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SOUTHERN HISPANIC INSURANCE  
SOCIETY OF PROFESSIONAL AGENTS



# How to insure the Modern Family



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# How to insure the Modern Family

Fred has it all.

An uncooperative ex-wife, kids in college, cars, boats, expensive gun collection and a lakefront home with all the toys.

Now he has invited his girlfriend to move in with all her possessions and her kids, ages 13 & 15.

What could go wrong?

Let us count the ways in this entertaining yet educational tutorial series.

## PERSONAL LINES COASTAL PROPERTY

"How to Insure" Training Courses

The "How to Insure" Online Training Courses are a practical hands-on program that explores the insurance needs of a customer. Each course follows a producer as he or she uses the Risk Evaluation System to work with a client in a specific industry. These courses are risk-specific, not coverage-specific and are designed to be introductory, not in-depth. They can help a producer, CSR and others in an agency gain the confidence necessary to pursue and work with a different industry niche.

This course will follow Margaret as she prepares to call on Ginger and Fred, a couple she met while taking scuba diving lessons. Ginger has recently moved from her apartment into Fred's lakefront home and they have many questions. Margaret wants to be prepared.

Throughout this course, we will be providing regular updates on how our agent is progressing with the customer. At these updates, we will take time to review the course material with a short quiz. After you answer the quiz question, the correct answer will be shown.

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**Risk Overview - A description of a particular risk and its potential exposures.**

**Description of operations:**

An owner-occupied coastal property provides living accommodations for an individual, a couple, one or more adults raising children, or a multi-generational family. Coastal property is located adjacent to a navigable body of water such as a river, ocean or lake. Owner occupied means that the property owner(s) occupy the property and that the premises are not leased or rented out to others. It may be a secondary or vacation home and be unoccupied during part of the year.

**Property exposure**

includes the dwelling, its contents, and any related non-business structures (including contents) located on the premises. Coastal property is subject to climate damage in good and bad weather. If the property is ocean front, the deterioration is more rapid due to the salt content in the water. Damp conditions and high water tables require contractors with knowledge of the area to prevent structural problems. Inadequacy of below ground construction increases the likelihood of water damage and mold problems. Maintenance is a priority since structures can deteriorate rapidly due to exposure to water and wind. As coastal property is often located far from adequate public fire protection and inaccessible by fire equipment, any fire may result in a total loss. Existing water sources may be unavailable for fighting a fire. Isolated properties can also be subject to vandalism and theft. Central station alarm systems and caretakers can be used to reduce some of the isolation issues. The premises should be built to current code and have the recommended protections such as shutters, vegetation trimmed and away from the structures, and construction appropriate for the area. Piers, docks, boat houses and other smaller structures in the water or by the waters can be swept away even in minor flooding and wind conditions if not properly secured

**Inland marine exposure**

includes the standard homeowner’s exposure of antiques, electronics, furs, and jewelry but will also include equipment used to maintain and care for a boat or yacht and other water-related equipment.

**Boats and yachts exposure**

may be a canoe, a pontoon boat, a fishing boat or a yacht. Many coastal property owners own a vessel and dock it on their owned premises or at a nearby marina. Boats and yachts represent property and liability exposures whether they are stored in or out of the water. Some vessels may be transported over land or by water during the off season to be used at other locations.

**Personal liability exposure**

is heightened because of the potential for water-related incidents. Although owners may not be responsible for injuries involving natural bodies of water, they may be held responsible for injury due to additions they make such as piers, docks, swings, ladders and other equipment used in and around the water. Pools, trampolines, tree houses, playground equipment, non-licensed motorized vehicles and similar attractions must be secured to prevent young children from gaining unsupervised access.

## Automobile liability exposures

are from household members driving owned, rented or borrowed vehicles or from loaning their vehicles to others outside the household. It is important to know who drives the vehicles, their driving experience and record. The type of vehicle, miles on the road each year, and type of driving must be considered when evaluating the exposure. Younger drivers have significantly higher rates of accidents and fatalities than most drivers. However, older drivers may continue to drive even when their faculties and reflexes are impaired. Any driver impaired by alcohol or drugs is especially hazardous.

Coastal property owners may tow boats under difficult road conditions. The vehicle used to tow a boat should be properly equipped, the boat trailer should have the appropriate markings and signaling devices, and all tie-down straps should be checked regularly for wear and damage.

### Minimum recommended coverage:

Homeowners Policy, Flood Policy, Wind/Hail Policy, Personal Auto Policy, Personal Umbrella Policy, and Boat Owner/Yacht Policy

### Other coverages to consider:

Personal Inland Marine Policy

## QUIZ: RISK OVERVIEW

Throughout this course, we will be providing regular updates on how our agent is progressing with the customer. At these updates, we will take time to review the course material with a short quiz. After you answer the quiz question, the correct answer will be shown. If you are ready, the first update and quiz is ready.

Ginger and Fred are combining two households so they are building a storage barn on the property. There is an existing dock where the pontoon boat is kept.

What is the major property hazard for the dock?

- a. Fire
- b. Wind
- c. Flood
- d. Vandalism

Owning coastal property increases the likelihood of a personal liability claim.

- True
- False

A particular concern with auto liability and coastal property owners are:

- a. Young drivers
- b. Boat trailers
- c. Alcohol related
- d. Congestion

Watercraft exposure is limited to on-premises operations and storage.

- True
- False

Maintenance is particularly important for coastal property because:

- a. Poor maintenance reduces the resale value.
- b. Water and wind cause rapid deterioration.
- c. The property may appear vacant and therefore encourage vandalism.
- d. The homeowners association could fine the property owner.

Quiz questions are good re-enforcers of the material covered. If you were able to answer all of the questions correctly, please continue. If you were not able to answer all of them correctly, feel free to restart the quiz and try again

Now that she has the basic knowledge of the industry, Margaret is familiar with the ACORD forms, but she wants something with more meat that is specific to coastal properties operations. She chooses the questionnaire.

Margaret considers the minimum recommendations from the narrative but then makes changes based on her knowledge of Ginger and Fred. She builds the questionnaire and reviews each section carefully in order to be comfortable with the questions she is asking.

**GENERAL INFORMATION - PERSONAL**

Account: \_\_\_\_\_

Account Number: \_\_\_\_\_

Agency: \_\_\_\_\_

Agency Number: \_\_\_\_\_

Producer: \_\_\_\_\_

Producer Number: \_\_\_\_\_

Named Insured(s):  
\_\_\_\_\_  
\_\_\_\_\_

Mailing address:  
\_\_\_\_\_  
\_\_\_\_\_

**WHY?**

***The insured's correct and legal name is needed because policy loss conditions provide for payment for only the financial interest of the named insured shown and to individuals related to the named insured. If the named insured is incorrect, payment may be denied.***

***One reason the mailing address is important is that cancellation notices are mailed to the address listed on the policy. If a notice is mailed and is not delivered because the address is incorrect, the cancellation is valid but the insured won't know about it.***

Home: Telephone: \_\_\_\_\_

Email: \_\_\_\_\_

Fax: \_\_\_\_\_

Work: Telephone: \_\_\_\_\_

Email: \_\_\_\_\_

Fax: \_\_\_\_\_

Cell phone numbers:

Named Insured: \_\_\_\_\_

Spouse: \_\_\_\_\_

Others: \_\_\_\_\_

**WHY?**

***Communication between insured and agent is vital. Telephone and fax numbers plus email addresses enable the agency to maintain contact with the insured to discuss new products and to maintain the relationship.***

Marital Status:

\_\_\_ Married \_\_\_ Single \_\_\_ Divorced \_\_\_ Separated \_\_\_ Widow \_\_\_ Other

Describe other:  
\_\_\_\_\_  
\_\_\_\_\_

If married or separated, name of spouse: \_\_\_\_\_

**WHY?**

**Marital status is very important. The named insured's spouse living in the same household as the named insured is included as a named insured. If a separation or divorce occurs the unnamed spouse is no longer covered.**

**Since the named insured's spouse residing in the same household is automatically covered as a named insured, he or she does not need to be named on the policy. However, by listing both spouses as named insured, coverage continues for both parties in the event of a separation, divorce or death.**

**Note: A named insured's "significant other" has no coverage under the named insured's policy unless specifically listed.**

List below all people whom currently reside in the household. This should include:

Family members

Persons under 21 in the applicant's care. This includes foster children.

Other residents who are not related. Some examples are significant others, roomers, boarders, tenants, and domestic employees.

Name	Age	Relationship to Applicant	Occupation
_____	_____	_____	_____

**WHY?**

**Children are insureds as long as they reside in the named insured's household and are under 21 years old. A child related to the named insured and attending school full time is covered until he or she turns 24. However, if the child is not related to the named insured, he or she loses their insured status at the age of 21 whether a student or not.**

**List below all family members whom do not currently reside in the household including noncustodial children, college students away at school, or any family who lives in an assisted living / skilled care facility.**

Name	Address	Relationship to Applicant
_____	_____	_____

**WHY?**

**Everyone who lives in the house should be identified and their relationship to the named insured established. Gaps in coverage in the Homeowners policy may occur if the named insured incorrectly assumes that everyone is covered.**

Is any property held in a trust? \_\_\_ Yes \_\_\_ No

If yes, answer the following:

Trust Name: \_\_\_\_\_

Trustee(s): \_\_\_\_\_

Property: \_\_\_\_\_

**WHY?**

**Property held in trust is normally insured under a separate policy. If the named insured owns such a property, the information about the trust should be obtained, a coverage needs analysis completed and recommendations given to the named insured in order to avoid a coverage gap.**

Is the residence a historical landmark or showcase home? \_\_\_ Yes \_\_\_ No

If yes, answer the following:

Are tours conducted? \_\_\_ Yes \_\_\_ No

How many tourists visit annually? \_\_\_\_\_

What is the maximum number of visitors on a single day? \_\_\_\_\_

Is the property used for community activities? \_\_\_ Yes \_\_\_ No

If yes, answer the following:

Describe the activities.

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How often is the property used for this purpose? \_\_\_\_\_

What is the maximum number of visitors who might attend? \_\_\_\_\_

**WHY?**

**When a home is opened to the public, the potential for property and liability losses increase. While the insurance policies may cover any losses, nothing will repay the aggravation over a lawsuit or loss of a valuable heirloom. The insured should be aware of potential losses that could occur when opening a home to the public so that preventative action can be taken.**

Does the applicant belong to a homeowners or condominium owners association? \_\_\_ Yes \_\_\_ No

If yes, attach a copy of the Association agreement and bylaws.

**WHY?**

**The homeowners' association bylaws should be read carefully in order to understand exactly what the homeowner has agreed to do. Many homeowners receive a copy of the bylaws when closing the home sale and forget them until a problem arises. Coverage gaps may exist if the bylaws require the homeowner to assume any degree of responsibility for community buildings, maintenance of premises or other operations.**

Is the residence located in a flood plain? \_\_\_ Yes \_\_\_ No

If yes, does the applicant carry flood insurance? \_\_\_ Yes \_\_\_ No

**WHY?**

**Coastal properties are usually located in a flood plain and must purchase a policy through the National Flood Insurance Plan (NFIP) to be covered for flood damage. The limit may not be high enough for all damage, but it is a start and excess coverage may be available. Even if a coastal property is at an elevation above the highest expected storm surge, purchasing this coverage should still be considered, especially since rates and premiums are lowest for risks at elevations not considered at risk.**

Is the residence located in a known earthquake area? \_\_\_ Yes \_\_\_ No

If yes, does the applicant carry earthquake insurance? \_\_\_ Yes \_\_\_ No

**WHY?**

**Earthquakes are rare but cause extensive damage when they occur. Since the Homeowners policy excludes loss or damage caused by any earth movement, coverage is only available if earthquake insurance is purchased. Earthquake coverage should always be recommended even though many insureds will reject it because of the additional premium and a perception of limited value.**

Does the applicant carry firearms or have firearms in the residence? \_\_\_ Yes \_\_\_ No

If yes, complete the firearms supplement.

**WHY?**

**More often than not, firearms in the residence are used against a member of the household than against an intruder. All weapons should be stored unloaded in a locked receptacle and kept away from children. Unexpected and accidental discharge of firearms can cause property damage, bodily injury and even death. The firearms supplement will help develop the information needed to insure the firearms themselves.**

Have there been any water-related (including backup of sewers or drains) losses? \_\_\_ Yes \_\_\_ No

If yes, answer the following:

List items damaged by water that remain in the residence.

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Is there any evidence of water leaking or seeping in the residence? \_\_\_ Yes \_\_\_ No

Are there odors in the residence that could suggest the presence of mold? \_\_\_ Yes \_\_\_ No

**WHY?**

**Water-damaged property that is not replaced can breed unseen mold. The mold spores can cause hidden damage to the structure and health problems for the household's residents.**

**Seepage and leakage indicate problems with the foundation or the plumbing that should be corrected.**

**Mold is a major health concern that will cause problems in the future. The insured should be willing to take corrective action to correct any mold condition in order to protect the family from health problems and to prevent property damage to the structure.**

Are underground or above ground storage tanks on the premises? \_\_\_ Yes \_\_\_ No

Are flammables, chemicals, or fuel stored on the premises? \_\_\_ Yes \_\_\_ No

If yes, describe the property stored, where it is stored, and procedures to prevent ignition.

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**WHY?**

**Tanks containing fuel or chemicals contribute to the fire load of a premises. All tanks should be inspected regularly and have barriers to prevent vehicles from accidentally colliding with them. If the tanks are no longer used for chemical or fuel storage, they should be drained and washed of any residue to eliminate them as sources of ignition.**

Is lead paint in the residence? \_\_\_ Yes \_\_\_ No

**WHY?**

**Lead exposure can cause brain damage in young children. Lead paint should be removed or sealed. Lead flakes from window and doors seals are considered a primary source of lead ingested by small children. If the lead is not eliminated, demolition costs are substantially higher and the amount of time needed to return the home to an acceptable condition is increased.**

Are chemicals sprayed on the premises? \_\_\_ Yes \_\_\_ No

If yes, describe is the chemical(s) sprayed and state whether the applicant or contractor does the spraying.

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**WHY?**

**Chemical spraying has both short-term and long-term effects. The short-term effect is property damage caused by over-spray and bodily injury to neighbors and guests. The long-term effects can include environmental damage due to leaching. It is important to know the chemicals used and contractual agreements with the contractor that would protect the insured.**

Does the applicant own, lease, or rent additional residences? \_\_\_ Yes \_\_\_ No

If yes, prepare a separate questionnaire for each residence.

Does the applicant own rental property? \_\_\_ Yes \_\_\_ No

If yes, prepare a questionnaire for rental property.

**QUIZ: GENERAL INFORMATION - PERSONAL**

Ginger and Fred are divorcees who have decided to combine households but not to get married. The household will include Ginger's son Paul and daughter Corinthia, ages 13 and 15. Fred's two daughters Adelle and Monica are college students, ages 19 and 22, who come home on vacations since Fred shares custody with his ex-wife.

Fred currently has a Homeowners policy. If no changes are made, is there coverage for Ginger and her family?

\_\_\_ Yes  
\_\_\_ No

Are Fred's daughters Adelle and Monica covered under Fred's Homeowners policy?

- a. Yes, but only when they are home for vacations.
- b. No, they are over 18 years old and are no longer covered.
- c. Yes, since they are students, they are covered.
- d. Adelle is covered since she is 19 but Monica is not.

Margaret notices some obvious roof damage on the outside of the house but no damage on the inside, should she be concerned?

- a. Yes because there is the potential for hidden water damage to the structure.
- b. No, since there is no interior damage, the situation is under control.
- c. Yes, because it shows that Fred is not an attentive homeowner.
- d. No, because roof damage is common on coastal properties.

Fred does not carry flood insurance on the house since he believes the elevation of the house is sufficient to prevent flooding.

- a. Margaret does not discuss flood coverage since Fred does not currently carry it.
- b. Margaret tells Fred she agrees with his approach.
- c. Margaret recommends coverage because of the significant damage that could occur.
- d. Margaret refuses to sell flood coverage under NFIP because of the low commission.

Should Margaret ask about lead exposure?

- a. Yes, because the house is over 100 years old.
- b. No, because there are no children under the age of four in the household.
- c. No, because the house is not used for rental purposes.
- d. Yes, because lead could add to the cost of repair following a loss.

**DWELLING - COVERAGE A AND ADDITIONAL STRUCTURES - COVERAGE B**

**DWELLING - COVERAGE A**

Location Address:

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What is the approximate size of the lot? \_\_\_\_\_ acres

What is the dwelling's square foot area? \_\_\_\_\_

**WHY?**

***The address identifies the particular location that is covered. If it is incorrect, coverage can be and probably will be denied.***

Does the applicant own the dwelling? \_\_\_ Yes \_\_\_ No

If no, answer the following:

Who owns the dwelling?

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Is the applicant contractually obligated to insure the dwelling? \_\_\_ Yes \_\_\_ No

If yes, attach a copy of the contract.

**WHY?**

**The owner of record has the financial interest in the property. If the named insured is not the owner of record, a contractual relationship between the owner and the named insured must exist to prove the named insured's financial interest in the property. Verbal understandings are usually not enough. Making sure that the named insured has a financial interest in the dwelling is important. This status should be verified when life changes such as death, divorce, separation, and retirement occur because financial interest must exist at the time of loss.**

Identify the type of dwelling.

\_\_\_ Single family \_\_\_ Duplex \_\_\_ 3-family \_\_\_ 4-family \_\_\_ Other

Describe other.

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What is the dwelling's construction?

\_\_\_ Wood frame \_\_\_ Masonry veneer \_\_\_ Masonry \_\_\_ Other

Describe other.

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What is the dwelling's roofing material? \_\_\_\_\_

#### **WHY?**

**Construction is one of the most important elements in both rating and the underwriting process, so knowing the construction is essential. In some cases, additional investigation is needed to determine if the construction is standard masonry or masonry-veneer. Unusual types of construction must be identified and evaluated early in the process because of the impact on valuation, rating and the amount of time required to repair or replace it.**

**Roofing material varies by type of home and location. If the roofing is unusual for any reason, it may affect the valuation of the dwelling. The roof is the first line of protection against loss due to weather conditions as well as loss due to fire from an adjacent building or structure.**

When was the dwelling built? \_\_\_\_\_

What is the dwelling's number of stories? \_\_\_\_\_

Provide the year when each of the following was updated.

Heating \_\_\_\_\_ Electrical \_\_\_\_\_ Roof \_\_\_\_\_ Plumbing \_\_\_\_\_

What type(s) of fuel is/are used for heating? If more than one, provide the percentage of each.

\_\_\_ % Electric \_\_\_ % Natural Gas \_\_\_ % LPG \_\_\_ % Fuel Oil \_\_\_ % Wood \_\_\_ % Solar \_\_\_ % Other

Describe other.

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#### **WHY?**

**Nothing about a house lasts forever, so regular updates must take place. Of particular importance are the heating, electrical, and plumbing systems and the roof since failure of these features will result in significant loss to the property.**

Identify the number of the following in the dwelling.

\_\_\_ Wood burning fireplaces \_\_\_ Wood stoves

Is either used as the primary source of heating? \_\_\_ Yes \_\_\_ No

Year the chimney was last inspected/cleaned: \_\_\_\_\_

#### **WHY?**

**There are significant losses due to wood burning stoves and fireplaces. While many are due to improper chimney installations, most are due to poor maintenance. Chimneys should be inspected annually. How often the chimney is cleaned depends on how the fireplace is used. The chimney should also be repaired so that the masonry protection remains intact.**

Does the dwelling have an operating alarm system? \_\_\_ Yes \_\_\_ No

If yes, answer the following:

Type of alarm: \_\_\_ Fire \_\_\_ Burglar \_\_\_ Carbon Monoxide

Does the police department or an alarm company monitor the alarm? \_\_\_ Yes \_\_\_ No

Does the dwelling have an operating fire suppression system? \_\_\_ Yes \_\_\_ No

If yes, is the system monitored and inspected regularly? \_\_\_ Yes \_\_\_ No

**WHY?**

**Every house should have a fire alarm to alert the residents of fire or smoke. The first goal of the alarm is to save the lives of the individuals in the house. The second goal is to prevent small losses from becoming total losses. If natural gas, LPG, fuel oil or wood is used in a home, there is the potential for carbon monoxide poisoning. A carbon monoxide alarm is particularly important because the fumes are odorless and colorless but deadly.**

Identify which and the number of these rooms that are in the dwelling:

\_\_\_ Bedroom \_\_\_ Bathrooms \_\_\_ Living Room \_\_\_ Dining Room  
\_\_\_ Kitchen \_\_\_ Family Room \_\_\_ Great Room \_\_\_ Library/Study  
\_\_\_ Sauna \_\_\_ Exercise Room \_\_\_ Recreation Room \_\_\_ Sun Room  
\_\_\_ Home Office \_\_\_ Other \_\_\_ Other \_\_\_ Other

Describe other.

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**WHY?**

**Some carriers compute estimated replacement cost by square footage while others use number of rooms. In addition, the number and types of room can be used in estimating personal property limits.**

Identify the automobile parking arrangements and the number of spaces available.

\_\_\_ On-street parking \_\_\_ Off-street parking \_\_\_ Carport  
\_\_\_ Attached garage \_\_\_ Detached garage \_\_\_ Reserved space(s) in parking garage

Has the applicant made any improvements or betterments to the dwelling while he or she occupied it? \_\_\_ Yes \_\_\_ No

If yes, describe the improvement(s) and include the date(s):

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What is the maximum time the dwelling is unoccupied? \_\_\_\_\_ days

Is a caretaker on premise when the dwelling is unoccupied? \_\_\_ Yes \_\_\_ No

**WHY?**

**When improvements or additions are made to a home, the valuation of the home must be increased in order to prevent underinsurance issues.**

**ADDITIONAL STRUCTURES - COVERAGE B**

Location Address:

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Which of the following structures are at this location address and are not attached to the residence?

Structure	Year Built	Construction	How Used	Rebuild After Loss? (Y/N)
Garage	_____	_____	_____	_____
Gazebo	_____	_____	_____	_____

Pool (above ground)	_____	_____	_____	_____
Pool (in ground)	_____	_____	_____	_____
Pool House	_____	_____	_____	_____
Guest House	_____	_____	_____	_____
Greenhouse	_____	_____	_____	_____
Pump House	_____	_____	_____	_____
Play Equipment	_____	_____	_____	_____
Satellite Dish	_____	_____	_____	_____
Fence	_____	_____	_____	_____
Storage Unit	_____	_____	_____	_____
Outdoor Fireplace	_____	_____	_____	_____
Barn	_____	_____	_____	_____
Tennis Court	_____	_____	_____	_____
Piers, Wharves, Docks	_____	_____	_____	_____
Other:	_____	_____	_____	_____

**WHY?**

**The structures listed are included under Additional Structures but coverage is limited to 10% of the limit for Coverage A. The value of all structures the insured would replace after a loss must be determined and limits increased where necessary.**

**QUIZ: DWELLING - COVERAGE A AND ADDITIONAL STRUCTURES - COVERAGE B**

Fred's ex-wife was never listed as a named insured on the lakefront property because, in a prenuptial agreement, she agreed that she had would have no financial interest in the property. Since the divorce, she has been trying to break the entire agreement. The roof was damaged when both were still living in the house but submitted after Fred's wife had moved out. The insurance company is requiring both parties to agree to the settlement before issuing the check, but Fred's ex-wife will not sign.

Was Fred's wife an insured under the policy?

- Yes
- No

Will Ginger have a financial interest in the property after she moves in?

- Yes
- No

Ginger is paying for the storage barn that is being built on the premises. The plan is for her to move her extra furnishings into it for safekeeping. Does Ginger have coverage under Coverage B for the storage barn?

- Yes
- No

The house has no close neighbors. It is heated by liquefied petroleum gas (LPG) and a wood burning fireplace. What types of alarms should Margaret recommend that Fred and Ginger have in place?

- a. Fire/smoke
- b. Carbon monoxide
- c. Burglar
- d. All of the above

Fred is very excited about the attic room he added over the summer. It has added over 800 square feet to the house and an extra bathroom. Fred should:

- a. Increase his Dwelling – Coverage A limit because of the attic room
- b. Since Fred did most of the work himself, he should not increase his Dwelling Coverage A limit
- c. The addition is automatically covered so there is no reason to increase his Dwelling Coverage A limit
- d. The addition is considered part of Additional Structures – Coverage B

**PERSONAL PROPERTY - COVERAGE C AND LIVING EXPENSES - COVERAGE D**

**PERSONAL PROPERTY - COVERAGE C**

Location Address:

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Dwelling square foot area: \_\_\_\_\_

Identify the type of dwelling.

\_\_\_ Single Family \_\_\_ Duplex \_\_\_ 3-Family \_\_\_ 4-Family \_\_\_ Other

Describe other.

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**WHY?**

**Addresses are very important. An incorrect address, even an incorrect apartment number, can result in a claim being denied. It can also cause problems in underwriting because information is gathered for the address provided. Rejection may occur because of claims at the incorrect address.**

What valuation is to be used for personal property?

\_\_\_ Actual Cash Value \_\_\_ Replacement Cost

**WHY?**

**Personal property is valued at actual cash value unless endorsed to replacement cost valuation. Most insured's are not satisfied with claims adjustments based on actual cash value settlement because they do not want to replace their damaged property with used property.**

Does the applicant have any of the following types of personal property?

- |   |         |        |
|---|---------|--------|
| Jewelry valued in excess of \$1,500       | ___ Yes | ___ No |
| Firearms valued in excess of \$2,500      | ___ Yes | ___ No |
| Silverware valued in excess of \$2,500    | ___ Yes | ___ No |
| Furs valued in excess of \$1,500          | ___ Yes | ___ No |
| Property used in business                 | ___ Yes | ___ No |
| Collections                               | ___ Yes | ___ No |
| Antiques                                  | ___ Yes | ___ No |
| Fine Arts                                 | ___ Yes | ___ No |
| Unusual property that should be scheduled | ___ Yes | ___ No |
| More than \$250 in cash on the premises   | ___ Yes | ___ No |

If the answer to any of the above is yes, complete the appropriate supplement.

**WHY?**

**The policy has limitations on all the listed items. If a loss occurs, the insured is not compensated for the full value of the property unless the policy was endorsed appropriately or the property was specifically covered by a separate policy. The insured must be informed of these limitations before the policy is issued so that alternatives can be discussed before a loss occurs.**

Is any personal property regularly off premises? \_\_\_ Yes \_\_\_ No

If yes, where will it be and what is the value?

\$ \_\_\_\_\_ College student    \$ \_\_\_\_\_ Storage facility    \$ \_\_\_\_\_ Another residence

\$ \_\_\_\_\_ Gym/Club    \$ \_\_\_\_\_ At work    \$ \_\_\_\_\_ In a vehicle    \$ \_\_\_\_\_ Other

Describe other.

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**WHY?**

**When personal property is at an insured location other than the main location, it is automatically covered but is subject to a limit of 10% of the personal property limit. The insured should consider where they have their personal property and if the 10% is an acceptable limit. Parents with college age children should be aware of the age limitation in the definition of insured.**

Do the applicant and/or other household members regularly travel abroad? \_\_\_ Yes \_\_\_ No

If yes, list the countries visited.

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**WHY?**

**Personal property is covered anywhere in the world without exception. If an insured regularly travels to other countries, the insurance carrier needs that information as part of their underwriting. If a loss occurs overseas, the agent needs to know who to contact and how to gather appropriate information to submit a claim.**

**LIVING EXPENSES - COVERAGE D**

Location Address:

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How many individuals live in the primary residence? \_\_\_\_\_

**WHY?**

**Relocating a family after a loss is difficult and the more people involved, the more difficult it is. The loss of use limit is based on the dwelling limit and should be evaluated based on how difficult it may be to find appropriate living accommodations.**

Does the applicant own other dwellings? \_\_\_ Yes \_\_\_ No

If yes, could the applicant live in those dwellings after a loss to the primary residence? \_\_\_ Yes \_\_\_ No

**WHY?**

**If the insured can live in other owned property after a covered loss, he or she may select a smaller limit than if such arrangements were not available. However, it is important to know the circumstances under which the property may not be available. If the other owned property is not always available, the higher limit should be purchased.**

Could the applicant live with family or friends following a loss? \_\_\_ Yes \_\_\_ No

If yes, what is the longest the applicant could live there? \_\_\_\_\_

**WHY?**

**Family and friends often open their homes and hearts for a short period of time after a loss. As the days become weeks and months, most families choose a different alternative. It is usually best to assume that friends and family will provide shelter for only a short period and another alternative should be considered for longer periods.**

Are there hotels, motels, or lodging in the immediate area? \_\_\_ Yes \_\_\_ No

Are there apartments or rental housing in the immediate area? \_\_\_ Yes \_\_\_ No

Would the applicant rebuild the primary residence following a loss? \_\_\_ Yes \_\_\_ No

If yes, how long would it take to rebuild the primary residence after a total loss? \_\_\_\_\_

WHY?

**The limit needed is based on the length of time needed to rebuild and the availability of suitable accommodations. The worst case scenario should be considered when determining the length of time to needed to rebuild. Losses never occur at convenient times. Fires often occur in the winter which is not the best season to repair or rebuild a house. Wind losses are usually widespread and affect the entire community which strains available supplies and resources, increasing the time needed to rebuild.**

**QUIZ: PERSONAL PROPERTY - COVERAGE C AND LIVING EXPENSES - COVERAGE D**

Ginger is moving all of the property she and her children own into Fred's house. It is worth approximately \$50,000 at replacement cost value.

As the policy is currently written, is Ginger's property covered under Fred's Coverage C?

\_\_\_ Yes

\_\_\_ No

Fred's policy shows his address as 14526 Lost Lake Dr., Lovely Town. Margaret notices that the address on his mail box is 9083 Pleasant View, Other Town. Which should she show on the policy?

- a. 14526 Lost Lake Dr. Lovely Town
- b. 9083 Pleasant View, Other Town
- c. Ask Fred for the legal address of the property and use it.

Fred has an extensive gun collection. Is there coverage if any guns are lost or damaged?

- a. Yes
- b. No
- c. Yes but only for \$2,500
- d. Yes but only if scheduled

Adelle and Monica keep personal property at their mother's house, their sorority houses, and their father's house. Under Fred's policy, where would their property be covered?

- a. Fred's house
- b. Mother's house
- c. Sorority house
- d. a. and c. only
- e. All of the above

Fred owns additional property in town. If the lakefront property is lost or damaged, he will not have a loss of use claim, because he can move into other owned property.

\_\_\_ True

\_\_\_ False

**PERSONAL LIABILITY**

**ON-PREMISES EXPOSURES**

List all animals kept at the primary residence.

Type	Breed	Age	Weight	Gender (M or F)	Neutered/Spayed (Y/N)
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

**WHY?**

**Pets are important to their owners. Unfortunately, some pets are nuisances and can cause significant personal liability losses. It is important to be aware of all animals kept on premises. This includes snakes and reptiles and other caged animals since escape is always a possibility.**

Is any of the following outdoor equipment on the premises?

Trampolines \_\_\_ Yes \_\_\_ No

If yes, provide the diameter of each trampoline. \_\_\_\_\_

Playground Equipment \_\_\_ Yes \_\_\_ No

If yes, provide the height of each separate item. \_\_\_\_\_

Tree House \_\_\_ Yes \_\_\_ No

If yes, provide the height and dimensions. \_\_\_\_\_

Swimming Pool \_\_\_ Yes \_\_\_ No

If yes, complete the swimming pool supplement.

**WHY?**

**These are attractive nuisances that encourage younger children in the area to trespass. The insured should have barriers to trespassing since he or she could be held responsible for any injury that occurs because of youthful trespassers.**

Do activities that regularly involve non-family members take place at the residence? \_\_\_ Yes \_\_\_ No

If yes, describe.

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**WHY?**

**The more functions conducted at a residence, the more chances for guests to be injured.**

Do any household members host a blog, group forum, or other type of Internet activity that goes beyond individual/personal usage?

\_\_\_ Yes \_\_\_ No

**WHY?**

**Internet usage allows for the free exchange of ideas. However, when an insured hosts a blog or group forum, problems with slander, libel and other issues may arise.**

Are there bodies of water (such as rivers, creeks, lakes, or ponds) on the premises? \_\_\_ Yes \_\_\_ No

If yes, describe the exposure and any protection that surrounds it.

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**WHY?**

**Bodies of water encourage types of behaviors that can lead to serious bodily injury. It is important to identify the type of water exposure and measures taken by the insured to restrict access to trespassers and to protect family and friends from accidents.**

Are any other features of the applicant's property unusually appealing yet dangerous for children or adolescents?

\_\_\_ Yes \_\_\_ No

If yes, describe the feature and measures to limit or prevent access to it.

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**WHY?**

**A homeowner must always be aware of potentially dangerous situations for young people. Physical barriers are often required to prevent access to these areas because warning signs are usually not effective, especially for nonreaders and adventuresome preteens.**

Are there any devices that swing over water? \_\_\_ Yes \_\_\_ No

If yes, are they secured in a way such that they cannot be used without the insured's supervision? \_\_\_ Yes \_\_\_ No

**WHY?**

**Ropes and other devices that swing over water are enjoyable for the participants. Unfortunately, ropes break. The insured is responsible for the condition of any such device if it is on the insured premises – even if installed by others or if being used without permission.**

**The insured should have a way to disengage the device so it cannot be used without permission and an appropriate level of supervision.**

Does the insured have a dock or pier? \_\_\_ Yes \_\_\_ No

If yes, does the insured inspect the dock/pier area when each "season" begins and make any repairs necessary?

\_\_\_ Yes \_\_\_ No

Does the insured have to permit public access to waterfront areas around the residence?

\_\_\_ Yes \_\_\_ No

**WHY?**

**Docks and piers can deteriorate over the winter. The insured should have procedures in place to inspect and repair any pier or dock before opening it for regular use by guests, family and friends.**

**Certain communities require public access to privately owned waterfront property. If so, the access area should be free of hazards that could cause injury. The access should not be blocked or changed in a way that would increase the waterfront hazard.**

**OFF-PREMISES EXPOSURES**

What are the occupations of household members?

Name	Occupation	Name	Occupation
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

**WHY?**

**The insured's occupation is important when considering liability coverage because of the people that insured may encounter while working. Some occupations have job duties that are more well defined in time and place than others. As an example, if an insurance agent goes out with a close friend, who also happens to be a client, and the agent injures the client, which policy should respond – commercial or personal?**

List all organizations where household members take active roles as unpaid volunteers. Describe their job duties.

Name	Organization	Job Duties
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Does the organization provide liability and directors and officers liability coverage for its volunteers? \_\_\_ Yes \_\_\_ No

**WHY?**

**The more an insured is engaged in volunteer activities, the more opportunities the insured has for inappropriate interactions with others, which increases the chance of lawsuits. On the other hand, the more an insured is involved, the greater likelihood of a positive perception of them. Knowing the type of organization and its functions can help an agent make coverage and limits recommendations.**

**Directors and officers liability is becoming a major concern. Many volunteer organizations provide the coverage for their members. If this is not done, a recommendation to provide the coverage should be made.**

Does any applicant act as a trustee or executor of an estate? \_\_\_ Yes \_\_\_ No

If yes, answer the following questions:

Does the trust or estate provide a bond and other insurance for the applicant's benefit? \_\_\_ Yes \_\_\_ No

Describe the trust or estate property.

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**WHY?**

**A trustee or executor is responsible for another person or another person's property. Liability can be imposed on the trustee or executor because of these duties. Coverage for such liability should be provided by an insurance policy held by the estate. However, if that coverage is not provided, the trustee or executor's policy may need to respond. Short-term estate situations are better than long-term and ones subject to independent monitoring and control, such as a bank, are preferable to ones that lack such review.**

**CONTRACTS**

Does the applicant hire others for construction projects, landscaping, housekeeping, babysitting, etc.?

\_\_\_ Yes \_\_\_ No

If yes, answer the following questions.

Is there a written contract? \_\_\_ Yes \_\_\_ No

Does the contractor provide a certificate of insurance for work it performs? \_\_\_ Yes \_\_\_ No

**WHY?**

**Contracts should always be in writing. They should be signed by all parties and kept for future reference. When any work is performed by others on the insured premises, certificates of insurance should be obtained. These protect the insured if property is damaged, persons are injured, or a worker is injured while doing the work.**

**DOMESTIC HELP**

Does the applicant employ domestic help? \_\_\_ Yes \_\_\_ No

If yes, answer the following:

List the name of each individual, the duties performed, if the individual lives on premises, and the number of hours the individual works per week.

Name	Duties performed	Live on premises? (Y/N)	Hours worked per week
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Does the applicant purchase workers compensation coverage?

If yes, list the carrier's name and the policy period.

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**WHY?**

**Domestic workers present the insured employer with unique exposures. Their actions can cause lawsuits against the insured or they may be injured on the job and sue the insured. There is no coverage for injury to the worker if the insured is required to provide workers compensation coverage. If the insured employs any full-time staff, a workers compensation policy could provide excellent protection for the employee's benefit and also protect the insured from any protracted legal battles if the employee is injured.**

### VACANT LAND

Does the applicant own vacant land? \_\_\_ Yes \_\_\_ No

If yes, list the vacant land's location or legal description, a description of it, and its total acreage.

Location/Legal Description	Description	Total Acreage
_____	_____	_____
_____	_____	_____

### WHY?

**Vacant land owned by an insured is considered a residence location under a Homeowners policy as long as it remains vacant. It cannot even be used as farm land. Once vacant land is being used for any purpose, it is no longer covered under the Homeowners policy. All vacant parcels of land should be listed and describe so all interested parties know they exist and can then evaluate the vacant status periodically.**

### QUIZ: PERSONAL LIABILITY

Lost Lake is owned by Lovely Town. Fred's family signed an agreement with the town granting an easement for public access to a beach that is adjacent to Fred's home. Over the years, there has been some encroachment onto Fred's property and a rope is attached to one of Fred's trees that is used to swing into the lake.

If an individual is injured when using the tree rope, can Fred be found liable?

- Yes
- No

Ginger bought Fred a Labrador Retriever named Butterbean. Butterbean runs off of Fred's property to "rescue" a swimmer. The swimmer sues Fred for damages resulting from the "attack." Will Fred's policy defend him?

- a. No, because Ginger is not an insured
- b. Yes, because Butterbean belongs to Fred
- c. No, because the attack took place off the premises

Fred owns 1,000 acres of land in various parcels around the county. He keeps it vacant so that he can sell it at an appropriate time. Recently a friend asked if he could start to farm 100 of these acres and Fred agreed. Does Fred have liability coverage for this acreage under his Homeowners policy?

- a. Yes
- b. No, unless it is scheduled
- c. Yes, but not for the farmed parcels
- d. Yes, but for only the farmed parcels

Fred and Ginger invite friends over for an evening of games. Two of the couples are Fred's business clients and three of the couples are neighbors. One of the business clients is injured when he slips on the pier. Which of Fred's policies should respond?

- a. Businessowners policy
- b. Homeowners policy
- c. Both
- d. Neither

John has been the gardener for Fred's family for as long as Fred can remember. He has a house on the property and he keeps all of the landscaping beautiful. When John is trimming the trees one day, a limb strikes a member of the public walking to the beach. Is Fred covered for John's actions?

\_\_\_ Yes

\_\_\_ No

## PERSONAL UMBRELLA

### UNDERLYING

List all policies that provide liability coverages for the applicant.

Insurance Coverage	Primary Carrier	Limits
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

### WHY?

***Umbrella coverage applies only to the policies listed on the underlying coverage section of the Umbrella policy. Umbrella coverage does not apply to any underlying policy not listed on the underlying coverage section.***

List countries where the applicant and/or family members travel to regularly.

Family member name	Country (ies)
_____	_____
_____	_____
_____	_____
_____	_____

### WHY?

***Umbrella policies have territorial definitions that may differ from those of the underlying policies. Listing countries helps to identify the possible need for a territorial endorsement.***

### PERSONAL LIABILITY

List all liability exclusions attached to the homeowners or personal liability policy (ies).

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

List or describe any special liability amendments to the homeowners or personal liability policy (ies).

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

### WHY?

***The Umbrella is a separate policy and requires endorsements similar to those in underlying policies.***

***The Umbrella policy must be endorsed or amended to match those of the underlying primary policies if coverage is to apply at all limits.***

Is there an owned, hired, or leased watercraft exposure? \_\_\_ Yes \_\_\_ No

If yes, describe the watercraft, its location, and the duration of the exposure.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**WHY?**

**When a Watercraft policy is listed as an underlying policy, umbrella coverage may still not apply under the umbrella. The umbrella exclusions should be reviewed and the policy amended as necessary to provide the watercraft coverage. A separate Umbrella or Excess policy may be required if the umbrella carrier is unwilling to add the watercraft exposure.**

Is there an owned, hired, or leased aircraft exposure? \_\_\_ Yes \_\_\_ No

If yes, describe the aircraft, its location, and the duration of the exposure.

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**WHY?**

**Aircraft exposures are not covered by most umbrellas even if the underlying policy schedule includes an Aircraft Liability policy. Coverage must be purchased under a separate policy.**

What is the annual cost of on-site contracted labor?

\$ \_\_\_\_\_ Yard/Garden/Pool      \$ \_\_\_\_\_ Housekeeping      \$ \_\_\_\_\_ Child Care  
\$ \_\_\_\_\_ Additions/Repairs      \$ \_\_\_\_\_ Other

Describe other.

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The insured has a higher exposure to loss when there are many subcontractors working on the property at the same time. List organizations in which the applicant or family members are officers or directors.

Name	Organization	Title	Term of Service
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

**WHY?**

**Individuals functioning as directors or officers of an organization may be sued by stakeholders for not conducting the business of the organization properly. The organization should have coverage for all officers and directors. In the past, the personal umbrella of the individual covered the exposure. However, the recent directors and officers scandals have caused most personal Umbrella policies to exclude coverage for directors and officers liability.**

**PROFESSIONAL LIABILITY**

List all household members with current professional credentials or licenses.

Name	Credential/License
_____	_____
_____	_____
_____	_____

If any, does the employer provide professional liability coverage?

\_\_\_ Yes \_\_\_ No \_\_\_ Yes, but only when acting on the employer's behalf

Do the individuals with professional credentials or licenses purchase professional liability coverage?

\_\_\_ Yes \_\_\_ No

**WHY?**

**Most personal umbrellas exclude professional liability. Excess coverage should be purchased through the insured's professional provider or a specialty market.**

**BUSINESS RELATED**

Does the applicant conduct any business-related activities on its premises? \_\_\_ Yes \_\_\_ No

If yes, describe all such activities.

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Do commercial business policies cover these activities? \_\_\_ Yes \_\_\_ No

If yes, provide the named insured on the policy, the carrier, and the limits.

Named Insured	Carrier	Limits

**WHY?**

**The umbrella, like the underlying Homeowners policy, excludes all but the most minor business activities that take place at the insured's residence. If the underlying policy is broadened to include business operations, the umbrella must be similarly endorsed.**

**The best way to provide coverage for an insured who conducts business on premises is usually with a Commercial Lines policy. However, when the personal and commercial lines exposures are insured by different companies, the claims process can be complicated and confusing because of the overlap of coverages.**

**AUTOMOBILE**

List all exclusions attached to the personal automobile policy(ies).

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List or describe any special amendments to the personal automobile policy(ies).

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How many vehicles does the applicant own or lease in the following categories?

Vehicle Type    Vehicle Type    Vehicle Type

\_\_\_ Private Passenger    \_\_\_ SUV    \_\_\_ Pickup Truck

\_\_\_ Other Types of Trucks    \_\_\_ Van    \_\_\_ Bus

Identify the number of operators in each of the following categories.

Types of Operators

\_\_\_ Youthful (16-25)    \_\_\_ Over 65    \_\_\_ Suspended license    \_\_\_ Excluded under Primary    \_\_\_ Other

Describe other:

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**WHY?**

**The Umbrella policy is not a following form product. As a result, any exclusion, extension or special amendments used on the underlying primary policy must also be to the attached Umbrella policy. If the underlying coverages are unique, purchasing an excess policy rather than an Umbrella policy may be the most effective way to address coverage gaps.**

**Specific vehicles, classes of vehicles and operators are not listed on the Umbrella policy. Underwriting and rating need to know this information in order to determine exposures and develop premium charges.**

## RECREATIONAL VEHICLES

List all exclusions attached to the policy(ies).

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List or describe any special amendments to the policy(ies).

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How many vehicles does the applicant own or lease in the following categories?

Vehicle Type

Motorcycle       All-Terrain Vehicle (ATV)       Snowmobile       Camper  
 Race Car       Dune Buggy       Personal Watercraft       Other

Describe other:

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Identify the number of operators in each of the following categories.

Types of Operators

Youthful (16-25)       Over 65       Suspended license       Excluded under Primary       Other

Describe other:

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### **WHY?**

**Recreational vehicles may not be treated the same way by the underlying and the Umbrella policies. A coverage gap occurs when the underlying policy provides coverage and the umbrella does not. If the underlying policy does not provide coverage but the umbrella does, the insurance company may be providing coverage without full knowledge of the exposure involved. In addition, different carriers may have similar exclusions with slightly different wording, so it is important to carefully compare exclusions to discover coverage gaps.**

### **EMPLOYERS LIABILITY**

Does the applicant employ domestic staff?  Yes  No

If yes, answer the following.

Is there a commercial workers compensation policy that covers the employees?  Yes  No

If yes, provide the named insured on the policy, the carrier, and the limits.

Named Insured	Carrier	Limits
_____	_____	_____

List the name of each individual, the duties performed, if the individual lives on premises, and the number of hours the individual works per week.

Name	Duties performed	Live on premises? (Y/N)	Hours worked per week
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

What is the annual payroll? \$ \_\_\_\_\_

### **WHY?**

**Residence employees are granted special status under most underlying personal liability policies. Certain exclusions do not apply to them. The personal Umbrella policy must be compared with the underlying policies to be sure similar coverage applies. If a Workers Compensation policy is purchased, a commercial umbrella will be needed for the excess employers liability coverage.**

**QUIZ: PERSONAL UMBRELLA**

Fred has tended to treat his personal insurance program as an annoyance. Every year his agent would send a bill and he would pay it. Margaret has really enlightened him as to potential exposures and he is wondering if he should consider purchasing a Personal Umbrella policy.

What policies are considered the underlying policies on a Personal Umbrella policy?

- a. Homeowners policy
- b. Personal Liability policy
- c. Auto Liability policy
- d. The policies scheduled as underlying

Fred carries a Yacht policy that includes liability coverage for his pontoon boat. If he lists the Yacht policy as an underlying policy, will the Umbrella policy provide watercraft coverage?

- a. Yes, all underlying policy coverage is included in a personal umbrella
- b. No, Personal Umbrella policies cover only personal liability and auto liability
- c. No, a Watercraft Excess policy must be purchased for coverage
- d. Yes, if the watercraft exclusion is removed from the Personal Umbrella policy

If Fred buys an Umbrella policy, is there coverage if he purchases a dune buggy for beach use only and doesn't notify Margaret?

- Yes
- No

Monica is asked to be on the board of directors of her sorority. If she is sued because of actions of the board would there be coverage under a Personal Umbrella purchased by Fred?

- a. No, there is never coverage under a Personal Umbrella policy
- b. It depends on the policy, some carriers provide the coverage and some do not
- c. Yes, since Monica is an insured there is coverage
- d. No, this is an exposure that should be covered by the sorority

Fred's ex-wife buys a new mustang for Adelle. The divorce agreement states that Fred provides auto insurance for the children, so he notifies his insurance agent to add the vehicle to the personal auto policy. If he has a personal umbrella, must he also notify the personal umbrella carrier?

- a. No, coverage applies automatically for 30 days
- b. Yes, there is only coverage for the autos specifically listed
- c. No, the umbrella does not require a listing of vehicles
- d. Yes, this is an increase in hazard and the carrier must be notified

**PERSONAL AUTO**

**DRIVER INFORMATION**

List ALL residents of the household, including students who live away from home, non-custodial children, and domestic help.

Name	Relationship	Date of Birth	Type of Driver's License (if any)	Live in household? (Y/N)
1. _____	_____	_____	_____	_____
2. _____	_____	_____	_____	_____
3. _____	_____	_____	_____	_____
4. _____	_____	_____	_____	_____

5. \_\_\_\_\_

6. \_\_\_\_\_

Attach a separate listing with the same information for additional residents, as needed.

**WHY?**

**Every resident of the household has access to a vehicle – even those not licensed because most households do not keep car keys hidden. In addition, children away from home may borrow a vehicle if they do not have their own vehicle. These issues increase the automobile exposure. Updating this listing helps in evaluating coverage gaps.**

Does any resident regularly travel outside the United States? \_\_\_ Yes \_\_\_ No

If yes, answer the following:

Does that resident drive vehicles when outside the United States? \_\_\_ Yes \_\_\_ No

Does that resident purchase insurance coverage in those countries? \_\_\_ Yes \_\_\_ No

**WHY?**

**Most policies limit their coverage territory to the United States, its territories and possessions, Puerto Rico and Canada. There is no coverage in Mexico. If the insured plans on driving a vehicle in another country, he or she should obtain automobile insurance in that country. Even though Canada is part of the territory, a Canadian policy should be purchased if the insured travels there regularly because of differences in laws and coverages.**

Do any resident regularly rent (not lease) vehicles for either short-term or long-term use? \_\_\_ Yes \_\_\_ No

If yes, describe the types of vehicles rented, the rental agreements, duration of rental, and locations where the rental takes place.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**WHY?**

**Coverage for any rented vehicle depends on the signed rental agreement and the applicable state laws. Since there are many different types of rental arrangements, the best answer when asked about rental coverage is “it depends.”**

**VEHICLE INFORMATION**

List ALL vehicles that any of the individuals listed above own or operate. Include vehicles supplied by their employers. If two or more individuals use the same vehicle, enter all applicable operators using the numbers from the driver information listing.

Item	Year and Make	Operator(s) #	Owner	Covered by this policy? (Y/N)
1.	_____	_____	_____	_____
2.	_____	_____	_____	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

Attach a separate listing with the same information for additional vehicles, as needed.

**WHY?**

**It is important to keep track of every vehicle in the household because coverage follows the vehicle. Uninsured vehicles on the insured’s premises can cause a coverage problem when an insured uses it “in an emergency” and discovers it has no coverage. Most Personal Auto policies penalize the insured if all vehicles are not covered on the same policy. As a result, it is important to be aware of situations where the household vehicles are not all covered under the same policy.**

If this policy is not to cover a listed vehicle, list the vehicle # and the policy that covers that vehicle.

Vehicle # \_\_\_\_\_ Insurance Carrier \_\_\_\_\_ Policy Number \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**WHY?**

**While it is preferable for all household residents to insure their vehicle under the same policy, doing so is not always possible. When there is more than one policy, it is important to identify the vehicle, the carrier and the policy number for reference in case of a loss.**

Are any vehicles used in connection with business activities? \_\_\_ Yes \_\_\_ No

If yes, give the vehicle number, identify the business, and describe how the vehicle is used.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**WHY?**

**Private passenger cars, vans and pickups used in business are covered under the PAP as long as they are not used for livery or automobile-related operations. However, this does not mean that all insurance companies want to insure business use automobiles on their personal auto policies. It is important that all information regarding the business use of a vehicle be provided in advance so that the insurance company can evaluate the exposure, provide the proper coverage and make an appropriate premium charge.**

Is any vehicle used to plow snow for others? \_\_\_ Yes \_\_\_ No

If yes, answer the following:

Identify the vehicles used?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Is the blade permanently attached? \_\_\_ Yes \_\_\_ No

What are the annual receipts from snow plowing? \$ \_\_\_\_\_

Identify the type(s) of customers:

\_\_\_ Personal      \_\_\_ Commercial      \_\_\_ Governmental entities

Is any vehicle used to tow for others?

If yes, answer the following:

Identify the vehicles used:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Is the towing mechanism permanently attached? \_\_\_ Yes \_\_\_ No

What are the annual receipts from towing? \$ \_\_\_\_\_

Identify the type(s) of customers:

\_\_\_ Personal      \_\_\_ Commercial      \_\_\_ Governmental entities

**WHY?**

**Some insureds have snowplowing and towing equipment for their personal use. Others use this equipment as part of a moneymaking operation. The exposure changes significantly when money is charged and many insurance companies will require such vehicles be insured under a commercial auto policy.**

Is any vehicle regularly used to transport children and others, other than shared car-pooling arrangements? \_\_\_ Yes \_\_\_ No

If yes, answer the following:

Identify the vehicles used:

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What are the annual receipts for transporting people? \$\_\_\_\_\_

Identify the type(s) of customers:

Personal       Commercial       Governmental entities

**WHY?**

**Transporting children can be an incidental or severe exposure, depending on the number of children, their ages and abilities, other adults in the vehicle, and the reason for the transportation. The exposure must be evaluated thoroughly in order to determine if the transportation is of a personal or commercial nature.**

Is any vehicle used in racing activities?  Yes  No

If yes, answer the following:

Identify the vehicles used:

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Describe the racing activities.

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**WHY?**

**There is no coverage when a vehicle is used for racing. As soon as a vehicle enters a racing facility with the intent to race, prepare or practice, coverage ends.**

Are any vehicles temporarily out of service?  Yes  No

If yes, identify the vehicle(s). Explain why it is out of service and the length of time it is expected to be out of service.

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**WHY?**

**The personal auto policy can be used to cover antique and classic cars. However, the comprehensive and collision is not usually appropriate and the premium for the liability coverage is usually excessive because of the way the vehicles are used. Numerous markets specialize in providing the appropriate coverage for these vehicles.**

Are any vehicles antique or classic cars?  Yes  No

If yes, identify the vehicle. Describe the vehicle's restoration and customization, how it is used, and its annual mileage.

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**WHY?**

**When a vehicle is temporarily out of service, coverage can be suspended in return for a premium reduction. The suspension must be for at least 30 days. Comprehensive coverage usually continues during the period of suspension but most other coverage ceases until reinstated.**

## QUIZ: PERSONAL AUTO

Fred owns a Lexus, Ford and a Saturn. Adelle has her Mustang and Monica owns a Honda. Fred has given Ginger keys to all of his cars because her car was totaled in a freak accident. Ginger is teaching her daughter, Corinthia, to drive in the Saturn.

Corinthia and Ginger are shopping. Ginger asks Corinthia to get the car from the parking lot and meet her at the shopping mall door to avoid carrying the heavy, bulky packages. Corinthia pulls in front of another car and is struck. Is there coverage under Fred's policy for the damage?

- a. No, since Corinthia doesn't have a license, there is no coverage
- b. No, because Corinthia is not a named insured under the policy
- c. Yes, because Corinthia is driving Fred's car with his permission
- d. Yes, because the accident took place on private property

Ginger loves driving Fred's Ford. She likes speed but doesn't need any more tickets. The local race track has an amateur night so she signs up. With Fred cheering her on, she finishes third but during the last turn she smashed the right side panel. Is there coverage for physical damage to the car?

- Yes
- No

Ginger and Fred are planning a road trip to California, including Baja. They want to know if they need special automobile coverage for the trip.

- a. Yes, because they will be traveling through states with no fault requirements
- b. No, there are not territorial limitations in the policy
- c. They will need a policy issued through a Mexican company for the Baja exposure
- d. As long as Fred does the driving, there is coverage

Fred has just learned the cost of insuring Adelle's new Mustang and is not happy. He asks Margaret if he should take the Mustang off his policy and purchase a policy just for Adelle but at minimum limits.

- a. No, because he would lose coverage provided to households that have all vehicles under the same policy
- b. Yes, since there is considerable savings involved
- c. No, unless he is added as a named insured to the new policy
- d. Yes because it would make Adelle more responsible

Ginger has agreed to be the official softball mother. This means she will transport any child home that is left behind following a game. Will Fred's policy cover her for this livery service?

- a. No, livery service is specifically excluded from the auto policy
- b. No, because Ginger is not a named insured on the auto policy
- c. Yes, because the transport is voluntary and not paid
- d. Yes, provided an endorsement is added to the policy

## PERSONAL LINES WATERCRAFT

List all owned watercraft.

Unit	Year	Manufacturer	Type	Power Type	Horsepower	Length
1.	_____	_____	_____	_____	_____	_____
2.	_____	_____	_____	_____	_____	_____
3.	_____	_____	_____	_____	_____	_____
4.	_____	_____	_____	_____	_____	_____
5.	_____	_____	_____	_____	_____	_____
6.	_____	_____	_____	_____	_____	_____

**WHY?**

**Homeowner's policies exclude liability coverage for watercraft with horsepower of 50 or more or sailing vessels over 26 feet. In addition, theft coverage does not apply to any watercraft when not on the premises and only limited coverage for other causes of loss. If an insured has watercraft values in excess of \$1,500, a separate watercraft policy should be considered.**

Using the unit number from above, where does each watercraft operate? (%)

Unit #	On Premises –Lake/River	On Premises -Ocean	Off Premises –Lake/River	Off Premises -Ocean
1.	_____	_____	_____	_____
2.	_____	_____	_____	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

**WHY?**

**The location of the watercraft significantly impacts the pricing. Watercraft operated from the owner's pier on an enclosed lake is less likely to sustain a loss than one docked away from the premises on the ocean.**

Using the unit number above, what is the watercraft's lay-up period and where is it stored during lay-up?

Unit #	Lay-up time period	Lay-up location
1.	_____	_____
2.	_____	_____
3.	_____	_____
4.	_____	_____
5.	_____	_____
6.	_____	_____

**WHY?**

**Premium is usually charged for the period the watercraft operates. The policy is issued with specific lay-up periods when the watercraft does not operate. The lay-up periods should be set to anticipate early removal or late lay-up since liability coverage ceases based on the dates shown in the policy.**

**The more protected the environment during lay-up, the more reasonable the pricing. When a watercraft is stored indoors, it is preferable that the building is used only for storage. All off-season repair should be conducted in a building located away from the storage building.**

Is the watercraft available for charter by others? \_\_\_ Yes \_\_\_ No

If yes, identify the watercraft and describe the type of charter.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**WHY?**

**The Homeowners policy does not cover any vessel that is chartered to others. Chartering boats to others significantly increases the exposure to the watercraft owner. The charter should always be with crew as a protection for both the vessel and the individuals who have chartered the vessel. A written contract should detail all conditions of the charter including the responsibilities and expectations of each party.**

Is any watercraft used for business purposes? \_\_\_ Yes \_\_\_ No

If yes, identify the watercraft (s) and describe the business purpose.

\_\_\_\_\_

\_\_\_\_\_

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**WHY?**

**The Homeowners policy does not cover privately owned watercraft used for business purposes. This can be a murky area. When a professional invites a business client along with other friends for a boat ride, is the vessel being used for business purposes? The professional may be using the boat ride to solidify a business relationship as well as to develop and strengthen a friendship.**

Is the watercraft available for rent or loan to others? \_\_\_ Yes \_\_\_ No

If yes, identify the watercraft and describe the rental or loan terms and conditions?

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**WHY?**

**The Homeowners policy does not cover any vessel rented or loaned to others. When a watercraft is rented or loaned without crew or captain, there is a significant concern for the safety of the person renting the vessel, the vessel itself, and the public at large. All loans and rentals should only be conducted with a signed agreement between the parties and only if the insured is aware that the other party has full knowledge of the operations of the vessel and the waters they are navigating.**

Is any watercraft used for racing? \_\_\_ Yes \_\_\_ No

If yes, identify the watercraft, the operator(s), the frequency, and the types of events?

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**WHY?**

**There is no coverage under a Homeowners policy for any racing activities. The watercraft specialty markets will want as much detail as possible in order to provide coverage for any and all racing events.**

List all operators who the household. Include students who are away at school.

Name	Age	Years of Experience	Student? (Y/N)	Operates Watercraft #
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_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

**WHY?**

**The insurance policy does not restrict the watercraft coverage to a particular operator. Listing all members of the household provides an idea of who might operate the vessel. This information is also helpful if a separate watercraft policy is purchased because age and experience is important when evaluating a request for coverage.**

Does any operator use non-owned watercraft? \_\_\_ Yes \_\_\_ No

If yes, identify the operator(s) and describe the type of watercraft.

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**WHY?**

**The "one size fits all" approach does not apply to watercraft. Each type of vessel requires a different level of knowledge and expertise in handling it. The more horsepower and streamlined the boat, the more difficult it can be to control. If members of the household regularly use non-owned watercraft, the exposure needs to be evaluated because the Homeowners policy grants coverage for much larger non-owned watercraft than it does for owned watercraft. The contract between the owner of the non-owned watercraft and the insured is important because it details and specified the duties and responsibility of each party.**

Is watercraft taken outside United States territorial waters? \_\_\_ Yes \_\_\_ No

If yes, identify the operator(s) and the watercraft. Describe their navigation routes.

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### **WHY?**

**The Homeowners policy does not provide any coverage outside the United States territorial waters. Separate watercraft policies can provide such coverage but only if endorsed to do so. Normally, if coverage is desired to expand outside of the United States, the ports of call will need to be specified and the policy appropriately endorsed.**

### **QUIZ: PERSONAL LINES WATERCRAFT**

Fred owns a 28-foot pontoon boat that he uses around the lake. He also has a cabin cruiser boat that he keeps at a marina on the ocean. He is planning on purchasing a catamaran and two kayaks for Ginger and her children to use.

Which of the boats would be the most costly to insure?

- a. The pontoon
- b. The cabin cruiser
- c. The catamaran
- d. The kayak

Ginger enjoys having all of these boats but believes they should be used more often. She is thinking of renting them out to the individuals who travel through Fred's property to the beach. Would the Homeowners policy provide coverage for them if Ginger rents them out?

\_\_\_ Yes

\_\_\_ No

Monica really enjoys water sports and is an accomplished sailor. She is planning on renting a boat while she is on vacation and asks Margaret if there is any coverage under Fred's Homeowners policy.

- a. Yes, subject to the terms of the contract signed
- b. No, except for very low horsepower boats
- c. Fred may have coverage but Monica won't because she is not a named insured
- d. Coverage will depend on the type of boat and the contract Monica must sign

Fred and Ginger would like to take the cabin cruiser to an island outside the territorial waters of the United States. Fred has coverage for the boat under a separate watercraft policy; is there coverage under that policy?

- a. Yes, watercraft policies always provide worldwide coverage
- b. No, watercraft policies purchased in the United States are restricted to United States exposures
- c. Yes, if the watercraft was endorsed to include the expanded territory
- d. Yes, provided the territory was not specifically excluded from coverage

Fred lays up all his boats from November 1- April 1 and has the policy endorsed to reflect that time period. Is there liability coverage if he takes a kayak out on November 15?

- a. Yes, the policy will just need to be endorsed, after the fact
- b. No, liability coverage ceases during the lay-up period
- c. Yes, the lay-up time period only applies to physical damage coverage

### **IN-HOME BUSINESS**

Is the business at the primary residence operated on a full-time basis? \_\_\_ Yes \_\_\_ No

Are there other separate business locations? \_\_\_ Yes \_\_\_ No

Business name: \_\_\_\_\_

**WHY?**

**The unendorsed Homeowners policy does not provide the coverages needed for a full-time business that is located in a residential structure. It provides only \$2,500 in business personal property coverage, no outbuilding coverage and no liability coverage. However, the Homeowners policy can be endorsed to provide coverage for some businesses or a commercial lines policy can be purchased.**

**Any location situated away from the residence must be identified. The insured must then decide if property and/or liability coverage is to apply to the location.**

Describe the business.

\_\_\_\_\_

What is the form of ownership?

\_\_\_ Proprietorship \_\_\_ Partnership \_\_\_ Joint Venture \_\_\_ Limited Liability Corporation \_\_\_ Other

Describe other:

\_\_\_\_\_

\_\_\_\_\_

**WHY?**

**The Homeowners policy in-home business endorsement has guidelines as to the types of operations eligible for coverage. If an operation is not eligible for, or if the coverage available in the endorsement is not sufficient for the exposure, then a commercial lines policy is needed to provide the coverage. A thorough description of the business provides a guide to the most appropriate coverage form to consider. Attempts to place a business operation on a policy that is not appropriate will create coverage gaps and ill feelings between all parties to the transaction.**

**Limited Liability Companies (LLCs) are becoming popular with home-based businesses because the entity gains the benefits of both a sole proprietorship and a corporation. This relatively new form of business is growing rapidly due to the simplicity of filing, liability protection, and tax advantages.**

List the household member(s) who own the business:

Name                                      Age                                      % Owned

\_\_\_\_\_

Do individuals who do not reside on the premises own any part of the business? \_\_\_ Yes \_\_\_ No

If yes, identify them and describe their relationship to the other owners and how they are involved with the business.

Name                                      Relationship                      Involvement

\_\_\_\_\_

List household members(s) the business employs.

Name                                      Age

\_\_\_\_\_

Does the business employ individuals other than household members?

If yes, describe their relationship to the owners and the job(s) they perform.

Name                                      Relationship                      Job(s) performed

\_\_\_\_\_

**WHY?**

**If the business is to qualify for coverage under the home business endorsements on a Homeowners policy, the named insured must be an owner and any other owner must be a family member.**

**If there are more than three employees, the business operation may not be added to the Homeowners policy using the in home business endorsement. A commercial policy should be purchased instead. An important point to note is that a workers compensation policy covering the business is required in most states, regardless of the number of employees. A Homeowners policy does not provide coverage for business employees.**

When did the business begin? \_\_\_\_\_

If the applicant sells products, what are the gross annual sales? \$ \_\_\_\_\_

If the applicant provides services, what are the gross annual receipts? \$ \_\_\_\_\_

What is the business personal property's actual cash value? \$ \_\_\_\_\_

Describe the business personal property.

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**WHY?**

**Business receipts are used as one eligibility criteria for home-based businesses to be covered under the Homeowners policy. The ISO eligibility is \$250,000 or less but this limit does vary by insurance carrier.**

**The unendorsed Homeowners policy provides a limit of \$2,500 on business personal property. The in home business endorsement has provisions to increase the limit. The insured should be aware of limitations this form has for certain types of property such as computers, computer data and business records. If the business personal property exposure is high, the Homeowners policy may not be appropriate especially since the homeowner special form personal property provides only broad form coverage while the business personal property under a BOP provides special coverage.**

What is the maximum actual cash value of property of others on the premises? \$ \_\_\_\_\_

Describe the property of others that could be on the premises.

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What is the square foot area of the business operation? \_\_\_\_\_

**WHY?**

**Personal property of others in the care, custody and control of the insured is included as part of business personal property. Because of this, the business personal property limit should be increased to reflect the value of personal property of others.**

**An in home business should be incidental to the home occupancy. If the business part takes up more space than the part used as a residence, the in home business endorsement is not appropriate. A commercial insurance policy should be written instead.**

If the business is retail (other than crafts and food), answer the following:

Is the product distributed under the applicant's own private label? \_\_\_ Yes \_\_\_ No

The inventory is stored in (check all that apply):

\_\_\_ Residence \_\_\_ Attached garage \_\_\_ Other structure(s) on premises \_\_\_ Other structure(s) off premises

The customer receives the product by:

\_\_\_ Mail/UPS \_\_\_ Customer pickup \_\_\_ Owner delivery \_\_\_ Contract delivery \_\_\_ Other

Describe other:

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Does the applicant sell the product at fairs, flea markets, or similar events? \_\_\_ Yes \_\_\_ No

Do customers come to the applicant's residence to purchase the product? \_\_\_ Yes \_\_\_ No

**WHY?**

**A retailer must have stock on its premises and must have a method of getting the product to the customer. The method(s) used are part of the exposure for the insured and the answers to these questions could lead to the need for additional coverage. If a product is sold under the insured's private label, the insured may have a liability exposure similar to that of a manufacturer, depending on the contract between the insured and the manufacturer.**



**Office exposures are the most common and the most limited exposures of a home business. If an insured is a telecommuter, the company supplying the work should include clear standards and guidelines to be followed in addition to the work to be done. If the insured has access to confidential information, the procedures established by the company supplying the data must be followed.**

## QUIZ: IN-HOME BUSINESS

Fred works for a large corporation full time. He has always done woodworking as a hobby but thanks to Ginger's encouragement, he has started to sell some of his pieces. The trip to California will include stops at local craft shows to sell additional pieces. Right now Fred is operating the business as a sole proprietor but might start an LLC if the pieces are well received. Margaret encourages Fred to consider adding an in-home business endorsement to his Homeowners policy.

If Ginger is named as one of the members of the LLC, will Fred's business be eligible for the in-home business endorsement.

Yes

No

While Fred's primary business will be making new pieces, he is also going to do some repairing. Since the repairing will mean having customer's property on his premises, he wants to know if there is coverage under the endorsement for damage to the customer's property while on his premises.

- a. Yes, but he must schedule a limit for the coverage
- b. No, there is no coverage for any property of others
- c. Yes, it is covered subject to the personal property limit

Fred is going to be working elsewhere full-time so he will be hiring people to help him. How many employees can he hire before he must purchase a commercial policy?

- a. 2
- b. 3
- c. 4
- d. 5

Fred's dwelling is 3,000 square feet. How much space can his business take before it becomes too large for the homeowners endorsement?

- a. 200 square feet
- b. 500 square feet
- c. 1,000 square feet
- d. 1,500 square feet

Most in-home business need to purchase workers compensation coverage.

True

False

Margaret is now ready to develop a Client/Agent Coverage Agreement to take with her to the client. This will allow her to recommend coverages and allow Ginger and Fred to accept or reject the recommendations. Before making recommendation, she selects the Supplement so that she can review the various coverage definitions.

Margaret looks over the coverages on the list. She decides she really needs to know more about the Flood Insurance Policy. She selects it and reviews the definition.

Flood is an excluded cause of loss under most personal lines property policies. This coverage gap can be filled by purchasing a National Flood Insurance Policy. The limits under the NFIP may not be sufficient for many homeowners so there are excess limits available from certain companies.

[Overview of the National Flood Insurance Program \(1,654 words\)](#)

Margaret can use the definition to help introduce the topic but needs to know more in order to actually recommend the coverage. She clicks the link to PF&M so she can learn more about flood coverage.

## QUIZ: RISK OVERVIEW

Throughout this course, we will be providing regular updates on how our agent is progressing with the customer. At these updates, we will take time to review the course material with a short quiz. After you answer the quiz question, the correct answer will be shown. If you are ready, the first update and quiz is ready.

Ginger and Fred are combining two households so they are building a storage barn on the property. There is an existing dock where the pontoon boat is kept.

What is the major property hazard for the dock?

**c. Flood**

Owning coastal property increases the likelihood of a personal liability claim.

**\_\_\_ True**

A particular concern with auto liability and coastal property owners are:

**b. Boat trailers**

Watercraft exposure is limited to on-premises operations and storage.

**\_\_\_ False**

Maintenance is particularly important for coastal property because:

**b. Water and wind cause rapid deterioration.**

## ANSWERS: GENERAL INFORMATION - PERSONAL

Ginger and Fred are divorcees who have decided to combine households but not to get married. The household will include Ginger's son Paul and daughter Corinthia, ages 13 and 15. Fred's two daughters Adelle and Monica are college students, ages 19 and 22, who come home on vacations since Fred shares custody with his ex-wife.

Fred currently has a Homeowners policy. If no changes are made, is there coverage for Ginger and her family?

**\_\_\_ No**

Are Fred's daughters Adelle and Monica covered under Fred's Homeowners policy?

**c. Yes, since they are students, they are covered.**

Margaret notices some obvious roof damage on the outside of the house but no damage on the inside, should she be concerned?

**a. Yes because there is the potential for hidden water damage to the structure.**

Fred does not carry flood insurance on the house since he believes the elevation of the house is sufficient to prevent flooding.

**c. Margaret recommends coverage because of the significant damage that could occur.**

Should Margaret ask about lead exposure?

**d. Yes, because lead could add to the cost of repair following a loss.**

## ANSWERS: DWELLING - COVERAGE A AND ADDITIONAL STRUCTURES - COVERAGE B

Fred's ex-wife was never listed as a named insured on the lakefront property because, in a prenuptial agreement, she agreed that she would have no financial interest in the property. Since the divorce, she has been trying to break the entire agreement. The roof was damaged when both were still living in the house but submitted after Fred's wife had moved out. The insurance company is requiring both parties to agree to the settlement before issuing the check, but Fred's ex-wife will not sign.

Was Fred's wife an insured under the policy?

**\_\_\_ Yes**

Will Ginger have a financial interest in the property after she moves in?

**\_\_\_ No**

Ginger is paying for the storage barn that is being built on the premises. The plan is for her to move her extra furnishings into it for safekeeping. Does Ginger have coverage under Coverage B for the storage barn?

No

The house has no close neighbors. It is heated by liquefied petroleum gas (LPG) and a wood burning fireplace. What types of alarms should Margaret recommend that Fred and Ginger have in place?

d. All of the above

Fred is very excited about the attic room he added over the summer. It has added over 800 square feet to the house and an extra bathroom. Fred should:

a. Increase his Dwelling – Coverage A limit because of the attic room

#### **ANSWERS: PERSONAL PROPERTY - COVERAGE C AND LIVING EXPENSES - COVERAGE D**

Ginger is moving all of the property she and her children own into Fred's house. It is worth approximately \$50,000 at replacement cost value.

As the policy is currently written, is Ginger's property covered under Fred's Coverage C?

No

Fred's policy shows his address as 14526 Lost Lake Dr., Lovely Town. Margaret notices that the address on his mail box is 9083 Pleasant View, Other Town. Which should she show on the policy?

c. Ask Fred for the legal address of the property and use it.

Fred has an extensive gun collection. Is there coverage if any guns are lost or damaged?

c. Yes but only for \$2,500

Adelle and Monica keep personal property at their mother's house, their sorority houses, and their father's house. Under Fred's policy, where would their property be covered?

e. All of the above

Fred owns additional property in town. If the lakefront property is lost or damaged, he will not have a loss of use claim, because he can move into other owned property.

False

#### **ANSWERS: PERSONAL LIABILITY**

Lost Lake is owned by Lovely Town. Fred's family signed an agreement with the town granting an easement for public access to a beach that is adjacent to Fred's home. Over the years, there has been some encroachment onto Fred's property and a rope is attached to one of Fred's trees that is used to swing into the lake.

If an individual is injured when using the tree rope, can Fred be found liable?

Yes

Ginger bought Fred a Labrador Retriever named Butterbean. Butterbean runs off of Fred's property to "rescue" a swimmer. The swimmer sues Fred for damages resulting from the "attack." Will Fred's policy defend him?

b. Yes, because Butterbean belongs to Fred

Fred owns 1,000 acres of land in various parcels around the county. He keeps it vacant so that he can sell it at an appropriate time. Recently a friend asked if he could start to farm 100 of these acres and Fred agreed. Does Fred have liability coverage for this acreage under his Homeowners policy?

c. Yes, but not for the farmed parcels

Fred and Ginger invite friends over for an evening of games. Two of the couples are Fred's business clients and three of the couples are neighbors. One of the business clients is injured when he slips on the pier. Which of Fred's policies should respond?

c. Both

John has been the gardener for Fred's family for as long as Fred can remember. He has a house on the property and he keeps all of the landscaping beautiful. When John is trimming the trees one day, a limb strikes a member of the public walking to the beach. Is Fred covered for John's actions?

Yes

## ANSWERS: PERSONAL UMBRELLA

Fred has tended to treat his personal insurance program as an annoyance. Every year his agent would send a bill and he would pay it. Margaret has really enlightened him as to potential exposures and he is wondering if he should consider purchasing a Personal Umbrella policy.

What policies are considered the underlying policies on a Personal Umbrella policy?

**d. The policies scheduled as underlying**

Fred carries a Yacht policy that includes liability coverage for his pontoon boat. If he lists the Yacht policy as an underlying policy, will the Umbrella policy provide watercraft coverage?

**d. Yes, if the watercraft exclusion is removed from the Personal Umbrella policy**

If Fred buys an Umbrella policy, is there coverage if he purchases a dune buggy for beach use only and doesn't notify Margaret?

**\_\_\_ Yes**

Monica is asked to be on the board of directors of her sorority. If she is sued because of actions of the board would there be coverage under a Personal Umbrella purchased by Fred?

**b. It depends on the policy, some carriers provide the coverage and some do not**

Fred's ex-wife buys a new mustang for Adelle. The divorce agreement states that Fred provides auto insurance for the children, so he notifies his insurance agent to add the vehicle to the personal auto policy. If he has a personal umbrella, must he also notify the personal umbrella carrier?

**c. No, the umbrella does not require a listing of vehicles**

## ANSWERS: PERSONAL AUTO

Fred owns a Lexus, Ford and a Saturn. Adelle has her Mustang and Monica owns a Honda. Fred has given Ginger keys to all of his cars because her car was totaled in a freak accident. Ginger is teaching her daughter, Corinthia, to drive in the Saturn.

Corinthia and Ginger are shopping. Ginger asks Corinthia to get the car from the parking lot and meet her at the shopping mall door to avoid carrying the heavy, bulky packages. Corinthia pulls in front of another car and is struck. Is there coverage under Fred's policy for the damage?

**c. Yes, because Corinthia is driving Fred's car with his permission**

Ginger loves driving Fred's Ford. She likes speed but doesn't need any more tickets. The local race track has an amateur night so she signs up. With Fred cheering her on, she finishes third but during the last turn she smashed the right side panel. Is there coverage for physical damage to the car?

**\_\_\_ No**

Ginger and Fred are planning a road trip to California, including Baja. They want to know if they need special automobile coverage for the trip.

**c. They will need a policy issued through a Mexican company for the Baja exposure**

Fred has just learned the cost of insuring Adelle's new Mustang and is not happy. He asks Margaret if he should take the Mustang off his policy and purchase a policy just for Adelle but at minimum limits.

**a. No, because he would lose coverage provided to households that have all vehicles under the same policy**

Ginger has agreed to be the official softball mother. This means she will transport any child home that is left behind following a game. Will Fred's policy cover her for this livery service?

**c. Yes, because the transport is voluntary and not paid**

## ANSWERS: PERSONAL LINES WATERCRAFT

Fred owns a 28-foot pontoon boat that he uses around the lake. He also has a cabin cruiser boat that he keeps at a marina on the ocean. He is planning on purchasing a catamaran and two kayaks for Ginger and her children to use.

Which of the boats would be the most costly to insure?

**b. The cabin cruiser**

Ginger enjoys having all of these boats but believes they should be used more often. She is thinking of renting them out to the individuals who travel through Fred's property to the beach. Would the Homeowners policy provide coverage for them if Ginger rents them out?

**\_\_\_ No**

Monica really enjoys water sports and is an accomplished sailor. She is planning on renting a boat while she is on vacation and asks Margaret if there is any coverage under Fred's Homeowners policy.

**d. Coverage will depend on the type of boat and the contract Monica must sign**

Fred and Ginger would like to take the cabin cruiser to an island outside the territorial waters of the United States. Fred has coverage for the boat under a separate watercraft policy; is there coverage under that policy?

**c. Yes, if the watercraft was endorsed to include the expanded territory**

Fred lays up all his boats from November 1- April 1 and has the policy endorsed to reflect that time period. Is there liability coverage if he takes a kayak out on November 15?

**b. No, liability coverage ceases during the lay-up period**

## ANSWER: IN-HOME BUSINESS

Fred works for a large corporation full time. He has always done woodworking as a hobby but thanks to Ginger's encouragement, he has started to sell some of his pieces. The trip to California will include stops at local craft shows to sell additional pieces. Right now Fred is operating the business as a sole proprietor but might start an LLC if the pieces are well received. Margaret encourages Fred to consider adding an in-home business endorsement to his Homeowners policy.

If Ginger is named as one of the members of the LLC, will Fred's business be eligible for the in-home business endorsement.

**\_\_\_ Yes**

While Fred's primary business will be making new pieces, he is also going to do some repairing. Since the repairing will mean having customer's property on his premises, he wants to know if there is coverage under the endorsement for damage to the customer's property while on his premises.

**c. Yes, it is covered subject to the personal property limit**

Fred is going to be working elsewhere full-time so he will be hiring people to help him. How many employees can he hire before he must purchase a commercial policy?

**c. 4**

Fred's dwelling is 3,000 square feet. How much space can his business take before it becomes too large for the homeowners endorsement?

**d. 1,500 square feet**

Most in-home business need to purchase workers compensation coverage.

**\_\_\_ True**

# Recommended Coverages

## Homeowners 3-Special Form

The policy consists of six coverages.

Coverage A – Dwelling, Coverage B – Other Structures, Coverage C – Personal Property, and Coverage D – Loss of Use are property coverages. Coverages A, B and D are covered if losses are caused by any risk not excluded. Coverage C is covered only for those losses named in the broad causes of loss.

Coverage E – Personal Liability and Coverage F – Medical Payments to Other are liability coverages. Related Articles:

[HO 00 03–ISO Homeowners 3 - Special Form Coverage Analysis \(30,748 words\)](#)

[Comparison of ISO Homeowners Policies \(1,754 words\)](#)

## HO 04 41–Additional Insured (Residence Premises)

This endorsement extends a homeowners policy, without additional premium charge, to cover the interest of a non-occupant joint owner in the building and for premises liability. Only liability losses directly connected to the building are eligible for coverage. However, no coverage is provided for injury to an insured's employees (including residence employees and their replacements) who are hurt during the course of their employment duties. The additional interest also receives advanced notice if the policy is to be canceled or not to be renewed.

## HO 05 27–Additional Insured - Student Living Away from the Residence Premises

Most students living away from the premises are covered under the homeowners policy as insureds. If a student is older than 24 or does not meet other criteria in the policy, he or she can gain insured status with the attachment of this endorsement. The student's name must be scheduled along with a location address.

That student is an insured only if prior to school residency, he or she was either a relative or a member of the base policy insured's household.

## HO 04 10–Additional Interests - Residence Premises

This simple form merely allows one or more parties who have an insurable interest in the insured home to be added to the homeowner policy. Besides identifying other additional interests, it also obligates the insurer to give the listed parties advance notice if and when the homeowner policy coverage is to be terminated.

## HO 04 11–Additional Limits of Liability for Coverages A, B, C and D

Depending upon the insured agreeing to fully insure the covered buildings at the amount recommended (calculated) by the insurer, the covered property is protected at its full replacement cost. The policy will pay for replacement, even when the cost exceeds the limit shown on the policy. Replacement cost is provided by amending the basic policy's Loss Settlement provision. This form refers to buildings in place of dwellings so that its intent to be applied beyond Coverage A is clarified. If a building is constructed at a different location, the insurer is only obligated to pay an amount no greater than if the rebuilding took place on the original insured location.

## HO 04 51–Building Additions and Alterations

This endorsement can be used only with HO 00 04. It gives an insured the option to increase the coverage for building additions and alterations. An additional premium charge applies.

## HO 04 49–Building Additions and Alterations (Other Residence)

This endorsement may be used to cover additions, alterations and improvements made at the insured's expense, to that part of a building that is rented to the insured as a residence. The location and limit of liability are specified on the form's schedule.

### **HO 04 91–Coverage B - Other Structures Away From the Residence Premises**

This endorsement extends the policy's protection under Coverage B for other, related structures that are located away from the 'residence premises.' For example, it would provide coverage for a barn located on land that is owned by an insured but is separated from that insured's 'residence premises' by land owned by another party. There is no coverage for a building that houses any sort of business activity including storing business property.

### **HO 04 65–Coverage C - Increased Special Limits of Liability**

This endorsement may be used to increase the special limits of liability provided under the homeowners forms for jewelry, watches and furs; money and securities; silverware, goldware and pewterware; guns and portable electronics. The increased limit of liability and the total limit of liability may be shown either on the endorsement or elsewhere for each class of property for which an insured wishes additional protection.

### **HO 04 54-Earthquake**

This endorsement provides protection under Coverages A, B and C against losses caused by earthquake, including land shock waves or tremors which occur either before, during or after a volcanic eruption.

Coverage for masonry veneer may be included. The deductible can be 5%, 10%, 15%, 20% or 25%. The selected percentage is multiplied by the Coverage A and the Coverage C limit of liability to develop the dollar deductible amount. The higher of the dollar deductibles developed is used. The minimum deductible is \$500. One or more shocks occurring within 72 hours are considered to be a single loss event.

Related Article: [HO 04 54–Earthquake Endorsement](#) (426 words)

### **HO 05 41–Extended Theft Coverage for Residence Premises Occasionally Rented to Others**

There is no theft coverage for property in a room that is rented out to others in the base homeowners policy. This endorsement adds protection for those theft losses that take place in an insured home that an owner, every now and then, rents out to third parties. However, the loss must occur in the area of the residence that has been rented out.

No coverage applies when the loss involves various classes of property such as money and similar property, securities and similar property, and jewelry and similar property.

### **HO 06 14–Increased Amount of Insurance for Personal Property Located In a Self-Storage Facility**

This form changes the limit for items in a self-storage facility from 10% of the Coverage C limit of \$1,000, whichever is less to whatever limit is entered on the endorsement schedule. There are no other changes in the coverage.

### **HO 04 50–Increased Amount of Insurance for Personal Property at Other Residences**

This endorsement is used to increase the basic limit of insurance under Coverage C–Personal Property that applies to personal property while located at another residence owned by an insured (normally 10% of Coverage C). The location of each such residence and the increased limit applicable to it are specified in the endorsement.

### **HO 04 46–Inflation Guard**

This endorsement increases the limits of insurance for Coverages A, B, C and D on a pro rata basis subject to a selected annual percentage. The available percentages are 4, 6 or 8% per year and they are applied to the limit of insurance shown on the policy declarations. This form SHOULD NOT be used at the same time as the HO 04 11 or HO 04 20 endorsements because those endorsements provide different methods to increase limits.

Related Article: [HO 04 46–Inflation Guard Endorsement](#) (375 words)

### **HO 06 07–Limited Coverage for Theft of Personal Property Located In A Dwelling Under Construction**

This form provides limited coverage for personal property (as well as building materials and supplies) that is stolen from a building that is being built. The coverage period begins at the starting date scheduled on the form. The coverage (under the form) ends when construction is completed and the building is occupied or on the ending date appearing on the form (whichever occurs first).

### **HO 04 77—Ordinance or Law Coverage Increased Amount of Coverage**

This endorsement applies to Additional Coverage 11. under most forms but to building additions and alterations under HO 00 04 and Additional Coverage 10. under HO 00 06. It increases coverage for ordinance of law from 10% to whatever limit is entered in the schedule. Loss is settled on the basis of any ordinance or law regulating the construction, repair or demolition of a covered structure.

### **HO 04 58—Other Members of Your Household**

This endorsement recognizes that persons may live in a household who are not related to the insured. This form permits a person who is neither a spouse, relative or legal minor of a named insured to be added (via schedule) as an insured when that person resides in the insured household. It is intended for a person who is a full-time resident rather than a guest, tenant, roomer, boarder or employee. Further, persons under the age of 21 who live with the scheduled party also attain status as insured household members.

One major provision is that the named insured must act as a representative for the person in any claims settlement.

### **HO 04 48—Other Structures on the Residence Premises (Increased Limits)**

This endorsement provides an additional amount of insurance on a specific "other" structure located on the residence premises. Several structures may be identified in the endorsement, with a specific amount of insurance applicable to each as an additional limit of insurance.

### **HO 04 61—Scheduled Personal Property Endorsement**

This endorsement may be attached to a homeowners policy to provide coverage for scheduled personal property on a special form basis. The coverage is subject to certain exceptions and to individual company guidelines.

This coverage becomes particularly important where expensive jewelry and furs are at risk because of the restricted theft coverage provided by the basic homeowners policies. The endorsement is also valuable for protecting camera equipment, musical instruments, silverware, golfing equipment, fine arts, collectible stamps, and rare and collectible coins. The HO 04 61 endorsement also has an option to cover breakage of art glass windows, glassware, statuary, marble, bric-a-brac, porcelains and similar fragile articles.

Related Article: [HO 04 61-Scheduled Personal Property Endorsement \(3,100 words\)](#)

### **HO 04 60—Scheduled Personal Property Endorsement (With Agreed Value Loss Settlement)**

This form expands the coverage under a homeowners policy to apply to classes of personal property on a scheduled basis and on a special form (as opposed to named peril) basis. Specific coverage limits may be selected for up to nine classes of property (jewelry, furs, postage stamps, coins, cameras, musical instruments, silverware, golf equipment and fine arts) with an option of specific coverage for individual items.

Coverage applies on an agreed amount basis and is not subject to a deductible.

Related Article: [Personal Articles Floater/Scheduled Property Endorsement \(863 words\)](#)

### **HO 04 40—Structures Rented to Others Endorsement**

This endorsement provides coverage for structures other than the residence that are located on the described premises, rented or held for rental to others. Coverage applies only when such structures are used for residential purposes and are not occupied by more than two families or more than two roomers or boarders per family. Provision is made in the endorsement for as many as three structures held for rental. Each structure is insured with its own limit of insurance. The coverage applies only to structures which are either currently occupied by renters or are being held out for rental. Either all structures or just a portion of the structures may be rented out and the purpose of the rental MUST be for use as a residence.

### **HO 03 12–Windstorm or Hail Percentage Deductible**

This form allows a special deductible to be applied to any loss to insured property that results from powerful winds or from hail. The form's deductible is a stated percentage of the limit of insurance that appears for Coverage A–Dwelling. It applies to any wind or hail loss that occurs under any Section I (property) coverage (Parts A, B, C or D).

### **HO 05 27–Additional Insured - Student Living Away from the Residence Premises**

Most students living away from the premises are covered under the homeowners policy as insureds. If a student is older than 24 or does not meet other criteria in the policy, he or she can gain insured status with the attachment of this endorsement. The student's name must be scheduled along with a location address.

That student is an insured only if prior to school residency, he or she was either a relative or a member of the base policy insured's household.

### **HO 24 70–Additional Residence Rented to Others–1, 2, 3 Or 4 Families**

This endorsement provides coverage for additional one or two, three or four family residence premises, rented to others and owned by the named insured or spouse. The endorsement extends the definition of insured premises contained in the policy to include the scheduled locations under Coverages E and F.

### **HO 04 58–Other Members of Your Household**

This endorsement recognizes that persons may live in a household who are not related to the insured. This form permits a person who is neither a spouse, relative or legal minor of a named insured to be added (via schedule) as an insured when that person resides in the insured household. It is intended for a person who is a full-time resident rather than a guest, tenant, roomer, boarder or employee. Further, persons under the age of 21 who live with the scheduled party also attain status as insured household members.

One major provision is that the named insured must act as a representative for the person in any claims settlement.

### **HO 24 75–Watercraft**

For an additional premium, this form expands Coverage E, Personal Liability and Coverage F, Medical Payments to Others to apply to "bodily injury" or "property damage" losses related to incidents of watercraft ownership. Therefore, there would be more protection for situations involving boat ownership, maintenance, use, operation, loading or unloading of watercraft described in the modified HO policy. Of course, coverage also depends upon the details of a given loss, such as the availability of other coverage.

Although the coverage is broader than what is available under an unendorsed HO policy, coverage is still restricted to the following classes:

- watercraft powered by an outboard engine or motor
- watercraft powered by a combination of outboard engines or motors of more than 25 total horsepower
- other watercraft, if with inboard or inboard-outdrive engine or motor power
- sailing vessel that is 26 or more feet in length

Related Article: [HO 24 75–Watercraft \(606 words\)](#)

### **HO 07 01–Home Business Insurance Coverage**

This endorsement is quite extensive, with the structure of a self-contained policy. It provides both property and liability coverage for losses related to a described business that is operated in the insured's residence or other structure, such as an unattached garage, that is located on the residence premises.

The endorsement consists of a schedule for describing the business, the limit of insurance, the form of business entity, space for providing any information on loss payees and for indicating the limit of insurance for the liability coverages. Specifically, the endorsement consists of:

- Schedule
- Definitions (it modifies and adds a total of 20 defined terms)

- Section I–Property Coverages
- Section II–Business Liability Coverage

This form includes an option to add a special limit of liability of \$10,000 for property that is located away from the residence premises.

It adds coverage for Accounts Receivable, Valuable Papers and Records, Business Income, and Extra Expense.

The endorsement provides liability coverage to protect an insured against losses for which he or she is liable to others because of their described business operation. Specifically, liability coverage, on an aggregate limit basis, is provided for insurance for completed operations, certain other business liability and medical payments to others. However, this portion of the endorsement excludes losses arising out of:

professional services	advertising injury	damages to impaired property	
damages to certain types of property		damage to insured's product or work	employer's liability
personal or advertising injury	pollution	product or work that is recalled	

Related Articles:

[Covering Home-Based Businesses](#) (2,599 words)

### **Liability**

This coverage is provided in the personal auto policy if a limit of insurance is entered on the personal auto declarations page. It covers those insured under the policy when claims are made against them due to bodily injury or property damage related to the use of a vehicle.

Related Article: [ISO '05 Ed. Personal Auto Policy Analysis](#) (20,957 words)

### **Damage to Your Auto**

The coverage is provided in the personal auto policy but only for the vehicles and for the coverage shown on the declarations. The two choices are collision and other than collision. Both, either or neither can be selected for each covered vehicle. The selection is made by entering, by vehicle, the applicable deductible for the coverage on the declarations.

### **Uninsured Motorist**

If an insured is in an accident with an uninsured motorist, this coverage compensates the insured for damages he or she sustains due to bodily injury caused by the uninsured motorist. While the coverage is part of the basic policy, many states have endorsements that modify the coverage and may even include physical damage coverage. The minimum limits required vary by state.

### **Underinsured Motorist**

If an insured is in an accident with a motorist carrying liability coverage limits, the uninsured motorist coverage is not available even if the limits carried are insufficient to cover the insured's injuries. Underinsured motorist coverage is available, even required in many states to provide coverage for an injured insured above the lower limit carried by an inadequately insured motorist.

Related Article: [PP 03 11–Underinsured Motorists Coverage](#) (1,924 words)

### **Medical Payments**

This coverage pays necessary medical and funeral expenses incurred by an insured suffering from accidental bodily injury. The insured must be occupying a vehicle at the time of the accident or be struck by a vehicle.

### **PP 03 19—Additional Insured - Lessor**

This endorsement adds the insurable interest for a lessor onto a PAP that is insuring a leased automobile. Liability coverage may be added on either a single or split limit basis. Physical damage coverage is also available. If the policy is cancelled, the named lessor must receive notice.

### **PP 03 35—Auto Loan/Lease Coverage**

This coverage should be discussed with every insured who finances or leases an auto. Traditional car loan/lease periods are lengthening from an average of 36 to 60 months and beyond. An auto's value may depreciate more quickly than the customer's loan balance. Thus, in a total loss, the insured may receive an actual cash value payment that is less than the loan amount. This gap can now be covered by endorsement PP 03 35. The coverage will not pay any excessive use payments for leased vehicles, or costs for warranties and other loan add-ons, or any late fees or overdue lease or loan payments.

### **PP 03 08—Coverage for Damage to Your Auto (Maximum Limit of Liability)**

This endorsement amends Part D of a Personal Auto Policy in order to provide coverage to a described vehicle on a stated amount basis. The company's limit is the **least** of the stated amount shown, actual cash value or the repair or replacement cost; subject to the applicable deductible. The endorsement reminds the agent and customer that the stated amount represents the **maximum** amount that may be received as a result of a total loss. It does not represent a guaranteed amount.

Related Article: [PP 03 08—Coverage for Damage To Your Auto \(Maximum Limit of Liability\) \(856 words\)](#)

### **PP 03 18—Excess Custom Equipment Coverage**

This endorsement provides coverage for custom equipment that is excluded from Part D—Damage to Your Auto of the Personal Auto Policy. Coverage is available only on an actual cash value basis. The endorsement protects furnishings that are commonly installed in vans, SUVs, pickups and other vehicles such as thick carpeting and insulation, beds, bars, sinks, cabinets, water heaters and other items. External custom features which are eligible for coverage include hand paintings, decals and height-extending roofs. The same coverage and deductible extends from the covered vehicle.

### **PP 03 13—Excess Electronic Equipment Coverage**

Coverage is provided for audio, visual and data electronic equipment media on a scheduled basis. When this coverage is purchased tapes, records, discs or other accompanying media are automatically covered for up to \$200. This form also covers permanently installed audio, video or data equipment in excess to the \$1,000 coverage in the Personal Auto Policy. No deductible applies to a loss to any scheduled equipment or its media. Settlement is the lesser of the stated amount, the equipment's actual cash value, or the cost to repair or replace with like kind or quality.

Related Article: [PP 03 13—Excess Electronic Equipment Coverage \(669 words\)](#)

### **PP 03 06—Extended Non-Owned Coverage - Vehicles Furnished or Available for Regular Use**

This endorsement expands liability and medical payments coverage for a named individual by removing the exclusions that eliminate coverage for vehicles furnished for regular use. The endorsement does not provide coverage for any accident involving a vehicle owned by the named individual, owned by a member of the same household, or for any vehicle used as a temporary substitute for any owned vehicle.

This can be particularly useful when the named insured is furnished an automobile by his or her company, family members are permitted to use the vehicle and the family has no owned vehicles.

Related Article: [PP 03 06—Extended Non-owned Coverage - Vehicles Furnished or Available for Regular Use \(462 words\)](#)

### **PP 13 05—Extended Non-Owned Coverage - Vehicles Furnished or Available for Use as Public or Livery Conveyances**

This endorsement expands liability and medical payments coverage for a named individual by eliminating the exclusions that pertain to coverage for vehicles furnished for regular use. However, the exclusion is removed only if the non-owned vehicle is used as a public or livery conveyance.

### **PP 03 01–Federal Employees Using Autos in Government Business**

This endorsement should be attached whenever a federal employee is an insured and uses his or her automobile on government business. It eliminates the federal government as an insured and also coverage for the insured that should be provided by the federal government.

### **PP 03 34–Joint Ownership**

This form allows relatives (regardless of residency) or unrelated, resident individuals who jointly own private passenger vehicles to be insured as joint owners and thus be eligible for full coverage under the personal auto policy. Siblings who own a car, nontraditional households, roommates, separated spouses are all examples of situations where this endorsement is appropriate.

### **PP 03 26–Liability Coverage Exclusion Endorsement**

Use of this endorsement amends the PAP so that no liability coverage is provided to an insured for injuries to the named insured or any defined family member.

### **PP 03 21–Limited Mexico Coverage**

This endorsement extends all liability, medical payments, uninsured motorists, damage to your auto, and any no-fault coverage afforded to a covered person, to accidents occurring in Mexico within 25 miles of the United States border, while the covered person is on a trip of 10 days or less. The intent of this endorsement is to extend the coverage territory to the border towns of Mexico if there is an accident with another U.S. citizen.

In order for this endorsement to apply, liability insurance must have been purchased separately through a licensed Mexican insurance company, the suit must be brought in the United States, and/or the suit cannot involve a Mexican citizen or resident. The insurance provided by the endorsement is excess over the Mexican insurance policy and other collectible insurance. Coverage under Damage to Your Auto is made only for repairs performed in the United States.

Related Article: [Excess Mexican Coverage for a Personal Auto Policy \(1,163 words\)](#)

### **PP 03 05–Loss Payable Clause**

This form is used to attach any vehicle financial interests for the covered autos to the policy.

### **PP 03 23–Miscellaneous Type Vehicles**

Using this endorsement, the insured can purchase liability, medical payments, uninsured motorist, collision and other than collision coverage for a wide variety of owned vehicles, including (but not limited to) motorcycles, motor scooters, golf carts, and motor homes. However, no coverage exists for non-owned vehicles except for temporary substitute vehicles. The endorsement transforms the PAP to provide the miscellaneous vehicle type protection by amending portions of the PAP definitions and exclusions.

Related Article: [PP 03 23–Miscellaneous Type Vehicle \(1,111 words\)](#)

### **PP 03 28–Miscellaneous Type Vehicle Amendment (Motor Homes)**

This endorsement adds exclusions to coverage provided by a personal auto policy modified with the PP 03 23–Miscellaneous Type Vehicle endorsement. These exclusions are very specific to motor homes and deals with the rental of these vehicles.

Related Article: [PP 03 28–Miscellaneous Type Vehicle Amendment \(Motor Homes\) \(566 words\)](#)

### **PP 03 22–Named Non-Owner Coverage**

This endorsement is attached to a Personal Auto Policy when the named insured does not own an auto and does not have one regularly furnished. (It is not to be confused with PP 03 06– Extended Non-Owned Coverage - Vehicles Furnished or Available for Regular Use, described above.) The endorsement provides liability, medical payments and uninsured motorists coverages for named individuals. If a named insured buys an auto, he or she is covered up to 14 days. Coverage terminates when the insured purchases insurance on the acquired auto during that time. This coverage is excess over other available insurance.

### **PP 03 02–Optional Limits Transportation Expenses Coverage**

This form increases the amount of coverage for transportation expenses. The daily and the maximum limit available under Coverage Part D, Damage to Your Auto, Transportation Expenses are both increased. These increases apply to the covered auto scheduled on the endorsement and also to non-owned auto.

### **PP 03 03–Towing and Labor Costs**

This endorsement pays up to the amount shown in its schedule or in the policy declarations for towing and labor costs when a covered auto is disabled. Covered labor costs are only those incurred at the point of disablement. In other words, no coverage is provided for work performed at a garage or any other location.

### **PP 03 07–Trailer/Camper Coverage (Maximum Limit of Liability)**

This endorsement pays for loss to described trailer or camper body as well as to awnings, and cabanas or other equipment that are attached to a covered auto, and are designed to create additional living facilities. Up to three vehicles can be scheduled and can show whether an insured has selected collision or other than collision coverage.

The form specifically excludes loss to business or office equipment, sales samples or property used in exhibitions. It also excludes damage to clothing or luggage. Any loss payment is less any applicable deductible shown in the schedule or declarations. This endorsement should not be confused with PP 03 18–Excess Custom Equipment Coverage.

### **PP 13 02–Trip Interruption Coverage**

This form provides coverage for certain additional expenses an insured has to pay because of the breakdown and subsequent loss of use of a covered auto. Coverage is capped at \$600 per covered incident and the covered vehicle must be unavailable for more than 24 hours. Further, the loss has to take place at least 100 miles away from the insured's home. Covered expenses include the cost of hotels/motels and meals.

### **Aircraft Hull / Liability Policy**

Aircraft hull and liability policies are written in specialty markets since aircraft coverage is specifically excluded under other lines of insurance.

Related Article: [Overview of Aircraft and Aviation Insurance \(1,497 words\)](#)

### **Flood Insurance Policy**

Flood is an excluded cause of loss under most personal lines property policies. This coverage gap can be filled by purchasing a National Flood Insurance Policy. The limits under the NFIP may not be sufficient for many homeowners so there are excess limits available from certain companies.

Related Articles:

[Overview of the National Flood Insurance Program \(1,654 words\)](#)

### **Personal Inland Marine Policy**

This policy can be used to schedule personal property items that may be limited or difficult to cover properly under the Coverage C – Personal Property Coverage.

Related Articles:

[Personal Articles Floater/Scheduled Property Endorsement \(863 words\)](#)

## **Personal Umbrella Policy**

An umbrella serves two purposes. First, it provides excess liability limits over the scheduled underlying policies. Second, it fills some gaps in the underlying coverage. There is no standard umbrella policy. Therefore, coverage comparison is a must. Key areas of comparison are exclusions, deductible, whether a follow-form is offered over unusual underlying exposures, limits, and defense cost (in or out of the limits).

Related Articles:

[ISO Personal Umbrella Liability Policy Coverage Analysis \(8,381 words\)](#)

## **Watercraft (Yacht) Policy**

Watercraft policies are available to coverage both boats and yachts. All watercraft policy cover both the liability and the hull damage coverage for owned and leased watercraft. The yacht policies eligibility is much larger and anticipates more extensive exposures.

Related Articles:

[ISO Watercraft Policy Overview \(403 words\)](#)

[ISO Yacht Coverage Form \(8,211 words\)](#)

Total words in this Continuing Education Manual is 89,207