KENTUCKY NATIONAL INSURANCE COMPANY
Manufactured Home Program
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 in Rule 7.

2. The following characteristics are indicative of manufactured home risks that we actively seek to insure in our Superior and Regular 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 Manufactured Home

1) Homes that reflect pride of ownership with good maintenance and upkeep.
2) Manufactured home must be of excellent quality and design.
3) Building features which do not present a greater expectation of property or liability losses.
4) Manufactured homes used for private residential living purposes.
5) Owner occupied only. No commercial or rental property. No seasonal, unless secondary residence and we also write the homeowners policy.

3. Program Underwriting Requirements:

	Superior	**Regular**
Section I		
Coverage A – Manufactured Home		
Minimum/Maximum	$25,000 to $175,000	$10,000 to $175,000
Coverage B – Other Structures		
Minimum/Maximum	10% - 50% of Coverage A Limit	10% - 50% of Coverage A Limit[1]
Coverage C – Personal Property		
Minimum/Maximum	40% - 70% of Coverage A Limit	40% - 70% of Coverage A Limit
Coverage D – Loss of Use		
Minimum/Maximum	30% - 40% of Coverage A Limit	30% - 40% of Coverage A Limit
Section II		
Coverage E – Personal Liability		
Minimum/Maximum	$25,000 to $300,000	$25,000 to $300,000
Coverage F – Medical Payments		
Minimum/Maximum	$1,000 to $5,000	$1,000 to $5,000
Deductible		
Minimum/Maximum	$1,000 to $2,500	$1,000 to $2,500

[1] Minimum of $2,000 on Coverage B in Regular Program

3. Program Underwriting Requirements (cont'd)

	Superior	**Regular**
Heating	Central	Central
Solid Fuel Devices	Not Eligible	Not Eligible
Wiring	Circuit Breakers Required	Circuit Breakers Required
Fire Protection	1 – 8	1 – 10W, 1X-8X, 1Y-8Y
Insurance Score	24 & Above	Any score accepted (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	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	One (See Note 3)
Total/Major Losses	None	None
Prior Insurance	Required (Unless First Time Home Buyer) If prior carrier is an E&S carrier risk is not eligible.	Not Required (See Note 1) If prior carrier is an E&S carrier risk is not eligible.
Age of Dwelling	Home must have been manufactured in the past 20 years (See Note 4)	Home must have been manufactured in the past 30 years
Insurance to Value **Form HO 00 03**	100%	ACV

Schedules: Contact your underwriter prior to binding schedules exceeding 25% of Coverage A or single items exceeding $10,000. <u>Single items valued in excess of $1,500 require an appraisal.</u>

Note 1: We will accept any insurance score into our Regular Program; however, a minimum Insurance Score of 22 is required if the insured has no prior insurance coverage.

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.

Note 4: Homes written in the Superior program will automatically have endorsement **MH 04 02** Actual Cash Value Mobilehome added to them when mobilehome reaches 25 years of age.

4. Additional Underwriting Requirements:

A. Applicable to both Superior and Regular Manufactured Home Program:

1) Photographs showing the front and rear of the manufactured home must be submitted within **14 days** of application.
2) Manufactured home must be visible by at least two (2) separate neighbors.
3) Requests for Coverage C amounts exceeding 60% of Coverage A must include an itemized inventory of contents.
4) A continuous foundation or full skirting is required, unless home is new and skirting will be installed within 90 days.
5) No on-site add-ons (living space). Professionally installed decks and porches are permitted. Factory made add-on living space is acceptable.
6) If the home contains a log burning fireplace, it must be factory installed.
7) Home must be set up at a permanent site.
8) 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.
9) Home must be completely set up for occupancy, and have steps safely arranged and stable. Handrails are required if over three (3) steps high.
10) There must be a minimum of twenty (20) feet separating manufactured home and any other structures (small storage building excepted).
11) 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 material, 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.
12) Home must have frame or over-the-coach anchoring.
13) 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) Fireplace inserts are <u>not</u> acceptable.

C. Ineligible Risks:

1) 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, 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 dwelling located in a state that Kentucky National Insurance Company is not currently licensed and actively writing business1
b) Seasonal dwellings for which Kentucky National Insurance Company does not insure the primary residence
3) Non-owner occupied dwellings.

4) Vacant Dwellings – 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) Unfenced hot tubs or swimming pools.

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 <u>all</u> 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, Personal Computers, 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.