A 10% discount is available on any Homeowners policy if one or more of the named insured occupants are age 50 or older. This credit does not apply to Mine Subsidence or to any Inland Marine coverage added to a Homeowners policy.
- New Home Credit (not available on forms HO-4, HO-6 or Mobile-Manufactured Homes) – Credit is applicable to dwellings not more than ten years old and varies from 2% to 15% depending on the age of the dwelling. This credit is not applied to any additional or optional coverage that the insured may purchase.

Surcharges

- Trampoline Surcharge – An annual surcharge of \$75 applies to homeowner risks which have a trampoline on the insured premises.
- Wood or Solid Fuel Burning Appliance Surcharge – An annual surcharge of \$50 applies to homeowner risks which have a wood or solid fuel burning appliance on the insured premises.
- Swimming Pool or Hot Tub Surcharge – An annual surcharge of \$25 applies to homeowner risks which have a swimming pool or hot tub on the insured premises.
- No policy credits apply to any of the above listed surcharges.

Construction Types

- A. Masonry - A dwelling with walls of masonry or masonry veneer construction.

NOTE: A dwelling shall be classed as masonry construction when the masonry wall area (including gables) exceeds 66 2/3% of the total wall area.

- B. Frame - A dwelling with walls of frame, or metal -- sheathed stuccoed frame construction, or with walls of metal or metal lath or plaster on combustible supports.

Protection Classifications

The Protection Class listings in the Insurance Services Office (ISO) Community Mitigation Classification manual apply to risks insured under homeowner policies.

- A. The protection class indicated applies in a municipality or classified area where a single class of fire protection is available throughout (e.g. 6, 7, 8, etc.)
- B. In a classified area where two or more classifications are shown (e.g. 6/9), the classification is determined as follows:

	Distance to Fire Station	Class
1)	Five road miles or less with hydrant within 1,000 feet	First protection class listed (e.g. 6/9 ... use Class 6)
2)	Five road miles or less with hydrant beyond 1,000 feet	9
3)	Over 5 road miles	10

- C. All other properties are Class 10.

D. Special Protection Class-11 Rating

For PC-9 rated properties, the risk will be rated PC-11 if all the following criteria are met:

- Primary residence
- Clearly visible by neighbors and accessible by an all-weather, paved road
- Within 5 (five) all-weather (paved) road miles of an ISO-rated responding PC-8 (or better) rated fire department that carries a minimum of 1,500 gallons of water. There must be a reciprocal agreement, in writing, between the PC-8 (or better) fire department and the primary responding PC-9 fire department.

E. Special Situations

Other situations may be submitted to your Underwriter for evaluation and consideration.

Tiering Guidelines

NOTE: The more information you can provide the more accurate the insurance score.

Why we use insurance scoring to establish tiering?

Indiana Farmers believes in matching a policyholder's premium with their chance of loss. Insurance scoring has proven to be extremely effective at measuring chance of loss both at Indiana Farmers and across the industry.

What comprises the insurance score and how is this obtained?

Insurance scores are calculated using data collected from national credit bureaus. For Indiana Farmers, LexisNexis gathers the data from either Experian or Equifax. Based on the information returned, LexisNexis then calculates the insurance score.

What does tier 98 and 99 mean and how is this applied?

Named Insureds who do not have an insurance score will be reflected as a "No Hit" (Tier 98) or "No Score" (Tier 99). A "No Hit" score is returned when the credit bureaus cannot find the individual. They have not established credit and have no credit history. For an example, a 21 year old moving out on their own and they haven't paid bills and they don't have a credit card. A "No Score" is generated by an insured who has an established history but currently uses credit either infrequently or not at all. For an example, a named insured who has paid off their mortgage and / or have closed their credit cards. If a 98 or 99 tier is received their tier rating factor will be equivalent to tier 50.

How often is the insurance score ordered?

We request the report to obtain the insurance score that will establish the proper tiering. This report is ordered for the policy every three years. This is completed by our system to run automatically on the three year schedule at renewal. We obtain the score per policy not account. We cannot change the tier once the score has been received. Changing the tier is in direct violation with the IDOI.

Are we able to re-run this report between the three year intervals?

Yes. This can be re-ordered upon the agent or insured's request. However, it must be re-ordered one year from the last order date and this can only be done at the next renewal of the policy. We are NOT able to re-order this report and / or change the tier mid-term. You must wait for one year / renewal.

Are we able to manually change a tier if there is an issue?

Yes. If you can provide documentation that there have been fraudulent acts or identity theft on the insured's account. We will investigate and change the tier that is needed. This is by manager approval only. If there is a known system error with LexisNexis, we will investigate for possible tier adjustments.

Who do we order the reports for?

We order these reports for named insureds only. If there is more than one named insured on the policy we will order the report for both individuals. The better (lower) tier will be utilized to rate the policy.

What happens if our insured gets married and adds their spouse to the policy?

When the request is received to add the spouse to the policy we order the report for the new spouse only. If the tier is lower than the current tier, this will be changed to reflect the lower tier. If the tier is higher for the newly added spouse, the policy will remain at the current tier.

What happens in the event of a divorce or death of a named insured?

When a named insured is removed mid-term due to divorce or death, the tier will not change. When the policy renews, the tier from the remaining named insured will be used and will continue on the same three year schedule.

What happens to the tier when policies are rewritten through the AOR process?

The new agency will quote the insured as new business and all new reports will be ordered. The tier that we receive will be used as the quoted tier. There will be no adjustments to the new tier based on the insured's prior policy tier. This is a direct violation with the IDOI.

What happens if an agency closes and an IFM insured is rewritten with another agent?

If an agency closes and the policy is rewritten by another agent, this is not considered an AOR. The new agency will quote the insured as new business and all new reports will be ordered. The tier that we receive will be used as the quoted tier. There will be no adjustments to the new tier based on the insured's prior policy tier. This is a direct violation with the IDOI.

What is the tiering range?

Tiers 1-10 go in sequential order. Tiers 12 – 90 are even numbers only. After tier 90 we have tier 95 which is the highest tier which is rated at the highest premium. After 95, we have tiers 98 and 99 which are explained above.

Coverage Forms

- [HO-2](#) Homeowners 2 Broad Form
- [HO 3](#) Homeowners 3 Special Form
- [HO 4](#) Homeowners 4 Contents Broad Form
- [HO 6](#) Homeowners 6 Unit Owners Form

Optional Property Coverage Forms

- **Actual Cash Value Loss Settlement – [HO 04 81](#)**
Forms HO 00 02 and HO 00 03 only. Modifies loss settlement conditions to ACV.
- **Actual Cash Value Loss Settlement Windstorm/Hail Losses to Roof Surfacing – [HO 04 93](#)**
Forms HO 00 02, HO 00 03, and HO 00 06. Modifies loss settlement conditions with respect to roof surfacing only.
- **Building Additions and Alterations – [HO-51](#)**
Form HO 00 04. Allows for increased coverage for additions/alterations.
- **Building Additions and Alterations Other Residence – [HO-49](#)**
Form HO 00 04. Allows for coverage for additions/alterations at a residence, other than the residence premises, that is rented to an insured.
- **Earthquake – [HO-315B](#)**
All forms. Adds earthquake as a covered peril. Deductible options are 5%, 10%, 15%, 20%, and 25%.
- **Equipment Breakdown – [92-132](#)**
Forms HO 00 03 and HO 00 06. Provides repair or replacement cost for physical loss or damage due to breakdown to mechanical, electrical, or pressurized systems. Limit of \$50,000 per occurrence; a \$500 deductible applies. Form also adds Additional Coverages of Expediting Expense, Spoilage, and Pollutant Clean-up/Removal, each with a \$3,000 limit.
- **Homeowners Enhancement Endorsement – [92-267](#)**
All forms. For an additional premium, provides the following:
 - Backup of Sewers and Drains - \$5,000 limit; higher limits available for an additional premium for those with a back-up, with a maximum of \$100,000 total coverage possible.
 - Property coverage for pets - \$500 per occurrence limit/\$100 per pet limit.
 - Broadened collapse (adds coverage for collapse resulting from subsurface water pressure).
 - Landslide coverage.
 - Food Spoilage - \$500 limit.
 - False Alarm - \$100 limit.
 - Lock and Garage Door Transmitter Replacement - \$500 limit.
 - Identity Fraud Expense - \$10,000 limit.
 - Personal Property Limited "Open Perils" - \$500 limit.
 - Off Premises Power Failure for additional living expenses - \$500 limit.
- **Increased Limit on Personal Property in Other Residences – [HO-50](#)**
All forms. Allows for increased coverage for personal property usually located at other residences.

- ***Loss Assessment Coverage for Earthquake – [HO-35B](#)***
All forms. Adds loss assessment coverage for loss by earthquake. Limits available in increments of \$5,000 up to \$50,000. A \$250 deductible per unit applies to this coverage.
- ***Functional Replacement Cost Loss Settlement [HO 05 30](#)***
Forms HO 00 02 and HO 00 03. Modifies the loss settlement provisions from Replacement Cost to Functional Replacement Cost.
- ***Mine Subsidence Coverage – [92-074](#)***
Forms HO 00 02, HO 00 03, and HO 00 06. Provides up to \$500,000 mine subsidence coverage per structure. A 2% deductible (minimum \$250; maximum \$500) applies. Coverage may be purchased for buildings covered under Coverage A only or for buildings covered under both Coverages A and B.
- ***Personal Property Replacement Cost Loss Settlement – [HO-290](#)***
All forms. Amends loss settlement to replacement cost for blanket and certain types of scheduled personal property.
- ***Scheduled Personal Property – [HO-61](#)***
All forms. Provides broadened perils for scheduled items of certain classes of personal property (jewelry, furs, cameras, musical instruments, silverware, golfer's equipment, fine arts, postage stamps, and rare and current coins.
- ***Sinkhole Collapse – [HO-99](#)***
Forms HO 00 02 and HO 00 03. Adds coverage for sinkhole collapse.
- ***Special Computer Coverage – [HO-314](#)***
Forms HO 00 02, HO 00 03; HO 00 04 and HO 00 06 only when Special Coverage is not purchased by endorsement. Provides broadened perils for computers and related equipment. (Does not apply to HO-3 with HO-15.)
- ***Special Personal Property Coverage – [HO-15](#)***
Form HO 00 03. Expands perils for personal property.
- ***Specific Other Structures Away from the Residence Premises – [92-147](#)***
All forms. Provides coverage for scheduled other structures away from the described location, used in connection with the residence premises. Coverage cannot be provided for any structures capable of being used as a dwelling, in which business property is stored, or from which a business is conducted. ACV loss settlement applies.
- ***Specified Additional Amount of Insurance for Coverage A – Dwelling – [29-034](#)***
Forms HO 00 02 and HO 00 03. Provides an additional 20% of dwelling coverage at time of loss should a loss exceed the Coverage A limit. Dwelling must be insured at 100% replacement cost.
- ***Specified Other Structures – [92-049](#)***
Forms HO 00 02 and HO 00 03. Provides coverage at ACV for specified other structures on the residence premises.

- ***Theft of Building Materials and Supplies – [92-367](#)***
Forms HO 00 02 and HO 00 03. Provides theft coverage for insured's materials and supplies used in the new construction of the described dwelling prior to completion of construction of the dwelling. Coverage ends on the earlier of the completion of the dwelling or the expiration date of the policy term.
- ***Unit-Owners Coverage A – Special Coverage – [HO-32](#)***
Form HO 00 06. Expands perils for Coverage A.
- ***Windstorm or Hail Percentage Deductible – [92-265](#)***
Form HO 00 02 and HO 00 03. Provides for a wind or hail deductible.

Optional Liability Coverage Forms

- **Business Pursuits – [HO-71](#)**
All forms. Coverage may be extended to certain business exposures.
- **Farmers Personal Liability – [HO-73](#)**
All forms. Provides coverage for a farm owned by the insured, located away from the residence premises. Total acreage over 100 is ineligible.
- **Incidental Farming Personal Liability – [HO-72](#)**
All forms. Provides coverage for on-premises farming which is incidental to the use of the residence premises as a dwelling.
- **Snowmobile – [HO-164](#)**
All forms. Coverage may be extended to cover owned snowmobiles used off of an insured location.
- **Permitted Incidental Occupancies – Other Residence – [HO-43](#)**
All forms. Coverage may be extended to provide for liability arising out of certain incidental occupancies, such as offices, schools, or studios operated in another residence owned by the insured, away from an insured location. *For on-premises coverage, see the Optional Policy Level Coverages section below.*
- **Special Event Coverage – [92-347](#)**
All forms. Extends Section II coverages to events such as weddings, receptions, parties, etc. Premium is immediately fully earned upon addition of this coverage.
- **Uninsured Watercraft Coverage – [92-197](#)**
All forms. Coverage is available for “insured persons” who sustain bodily injury as a result of an accident caused by the ownership, maintenance or use of an uninsured watercraft. Coverage is available only when coverage is purchased for watercraft liability.
- **Watercraft – [HO-75](#)**
All forms. Provides coverage for inboard and inboard/outdrive watercraft 15 to 26 feet in length and under 300 horsepower and sailboats 26 to 40 feet in length.

Optional Policy Level Coverage Forms

- ***Additional Insured Residence Premises*** [HO-41](#)
All forms. Provides insured status for the person/organization named with respect to Coverages A, B, E, and F.
- ***Additional Interests Residence Premises –*** [HO-310](#)
All forms. Acknowledgement of the interests of other persons or organizations in the residence premises.
- ***Business Pursuits -*** [HO-71](#)
All forms. Provides coverage in conjunction with a Homeowners policy for Coverage E and Coverage F exposures of a permitted business. This coverage is designed for non-owned businesses.
- ***Loss Assessment (Supplemental) –*** [HO-35](#)
All forms. Provides a single amount of insurance to be applied to one or more assessments arising out of a single loss covered under either or both Section I Additional Coverages – Loss Assessment or Section II Additional Coverages – Loss Assessment.
- ***Permitted Incidental Occupancies – Residence Premises –*** [HO-42](#)
All forms. Section II coverage may be provided for certain on-premises incidental occupancies, such as offices, schools, or studios. This coverage is designed for owned businesses.
- ***Structures Rented to Others –*** [HO-40](#)
All forms. Provides coverage for structures on the residence premises rented to others as a dwelling.
- ***Unit-Owners Rental to Others –*** [HO-33](#)
Form HO 00 06. Provides coverage for personal property and Section II coverage when the residence premises is regularly rented to others.