# KENTUCKY NATIONAL INSURANCE COMPANY
## Homeowners Business
## Company Selection and Agent Binding Limitations

**1. General Requirements:**

**A.** All business placed by the agent with the Company must originate from persons licensed for the agency by the Company. Brokered business is not acceptable and is deemed to be a violation of the Agent-Company Agreement.

**B.** All applications or binders must be submitted (uploaded) to the Company not later than the fourth business day following the inception of coverage.

**C.** Risks meeting the underwriting requirements outlined below may be bound, not to exceed limits shown. Risks not qualifying may be submitted UNBOUND as outlined on Rule 7.

**2. The following characteristics are indicative of homeowner risks that we actively seek to insure in our Blue Ribbon, Medalist and Vantage Programs:**

**A. Insured/Applicant**

**1)** Stability in employment, financial and personal affairs.
**2)** Employment and lifestyle do not increase exposure to loss.
**3)** Favorable prior insurance history with established good loss record.
**4)** Pride of ownership in home.

**B. Physical Characteristics of Home**

**1)** Homes that reflect pride of ownership with good maintenance and upkeep.
**2)** Located in stable or improving area with favorable impact on market value.
**3)** Building features which do not present a greater expectation of property or liability losses.
**4)** Homes that are not over-valued for their neighborhood.
**5)** Homes used for private residential living purposes.
**6)** Home is the primary residence. We can write a secondary residence as long as we insure the primary residence as well.

**3.** Program Underwriting Requirements

| Coverage **A** | Blue Ribbon | Medalist | Vantage |
|---|---|---|---|
| Minimum/Maximum | | | |
| **HO 00 03 & 05** | | | |
| PC 1-8 | $125,000 to $500,000 | $100,000 to $500,000 | $75,000 to $500,000 |
| PC 1X-8X, 1Y-8Y, 9 | N/A | $100,000 to $300,000 | $75,000 to $300,000 |
| PC 10, 10W | N/A | N/A | $75,000 to $200,000 |
| **HO 00 08** | | | |
| PC 1-9, 1X-8X, 1Y-8Y | N/A | N/A | $40,000 to $300,000 |
| PC 10, 10W | N/A | N/A | $40,000 to $200,000 |
| Coverage C | | | |
| Minimum/Maximum | | | |
| **HO 00 04**, PC 1-8 | $25,000 to $75,000 | $25,000 to $75,000 | $25,000 to $75,000 |
| PC 1X-8X,1Y-8Y,9,10,10W | N/A | N/A | $25,000 to $50,000 |
| **HO 00 06**, PC 1-8 | $50,000 to $250,000 | $25,000 to $250,000 | $25,000 to $250,000 |
| PC 1X-8X,1Y-8Y,9,10,10W | N/A | N/A | $25,000 to $100,000 |
| Medical Payments | | | |
| Minimum/ Maximum | $1,000 to $5,000 | $1,000 to $5,000 | $1,000 to $5,000 |
| Minimum Deductibles: | | | |
| **HO 00 03**, **05** & **08** | $1,000 | $1,000 | $1,000 |
| **HO 00 04** & **06** | $500 | $500 | $500 |
| Auto Policy Written by Kentucky National | Not Required | Not Required | Not Required |

**3. Program Underwriting Requirements** (cont'd)

| | Blue Ribbon | Medalist | Vantage |
|---|---|---|---|
| **Age of Dwelling** | Constructed in last 40 years | Constructed in last 60 years | Any age accepted |
| **Insurance Score** | 24 & Above | 24 & Above | Any score accepted |
| **Heating** | Central | Central | Central |
| **Solid Fuel Devices** | Not Eligible | Not Eligible | Not Eligible |
| **Wiring** | Circuit Breakers required | | |
| **Roof Material** | Asphalt Shingle, Tile, or Slate roofs acceptable. Rolled roofing is unacceptable. | | Asphalt Shingle, Tile, Slate or Standing Seam Metal Roofs acceptable. Rolled roofing is unacceptable. |
| **Form** | **HO 00 03**, **HO 00 04, HO 00 05 & HO 00 06** | **HO 00 03**, **HO 00 04,** HO 00 05 & **HO 00 06** | **HO 00 03**, **HO 00 04, HO 00 05, HO 00 06 & HO 00 08** |
| **Fire Protection** | 1 – 8 | 1 – 9<br>1X-8X, 1Y-8Y | 1–10 , 1X-8X,1Y-8Y,10W (See Note 1) |
| **Losses - Natural Causes** | KRS 304.20-340(8) states that a company may not decline or terminate coverage based solely upon the fact that the insured has one or more losses that immediately resulted from natural cause without the intervention of any person and that could not have been prevented by the exercise of prudence, diligence and care. | | |
| **Weather Related Losses** | No Weather Related Loss in Past 5 Years (See Note 2) | 1 Weather Related Loss in Past 5 Years (See Note 2) | 2 or more Weather Related Losses in Past 5 Years (See Note 2) |
| **Losses - Other** | None | None | One (See Note 3) |
| **Total / Major Losses (See Note 3)** | None | None | None |
| **Prior Insurance** | Required<br>If prior carrier is an E&S carrier risk is not eligible. | Required (Unless New Purchase)<br>If prior carrier is an E&S carrier risk is not eligible. | Required (Unless New Purchase)<br>If prior carrier is an E&S carrier risk is not eligible. |
| **Insurance to Value Forms HO 00 03** | 100% | 100% | 100% |
| **Protective Devices** | All dwellings with a Coverage A amount of $500,000 or more must have a Central Station Reporting Fire & Burglar Alarm. | | |

**Schedules:** Contact your underwriter prior to binding schedules exceeding 25% of Coverage A or single items exceeding $10,000 (HO 00 04 - 25% of Coverage C). <u>Single items valued in excess of $5,000 require an appraisal.</u>

**Note 1:** A risk with a protection class of 10 or 10W will only be accepted in our Vantage program.

**Note 2:** A weather related loss is defined as a loss that is caused by windstorm, rain, lightning, hail, ice, snow, tornado, hurricane or cyclone resulted from natural causes.

**Note 3:** Risks with a prior total fire loss or a major loss including any fire loss or theft loss in excess of $5,000 or any other loss that is not weather or catastrophe related in excess of $10,000 may not be bound.

**4. Additional Underwriting Requirements:**

**A. Applicable to all Homeowners Programs:**

**1)** Homes over 30 years of age must have had the roof replaced, heating system updated, plumbing updated, and the electrical wiring updated.
**2)** Photographs showing front and rear of dwelling must be submitted within **14 days** of application.
**3)** A completed Home Cost Estimator must be sent at time of policy upload.
**4)** House must be visible by at least two (2) separate neighbors.
**5)** Handrails are required if over three (3) steps high.
**6)** The dwelling must have an enclosed foundation and show evidence of ongoing maintenance including, but not limited to the following: doors, windows, chimneys, walkways, roof materials, porches, rain gutters, paint, fences, gates and siding, must be in good working condition. The yard of the premises must be free of debris and potential hazards such as, but not limited to: refrigerators; inoperative autos; flammable materials; piles of refuse; tall grass; tree branches extending over structure(s); multiple and/or diseased trees within falling distance of any dwelling or other structure(s); skateboard ramps and bicycle ramps; trampolines without surrounding safety netting; and unfenced hot tubs or swimming pools.
**7)** Home must be on an accessible, all weather road. An accessible all weather road is defined as: a road over which emergency and the area's typical passenger vehicles can pass at all times.
**8)** Each home must have a working smoke detector and fire extinguisher in the home at the time of application completion as well as dead bolt locks on exterior, hinged doors.

**B. Unacceptable Heat Sources**

**1)** Solid Fuel burning devices including, but not limited to solid fuel-fired stoves, solid fuel-fired cooking stoves and combination fuel furnaces or boilers which burn solid fuel such as, but not limited to coal, wood, peat, charcoal, hexamine fuel tablets, wood pellets or pellets made from corn, wheat, rye or other grains, or any other combustion source deemed to be solid fuel are unacceptable.
**2)** Kerosene heaters and electric space heaters used as primary heat source or full time secondary source are unacceptable.
**3)** Wall heaters <u>not</u> acceptable.

**C. Ineligible Risks:**

**1) Restricted** Animals:
  **a)** Any non-domesticated animal that is kept on premises.
  **b)** Any domestic animal kept on the premises that has bitten someone or has exhibited aggressive behavior.
  **c)** Ownership and/or care, custody or control of any of the following breeds of dog: Akita, Alaskan Malamute, Chow Chow, Doberman, German Shepherd, Pit Bull, Presa Canario, Rottweiler, Siberian Husky, Stafford Bull Terrier, All wolf hybrids.

If any animal on the Restricted Animals list is present the policy may only be written if endorsement **PCH 22 09** Animal Liability Exclusion is attached. When endorsement **PCH 22 09** is attached to a policy form **PCBH 23 00** Animal Liability Exclusion Endorsement Acknowledgment must also be completed and attached.

**2)** Seasonal/Secondary Dwellings:
  **a)** Seasonal dwellings located in a state that Kentucky National Insurance Company is not currently licensed and actively writing business.
  **b)** Seasonal dwellings for which Kentucky National Insurance Company does not insure the primary residence.
**3)** Non-owner occupied dwellings.
**4)** Vacant Dwelling – a dwelling is considered vacant if unoccupied for more than 30 days with intent to vacate or keep vacant. (Seasonal residences held for sale are not considered vacant or unoccupied.)
**5)** Hot tubs or swimming pools not fully surrounded by a fence with a locking gate.

**D. Ineligible Persons –** an Applicant or Insured is not eligible if the Named Insured:

**1)** Is currently in the process of foreclosure.
**2)** Whose residence premises is mortgaged more than twice or has a private mortgage.
**3)** Whose real property taxes with respect to the dwelling insured or to be insured have been and are delinquent.

**E. Scheduled Personal Property**

**1)** Property must be insured to 100% of its current market value. It is the responsibility of the insured to establish the current market value of the property to substantiate the amount of insurance. When market values are difficult to establish the agent should assist the insured in determining the insurable value of the property to be covered.

The amount written for an item or schedule represents the maximum amount that could be paid in the event of a loss. The insured is not guaranteed these amounts. Loss settlement for most scheduled items is on an actual cash value basis at the time of loss.

**2)** A complete detailed description of all scheduled items to be insured is required in addition to evidence of valuation.

- **a)** The amount of insurance written under a previous policy is **not** satisfactory evidence of value.
- **b)** For scheduled items valued at more than $5,000 an appraisal by a qualified, independent third party is required.
- **c)** For scheduled items valued between $2,000 and $5,000 a bill of sale from an established store is acceptable as satisfactory evidence of value, if the sale was made in the past three years. If a current bill of sale is not available or an appraisal is not required, a complete detailed description of the items to be insured including photograph(s) is required.
- **d)** Photographs of insured property are desirable, especially with highly valued or intricate items.

**3)** The Company does not insure unset diamonds or gold or silver bullion.

**4)** Property used for business purposes or held for sale must be submitted for review prior to binding.

**5)** The policy must be written in the name of the individual owner(s). Property titled in the name of a company or corporation is not eligible for coverage.

**6)** The loss history of a policy will be used in evaluating potential loss exposure when renewing a policy for renewal consideration.

**7)** Binding authority for Scheduled Personal Property is limited to:

| Type of Schedule | Maximum Binding Authority |
|---|---|
| Jewelry, Furs, and Fine Arts | $15,000 per item / $50,000 per schedule |
| Cameras, Coin and Stamp Collections, Guns, Collectible Items, Golfers Equipment, Musical Instruments, and Sports Equipment | $5,000 per item / $25,000 per schedule |
| Silver and Silverware | $50,000 per schedule |

**5. Weather Procedures:**

**A. Earthquake Procedures**

No new business property risks or additional coverage for existing property risks will be accepted for a period of 72 hours after an earthquake occurs that measures 4.0 or higher on the Richter scale. This suspension of binding authority will apply for a radius of 150 miles from the epicenter. All other areas will remain unaffected by the suspension of binding authority.

**B. Severe Weather Procedures**

We will not honor additional or extended coverage on property risks bound as new business or endorsed on existing policies in any area where a hailstorm, hurricane, tropical storm, tornado, flood or wildfire watch, warning or occurrence is in effect at the time of binding.

DO NOT WAIT FOR NOTIFICATION FROM THE HOME OFFICE OR YOUR FIELD REPRESENTATIVE. WHEN A HAILSTORM, HURRICANE, TROPICAL STORM, TORNADO, FLOOD OR WILDFIRE WATCH, WARNING OR OCCURRENCE IS IN EFFECT, STOP WRITING ANY COVERAGE IMMEDIATELY.

6. **Earned Premium/Denied Reinstatement:**

   Policies with earned premium due from any prior policy of the Named Insured or Spouse, and/or that have been denied reinstatement with Kentucky National Insurance Company.

7. **Trial Application:** When submitting an application for prior approval because either the proposed premises or the insured do not meet the binding requirements of the company, please: (1) omit any effective date; (2) do not require signature of the applicant; and, (3) do not accept any premium deposit from the applicant.