

**OREGON MUTUAL INSURANCE COMPANY
PERSONAL LINES PROPERTY**

UNDERWRITING STANDARDS

UNDERWRITING ACCEPTANCE STANDARDS OR ELIGIBILITY CRITERIA

An eligible homeowners risk must demonstrate pride of ownership and appropriate housekeeping and maintenance and be of standard or better construction.

In conjunction with front-line underwriting by your agency, initial screening requires the submission of a fully completed application within fifteen (15) calendar days of the effective date of coverage.

The underwriting criteria listed below and on the following pages are guidelines to be utilized in the eligibility selection process. A risk that meets these guidelines does not necessarily guarantee that it qualifies for Oregon Mutual rates. Authority for final approval of any Homeowner risk remains with your personal lines regional office underwriter.

ADDITIONAL CRITERIA FOR PROPERTY RISKS – NEW AND RENEWAL

Additional Insured

1. An additional insured may be endorsed onto the policy at no additional charge.
2. If the additional insured is other than a life estate or individual ownership interest in the primary residence, please refer to the underwriter for eligibility.

Additional Living Expense

1. Forms 3 and 5
Coverage for 20% of Coverage A dwelling is automatically provided.
2. Forms 4 and 6
Coverage for 20% of Coverage C personal property is automatically provided on Form 4 and 40% on Form 6.
3. The listed amounts of coverage are automatically provided for increase in living costs or loss of rents if the insured premise is made unfit for use by an insured loss. Additional coverage may be purchased.
4. Refer to dwelling fire coverage forms for additional living expense coverage provided. Additional coverage may be purchased.

Additional Residence Premises – Liability

1. Not rented to others
 - a. Coverage may be provided on the homeowner policy for:
 - (1) An additional residence.
 - (2) Additional acreage with or without buildings.
 - b. The property must be maintained by and for the named insured.
2. Rented to others
 - a. Liability coverage for rentals is not available as an extension from the homeowner policy. OL&T coverage may be added to eligible dwelling policies written with Oregon Mutual.
 - b. All units must have appropriate, working smoke alarms.
 - c. Multi-family residences
 - (1) Liability for the owner-occupant is automatically extended to include that portion of the described premises:
 - (a) used for residential purposes and
 - (b) not occupied by the named insured as his private residence.
 - d. Liability (and property) coverage for three and four family residences, with or without an owner occupied unit, may be referred to the underwriter for consideration in the dwelling fire program prior to binding.

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ADDITIONAL CRITERIA FOR PROPERTY RISKS – NEW AND RENEWAL (Cont.)

Age Of Dwelling

1. Call for pre-approval before binding dwellings age 50 years or older in the homeowner or dwelling fire program. Well-maintained and appropriately updated frame dwellings (not manufactured homes) of any age may be written, if other eligibility requirements are met.
2. All wiring must be on circuit breakers (no fuses or fusestats) with Romex or flex conduit.
3. For dwellings 50 years or older:
 - a. The heating must be appropriately updated.
 - b. Plumbing that is otherwise eligible (see Plumbing) must be updated to copper or galvanized steel or replaced with PVC.
 - c. Original wiring must be appropriately updated.
4. The roof must be in good condition with no indication of excessive wear (such as missing or curling shingles or broken tiles) or lack of maintenance (such as debris or moss build-up). Refer all wood shake roofs and composition roofs over 20 years old to underwriting for consideration prior to binding.
5. For dwellings 50 years and older, we require current photos of *all* sides of the home as well as full visual of the entire property so we can evaluate the overall condition and pride of ownership prior to binding coverage. In addition, we require signed certification from the insured regarding the status of their heating, electrical and plumbing systems using Oregon Mutual's Modernization Questionnaire (Form G1004H) which can be found on Biz Link. The answers provided by the insured will be used to determine whether the home is eligible for insurance with our company. The answers provided are a material representation, and will be made a part of the application for insurance and will be relied upon by Oregon Mutual in making an underwriting decision. Homes where the heating, electric and plumbing systems have not been completely updated (partial system updates) will not be eligible for coverage with Oregon Mutual.

All-Terrain Vehicle

1. All-Terrain Vehicle (ATV) liability may be added, including medical coverage, for:
 - a. Individually owned four-wheel ATVs designed for off-road use. Refer to underwriter before binding six-wheel ATVs. Three-wheel ATVs are not eligible for any coverage;
 - b. ATVs between 90 cc's and 750 cc's. Refer all ATVs under 90 cc's and over 750 cc's to underwriter for pre-approval prior to binding;
 - c. ATVs not used in business, dune riding, racing, stunting activities, speed contest, rented out, or used to carry persons or property for a fee;
 - d. Up to four ATVs may be insured. The number of ATVs insured must be less than or equal to the number of licensed operators residing in the same household;
 - e. Only standard performance ATVs are eligible. Race oriented and high performance ATVs are not eligible
2. Operators aged 12 – 16 are acceptable provided they operate the ATV solely on the insureds owned property. For any unlicensed operator, regardless of age, we will require proof that (s)he has successfully completed a certified rider safety course.

The following operators and households are ineligible:

- a. Operators with cancelled, revoked or suspended driver's license;
 - b. Operators who require an SR-22 filing;
 - c. Operators with more than two minor violations or more than one at-fault accident;
 - d. Households with four or more incidents.
3. Other Requirements
 - a. ATVs must be secured in storage when not in use;
 - b. Underwriting may request a photo of each ATV;
 - c. Complete form G1121H;
 - d. Refer to underwriter before binding ATVs on a Form 4 policy.
 4. For physical damage coverage, refer to Miscellaneous Scheduled Property rules.

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ADDITIONAL CRITERIA FOR PROPERTY RISKS – NEW AND RENEWAL (Cont.)

Binders – See Binding Authority Pages

Boats/Boatowners – See Watercraft

Business Activities (Homeowner only)

Coverage for business pursuits or occupation of the insured or other household members must be referred to the underwriter for consideration prior to binding.

Business Coverage, Incidental (Homeowner only)

1. Coverage may be provided for an insured who maintains an incidental occupancy (including office, professional, private school or studio) in the dwelling or in a separate structure on the premises.
2. For an additional premium charge, coverage may also be provided for an appurtenant structure used for the listed incidental business. See Related Private Structures, Business.
3. To be considered for incidental business coverage:
 - a. The home must be principally used for dwelling purposes with no exterior signs identifying the business.
 - b. There are no clientele or employees at the home.
 - c. The insured's primary place of business is at another location.
 - d. There is no other business conducted on the premises.
4. Examples of permissible occupancies would include: real estate, insurance, accountants, Tupperware or Avon dealers (not distributors), and telecommuting.
5. Ineligible occupancies
 - a. Manufacturing operations.
 - b. Wholesale or retail sales, except Tupperware or similar party-type sales and Avon or other door-to-door sales.
 - c. Woodworking, cabinetmaking, upholstery or machine shop.
 - d. Repair or service operations including but not limited to: automobile service, vacuum or sewing machine repair, lawn mower repair, TV and radio repair or sporting goods service and repair.
 - e. Medical-related services.
 - f. Beauty parlors or barber shops.
 - g. Art or music studios offering group lessons (defined as more than two students per class).
 - h. Ceramic studios.
 - i. Data processing services.
 - j. Bed and Breakfast exposures.
 - k. Photography studios.
 - l. Dog handling or grooming services.
 - m. Dance or aerobic studios.
 - n. Occupancies with full or part-time employees.
6. Home Day Care: Homeowners coverage may be written on an insured who provides day care in the home. Evidence of insurance on the day care operation at liability limits equal to the homeowner policy and a copy of the day care license must be provided within 30 days of the policy effective date. An exclusion for the home day care exposure will be attached to the policy.

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ADDITIONAL CRITERIA FOR PROPERTY RISKS – NEW AND RENEWAL (Cont.)

Business Coverage, Other Than Incidental (Homeowner only)

Homeowner policies may be written on homes with business exposures that are not incidental but qualify and are written under the Oregon Mutual Businessowners Program. In order to reduce potential gaps or conflicts in coverage, Oregon Mutual must also provide coverage for the business exposure (except Home Day Care), and a non-stacking endorsement would be attached. Refer to your personal lines underwriter before binding.

Claims

Oregon Mutual will consider, for otherwise superior accounts, 1 minor loss (under \$50,000) at new business. Excluded from this are any losses that show gross negligence on the part of the insured, as well as any fire loss on property owned or occupied by the insured. Damage caused by a water loss must be fully repaired, and the cause of loss identified and remedied to reduce the possibility of a similar loss from occurring in the future.

Upon running the Loss History report, reconcile any losses which belong to the insured. If under \$50,000 and not caused by gross negligence and/or not a fire loss and cause of loss has been fully remedied and all repairs completed, okay to bind coverage. Any other circumstances will require prior underwriting approval.

Condominium Unit-Owners (See also Special Building and Contents)

1. Condominium Unit-Owners Additions – Higher Limit
 - a. Coverage is automatically provided for 10% of Coverage C Personal Property.
 - b. Coverage may be increased to cover the insured's interest in additions and alterations at the insured location.
 - c. The owner's interest in building improvements and alterations for a rental condominium can be insured on Dwelling Fire if the primary is written in Oregon Mutual and with prior underwriting approval.
2. Condominium Unit-Owners Additions "Special Coverage"

The policy may be extended to insure against risks of physical loss, with certain exceptions.
3. Unit-Owners Related Private Structure
 - a. No automatic coverage applies.
 - b. The policy may be extended to cover related private structures owned by the insured and located on the described premises.
4. Loss Assessment Coverage

The policy may be extended to cover loss assessment for which the insured may be liable.

Note: No coverage is provided for Earthquake and Volcanic Eruption.
5. Rented condominiums may be written under the Dwelling Fire Program.

Course Of Construction (COC) – See also Remodeling/Renovation

1. Contact your underwriter for pre-approval prior to binding Coverage A values over \$500,000 for a primary residence and \$250,000 for a secondary or dwelling fire.
2. May be written to cover a one or two family residence being constructed for the insured.
 - a. Form H054 must be attached.
 - b. The policy must be issued only in the name of the intended owner-occupant.
 - c. The dwelling must be built by a licensed and insured contractor. Please provide the name and license number of the contractor.
 - d. The dwelling must be completed and occupied by insured within one year.
3. Vandalism coverage is limited to dwellings occupied within 180 days from the date construction begins.
4. COC in PC 9-10 is ineligible.

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ADDITIONAL CRITERIA FOR PROPERTY RISKS – NEW AND RENEWAL (Cont.)

Course Of Construction (COC) – See also Remodeling/Renovation (Cont.)

5. Unscheduled personal property intended for the insured's primary residence may be covered at a location other than the insured premises described in the declaration until the home is completed and occupied. Refer to an underwriter any exposure of personal property primarily located in a storage unit.
6. Optional Coverage may be added to homeowner policies for theft of building materials and supplies at the insured premises. See the Options and Credits Section for further information.
7. Expanded Replacement Cost coverage and Form 5 coverage are not available until the home is completed and occupied.
8. May be written for one year under the Dwelling Fire program if the named insured will be the owner occupant.

Dwelling Fire Program

The Dwelling Fire Program will provide dwelling, contents, and related coverages for tenant occupied single family dwellings and duplexes. Rented condominiums are also eligible for coverage. OMI must carry the supporting primary homeowner coverage. No more than four total units. Rental pool exposures are ineligible.

1. The minimum amount of coverage is 100% of actual cash value or replacement cost.
2. The minimum value is \$50,000 for buildings and \$15,000 for contents if written separately.
3. Dwelling Building and Contents - Special Form (DF-3) is available for new business.
4. Supported, high quality three or four family rentals may be referred to the underwriter for consideration prior to binding.

Coverage B – Related Private Structures – See Related Private Structures

Coverage C – Personal Property – See Unscheduled Personal Property

Coverage D – Additional Living Expense – See Additional Living Expense

Dock Exposures (Homeowner only)

Dwellings with on premise dock exposures may be written if:

1. The dock is well maintained.
2. The insured's property is fenced so that access to the dock is only from the insured's property or the water.
3. A photo of the dock, showing the fencing, must be submitted with the application.

Earthquake Coverage

*****Earthquake Moratorium – Any Time There is an Earthquake Within the State of California of 5.0 Or Greater, Coverage Cannot Be Bound or Added Within a 100 Mile Radius of the Epicenter Until a Period of 30 Days Has Passed.*****

For additional explanation or clarification of the above rule(s), contact your Personal Lines Underwriter.

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Farm Buildings (Used For Incidental Farming), See Related Private Structures, Farming

Farm Land/Farm Premises Rented To Others (Homeowner only)

1. Liability coverage may be provided for farmland and/or a one, one or two-family farm residence rented to others.
2. The property must be owned by the named insured.

Farming Coverage, Incidental (Homeowner only)

Coverage may be provided under the homeowners program for incidental farming exposures. Refer to underwriting for pre-approval of any farming exposure, including any animals other than common household pets.

Golf Carts (Homeowner only)

Liability is provided automatically for golf carts while used for golfing purposes, including traveling to and from the golf course.

1. Coverage may be added for golf carts used on roads within a gated community.
2. For physical damage coverage, refer to scheduled property.

Heating

1. Dwellings with central forced air or central gas heating systems are eligible for the Homeowner Program and the Dwelling Fire Program.
2. Dwellings with oil heat or propane heat may be eligible for the Homeowner and Dwelling Fire Programs.
3. Propane tanks must be installed in accordance with the Uniform Fire Code requirements. Tanks must be protected from potential vehicle collision and a service contract must be in place.
4. Solar heat must be referred for consideration prior to binding.
5. Modern Radiant Floor Heat, or Radiant Panels installed in walls or ceilings, may be considered provided the dwelling is equipped with an active and operational automatic water leak detection and water shutoff system. These must be referred for prior underwriting approval.
6. Thermostatically controlled zonal or baseboard heat is acceptable for a secondary residence.
7. Ineligible Exposures:
 - a. Dwellings without central heat.
 - b. Dwellings with traditional steam radiant heat.
 - c. Dwellings with wood-fired furnaces.
 - d. Dwellings with butane, kerosene, coal, sawdust, or portable space heaters.
 - e. Dwellings with wood burning appliances used as the primary heat source.
 - f. Primary residences with zonal or baseboard heat.

Homeowner Forms 3 And 5 – Owner Occupied Primary or Secondary Dwelling

1. May be written for the owner-occupant of a dwelling:
 - a. Used exclusively for private residential purposes (including permitted incidental occupancies).
 - b. Contains not more than two separate residential units with not more than one boarder or roomer per residence.
2. For guidelines on dwellings under construction, refer to "Course of Construction."
3. The dwelling must be written for 100% of replacement value and replacement cost calculations should be submitted with the application.

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ADDITIONAL CRITERIA FOR PROPERTY RISKS – NEW AND RENEWAL (Cont.)

Homeowner Forms 3 And 5 – Owner Occupied Primary or Secondary Dwelling (Cont.)

4. Well maintained tar and gravel or composition rolled roofing is acceptable for a secondary residence. No composition rolled roofing or wood shake in heavily forested areas.
5. Thermostatically controlled zonal or baseboard heat is acceptable for a secondary residence.
6. Minimum value of \$100,000 and maximum of \$850,000. Secondaries and smaller homes in excellent condition with values less than \$100,000 can be referred for consideration prior to binding. (Risks over \$850,000 must be referred to the underwriter for consideration prior to binding.)

Homeowner Form 4 – Tenants

1. May be written for:
 - a. The tenant (non-owner) of a dwelling or an apartment used exclusively for residential purposes (including permitted incidental business occupancies).
 - b. The owner occupant of a dwelling or building which does not qualify for homeowners coverage and:
 - (1) Contains an apartment occupied by the insured that is used exclusively for residential purposes (including permitted incidental business occupancies).
 - (2) Coverage for the building is also written in Oregon Mutual.
2. The personal property must be insured for 100% of its replacement cost value. A personal property cost guide or inventory computation is needed to help substantiate insurance to value.
3. Unrelated individuals occupying the same residence, and not qualifying as same sex partners under California law, must be written on separate policies.
4. Any loss activity must be referred to underwriter for consideration prior to binding.

Homeowner Form 6 – Condominium Unit-Owners

1. May be written for the owner-occupant of a condominium unit:
 - a. Used exclusively for residential purposes (including permitted incidental business occupancies), and
 - b. not occupied by more than one additional family or more than one roomer or boarder.
2. The personal property must be insured for 100% of its replacement cost value. A personal property cost guide or inventory computation is needed to help substantiate insurance to value.
3. Minimum Coverage C limit is \$50,000 and maximum Coverage C limit is \$250,000. Risks over \$250,000 may be referred for consideration prior to binding.
4. If coverage is desired for additions and alterations, they must be insured for 100% of replacement cost value and a replacement cost guide calculation should be provided.
5. Increases in unit owners Coverage A due to a large gap in master policy coverage (such as exclusions or a large deductible) are unacceptable.

Incidental Business – See Business Coverage, Incidental

Incidental Farming – See Farming Coverage, Incidental

Inland Marine – See Scheduled Property

Loss Assessment, Homeowners Association

The policy may be extended to cover loss assessment for which an insured may be liable.

Note: No coverage is provided under this endorsement for earthquake and/or volcanic eruption.

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Named Insured

1. The named insured must be an individual or individuals.
2. Non-related individuals may be named insureds if they reside at the listed location and:
 - a. They have an ownership interest in the dwelling or condominium or
 - b. They qualify as same sex partners under California law.
3. Life estates, trusts and other similar interests may be added as additional insureds.
4. Non-related individuals may be named insureds of a Dwelling fire policy if primary residence(s) are written with Oregon Mutual. Prior underwriting approval is required.

Photos

1. Homes 50 years or older require current photos of *all* sides of the home as well as full visual of the entire property so we can evaluate the overall condition and pride of ownership prior to binding coverage. In addition, we will require signed certification from the insured regarding the status of their heating, electrical and plumbing systems using Oregon Mutual's Modernization Questionnaire (Form G1004H) which can be found on BizLink®. The answers provided by the insured will be used to determine whether the home is eligible for insurance with our company. The answers provided are a material representation, and will be made a part of the application for insurance and will be relied upon by Oregon Mutual in making an underwriting decision. Homes where the heating, electric and plumbing systems have not been completely updated (partial system updates) will not be eligible for coverage with Oregon Mutual.

Protection Class 9 or 10

1. All risks located within a PC 9 or 10, refer to underwriter for consideration prior to binding.
2. The insured must have a telephone.
3. Isolated risks are not eligible.
4. The dwelling must be accessible year round.
5. Must have thermostatically controlled heat. Woodstove as primary source of heating is ineligible.

Related Private Structures

1. On the Homeowner policy, related private structures occupied by the insured are automatically covered on the basic policy for 10% of the Coverage A Dwelling amount. For dwelling fire, they must be specifically insured.
2. If increased coverage is desired, a description of the structure must be provided, and the full value of the appurtenant structure should be specified and scheduled on the H048 or specifically listed on the dwelling fire policy.
3. Incidental Occupancies:
 - a. Private Garage - On Homeowner policies, coverage is automatically provided at 10% of coverage A Dwelling amount for a structure rented as a private garage. In order to increase coverage, a description and the amount of increase must be provided.
 - b. Rental Dwelling - No automatic coverage is provided for related private structures rented or held for rental as a private residence. Coverage for this exposure may be written on a dwelling fire policy. Risks with woodstoves are ineligible.
 - c. Farming - No automatic coverage is provided for related private structures used for incidental farming. In order to qualify for coverage (Homeowner only):
 - (1) The structure must be well maintained.
 - (2) The occupancy must meet incidental farming underwriting requirements.
 - (3) Incidental Farming Liability Coverage (H030) must also be attached, and the appropriate premium charge made, in order to eliminate exclusionary language that applies and clarify that coverage is provided for the exposure.

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ADDITIONAL CRITERIA FOR PROPERTY RISKS – NEW AND RENEWAL (Cont.)

Related Private Structures (Cont.)

- d. Business - No automatic coverage is provided for related private structures used in part or in whole for business. In order to qualify for coverage (Homeowner only):
 - (1) The structure must be well maintained.
 - (2) The business occupancy must meet incidental business underwriting requirements.
 - (3) The applicable liability charge for the business occupancy will also be applied.
- e. Under dwelling fire, related private structures are not covered unless specifically listed and described. No occupancies other than rental as a residence are permitted.

Remodeling/Renovation

- 1. Coverage may be bound and submitted if the remodeling is cosmetic in nature and does not involve structural alterations, or correcting a hazard that could cause a loss. Examples of acceptable exposures include replacing carpet, installing kitchen cabinets, and replacing bathroom fixtures.
- 2. Examples of hazard corrections include replacing outdated wiring or a leaking or worn out roof. These accounts may be submitted, if otherwise eligible, when work is completed.
- 3. The property must be occupied by the owner during the remodeling process.

Replacement Cost Coverage A

- 1. Expanded Coverage with Building Code Upgrade is automatically attached to all policies written on Homeowner Forms 3 and 5, except those written with Functional Replacement Cost.
- 2. If Expanded Replacement Cost and Building Code Upgrade or Functional Replacement Cost are not desired the policy may be written on a Replacement Cost basis, with prior underwriter approval.
 - a. Any loss to the dwelling and appurtenant structures would then be limited to the amounts listed on the policy declarations page.
 - b. No Building Code Upgrade Coverage would be provided.
- 3. Older homes that otherwise qualify and are built with antique, obsolete, or custom features may be written in the Homeowner Program with Functional Replacement Cost, which allows valuation to be reduced on homes built in 1940 or earlier, based on the insured's agreement to rebuild with commonly available construction materials.

Replacement Value Coverage C (Personal Property)

- 1. Replacement Value Coverage C is automatically included in the base premium for all Homeowner Form 3 and Form 5 policies.
- 2. This coverage is also automatically added to all new Homeowner Form 4 and 6 policies.
- 3. For changes see the Unscheduled Personal Property Section.

Roofs

- 1. Must be in good condition with no indication of excessive wear (such as missing or curling shingles or broken tiles) or lack of maintenance (such as debris or moss build-up).
- 2. Tar and gravel roofs in good condition may be written in the Homeowner program only. Tar and gravel roofs must be less than 15 years of age to be eligible.
- 3. Composition rolled roofing or wood shake in wooded areas is ineligible.
- 4. Dwellings with comp or shake roofs over 20 years of age must have been re-roofed.
- 5. Metal roofs must have seams with hidden fasteners. Risks with metal roofs over 40 years of age must be submitted with photographs of both sides of the roof.
- 6. Slate, concrete or tile roofs over 50 years of age may be eligible, but an inspection by a qualified roofing contractor is required.

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Scheduled Property (Homeowner only)

1. Complete Supplemental Application – OMIM-3
2. Coverage may be provided against risks of physical loss, with certain exceptions (see contract forms for details) on specific categories of property.
 - a. The property must be individually owned, for the insured's personal use, and with values appropriate to other aspects of the account.
 - b. The total scheduled amount should not exceed 50% of the unscheduled personal property.
3. In order to schedule an item, a description adequate to identify and replace the item must be provided. The description for gemstones such as diamonds should include color, clarity, cut and carat weight.
4. Appraisal Requirements:
 - a. For items other than scheduled jewelry, an original appraisal or bill of sale is needed for items valued at \$5,000 to \$15,000. A current (within two years) appraisal or bill of sale is needed for items valued in excess of \$15,000.
 - b. For scheduled jewelry items, an original appraisal or bill of sale is needed for items valued at \$10,000 to \$25,000. A current (within two years) appraisal or bill of sale is needed for items valued in excess of \$15,000. Items valued at over \$25,000 will require an appraisal from a certified professional within the last five (5) years.
 - c. A current price list or appraisal is needed for a silverware schedule with a total value greater than \$15,000.
5. The scheduled value should include any applicable taxes.
6. Miscellaneous Scheduled Property
 - a. Coverage, subject to a deductible, may be provided against all risks of physical loss with certain exceptions on:
 - (1) Family gardening equipment used personally or for incidental farming.
 - (2) Home computers; office machines and equipment used personally and for limited incidental business purposes (complete form OMIM-2).
 - (3) Electronic Sound Equipment.
 - (4) Snowmobiles used for personal recreation or incidental farming (Complete form M1031).
 - (5) Golf carts used for golfing purposes or in a gated community.
 - (6) Sports equipment.
 - b. Named peril coverage, including optional perils and with no deductible, is available for horses, ponies, cattle and other similar project animals for 4-H club type activities.
7. Ineligible Exposures:
 - a. Any property used in business or primarily kept at a location other than the insured's residence.
 - b. Extensive transit exposures.
 - c. Bicycles used in competition.
 - d. Computers not owned by the insured, unless there is a valid lease agreement.
 - e. Farm machinery held for sale, used for custom work, logging or forestry operations. Any irrigation equipment.
 - f. Golf carts used on public roads other than in a gated community.
 - g. Loose gems or stones.
 - h. Snowmobile exposures:
 - (1) used in business, rented, or used to carry persons or property for a fee;
 - (2) used in racing or other stunting activities or contests; or
 - (3) in excess of 850 cc's.

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Scheduled Property (Homeowner only) (Cont.)

7. Ineligible Exposures (Cont.):
 - i. Sports equipment exposures:
 - (1) Motorized equipment other than golf carts.
 - (2) Hang gliders, skis, scuba diving or similar equipment.
 - j. Tools used in business or carried from job site to job site.

Seasonal/Secondary Residences

1. Coverage may be provided if the insured owns and occupies or rents and occupies a one or two family seasonal or secondary and the primary residence is written with the Oregon Mutual Group.
 - a. Coverage for the secondary or seasonal residence is written on a separate policy.
 - b. If coverage is written on a secondary or seasonal residence, liability must be extended from the policy insuring the primary residence. The premium charge is made on the primary residence policy and a credit given on the policy covering the secondary/seasonal home if it is written on a homeowner policy.
2. No coverage is available for homes with substantial rental exposure, such as those that are available to a rental pool. Any rental exposure must be referred to the underwriter for consideration prior to binding.
3. Residences with multiple ownership are generally ineligible, but may be referred to the underwriter for consideration prior to binding on a dwelling fire policy if we write all primary policies and the individuals are related. We will consider a homeowner policy if the individuals also co-own and occupy the primary residence.
4. For other guidelines, refer to those listed for all homeowner policies.

Snowmobile Liability (Homeowner only)

1. Snowmobile liability may be added, including medical coverage, for:
 - a. snowmobiles 850 cc's or less and
 - b. not used in business, racing, or other stunting activities or contests, rented out, or used to carry persons or property for a fee.
2. For physical damage coverage refer to the Scheduled Property rules.
3. Complete form M1031.

Solar Heating (Homeowner only)

1. Passive solar heating systems are eligible.
2. Active solar heating systems are eligible if they are self-draining.

Special Building and Contents Coverage for Condominium Homeowners - Form 6

This optional endorsement expands limits for Coverage C "Limitations on Certain Property", adds coverage and increases limits for additional Incidental Property Coverage, and reduces the number of exclusions for Coverages A, B, and C.

Swimming Pools and Hot Tubs

1. Pools must be completely surrounded by a six-foot fence with a lockable gate.
2. Hot tubs and spas must either be surrounded by a six-foot fence or secured with a lockable cover.
3. Pools with slides or diving boards are ineligible.
4. Coverage is not available for rental dwellings with swimming pools or hot tubs.

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Tenants Improvements and Betterments

1. 10% of the Coverage C limit on an HO4 may be used for Tenants Improvements. This does not increase the Coverage C limit.
2. Coverage may be increased to cover the insured's interest in permanent fixtures, alterations, decorations and additions installed on the insured premises.

Theft of Building Materials for Dwelling Under Construction (Homeowner only)

1. Coverage is available for loss by theft of construction materials from the residence premises.
 - a. The dwelling must be new construction and owner-occupied at completion.
 - b. When requesting coverage, a construction completion date must be specified.
2. The limit of liability is 20% of the Coverage A limit shown on the Declarations, subject to the policy deductible.
3. The premium is fully earned for the policy period. Periods for less than one year cannot be prorated.
4. Coverage provided by this endorsement expires when the dwelling is completed and occupied or on the next policy renewal, whichever comes first.

Townhouses and Duplexes

1. A homeowner policy may be written on a single unit of a townhouse structure if:
 - a. There are firewalls between the units, and
 - b. The insured property is an end unit.
2. Duplexes may only be written if the insured owns and insures both units on the policy and resides in one of the units.

Unscheduled Personal Property – Coverage C Changes – Homeowner 3 & 5

1. Minimum increase in coverage C is \$2,500.
2. The minimum for Coverage C is 70% of the Coverage A Dwelling amount, and Replacement Cost for Coverage C is automatically included.
3. Coverage C Increases – On Premises. If increased coverage is desired, it should be calculated for amounts above 70% of Coverage A Dwelling.
4. Coverage C Increases - Away From Premises
 - a. For personal property usually situated at a residential premise other than the listed location, the coverage limit is 10% of Coverage C.
 - b. Coverage may be increased to a maximum of 20% of Coverage C. Refer to an underwriter for eligibility.

Vacant Land (Homeowner only)

1. Coverage for actual vacant land is included in the basic Section II insuring agreement.
2. Vacant land does not include:
 - a. land used for farming, family gardening, pasture or similar purposes, or
 - b. land that has structures or other improvements.
3. For other exposures that may or may not qualify as vacant land, contact your personal lines underwriter for clarification and eligibility requirements.
4. Coverage may be added for eligible exposures that do not qualify as vacant land by adding the additional premises endorsement.

**OREGON MUTUAL INSURANCE COMPANY
PERSONAL LINES PROPERTY**

UNDERWRITING STANDARDS

ADDITIONAL CRITERIA FOR PROPERTY RISKS – NEW AND RENEWAL (Cont.)

Watercraft

1. Complete form OMIM-4.
2. Eligible watercraft may be added by endorsement to a homeowner policy for physical damage and personal liability coverage. Monoline coverage is not available.
3. Liability for outboard motors 25 horsepower and under is included in the basic policy at no additional charge. Optional personal liability is available for watercraft that meet our underwriting requirements and have:
 - a. An outboard motor or combination of outboard motors in excess of 25 horsepower, or
 - b. An inboard/outboard or inboard motor (No automatic coverage is provided for these boats, regardless of the horsepower.)
4. Type of boat
 - a. Small to medium size conservative watercraft,
 - b. Stock,
 - c. Pleasure use only, and
 - d. Maximum speed 40 mph, maximum length 26 feet, maximum value \$55,000.
5. The boat must be well maintained. If over 10 years of age, it should be in superior condition, aluminum or fiberglass construction, and a photo provided with the endorsement request.
6. Ownership and operation
 - a. All watercraft must be owned by an individual, two or more resident relatives, or non-related individuals who reside at the listed location and co-own the dwelling.
 - b. All operators must have a current valid drivers license or permit.
 - (1) The driving record of all operators must qualify for preferred auto coverage.
 - (2) Refer to underwriter before binding if there is any youthful operator exposure.
7. Values
 - a. All boats must be insured to 100% of current market value.
 - b. Values may be verified through a current Bill of Sale, BUC Marine Guide or appraisal.
8. Maximum horsepower guide

Acceptable length to horsepower ratios are listed below. A risk exceeding these guidelines can be submitted, with photo, on a non-bound basis only.

OUTBOARDS		INBOARD, INBOARD/OUTBOARD	
Hull Length	Maximum Horsepower	Hull Length	Maximum Horsepower
12 feet	40 hp	Up to 16 feet	150 hp
13 feet	50 hp	16-18 feet	175 hp
14 feet	60 hp	18-22 feet	200 hp
15 feet	70 hp	22-26 feet	250 hp
16 feet	90 hp		
17 feet	100 hp		
18 feet	125 hp		
Over 18 feet	135 hp		

**OREGON MUTUAL INSURANCE COMPANY
PERSONAL LINES PROPERTY**

UNDERWRITING STANDARDS

ADDITIONAL CRITERIA FOR PROPERTY RISKS – NEW AND RENEWAL (Cont.)

Watercraft (Cont.)

9. Ineligible risks:
 - a. Watercraft classified or designed for rough or whitewater excursions.
 - b. Jet boats.
 - c. Homemade or kit boats.
 - d. Low profile/high powered boats or racing boats.
 - e. Performance ski boats.
 - f. Jet Skis or other personal watercraft.
 - g. Amphibious land/water craft.
 - h. Rubber rafts.
 - i. Pontoon boats (may be referred to underwriter for consideration if otherwise excellent homeowner account).

Wood Burning Appliances

1. For risks located in all protection classes, and including owner-occupied, up to two family residences:
 - a. The stove must be UL or ICBO approved.
 - b. An inside photograph should be provided, showing the stove installation. The chimney, flue, flashing, cap and woodstove must show evidence of being well maintained and meet or exceed current code requirements.
 - c. Complete a woodstove questionnaire (form G1158).
 - d. The chimney must be tile or stainless-steel lined, or meet current building code requirements.
 - e. The woodstove must be professionally installed or inspected by a building inspector, fire department, contractor or chimney sweep.
 - f. If 1985 or newer, woodstoves must be UL approved and professionally installed or inspected. If prior to 1985 must also be professionally inspected by a building inspector, contractor, or the fire department within the past two years, and a copy of the inspection provided to the company.
 - g. Tenant occupied dwellings with woodstoves, pellet stoves, or fireplace inserts are ineligible.
 - h. For fireplace inserts, the chimney must be clay lined or have a UL approved pipe/liner that extends from the stove to the roofline.
 - i. Risks that have an outbuilding with a woodstove are ineligible.
2. Pellet Stove Requirements:
 - a. The stove must meet the criteria listed above.
 - b. It must be at least four inches away from combustibles or have clearances based on manufacturer's specifications, whichever is greater.
 - c. It must be vented to the outside.

**OREGON MUTUAL INSURANCE COMPANY
PERSONAL LINES PROPERTY**

UNDERWRITING STANDARDS

INELIGIBLE RISKS, (INCLUDING HOMEOWNER AND DWELLING FIRE)

Workers Compensation

1. Incidental coverage is included with the basic coverage.
2. Optional worker's compensation liability involving the employment of Domestic Inservants and/or Domestic Outservants by the named insured is available.

Dwelling Exposures

1. Dwellings not insured to 100% of their functional or replacement cost value at policy inception and 100% of the actual cash value for Form 1 policies.
2. Dwellings where the premises reveals careless maintenance or housekeeping.
3. Dwellings with an open foundation, hillside pier, water pier construction or houseboat exposures.
4. Geodesic domes, earth sheltered homes, solar (other than passive solar or active solar with self draining system), or Victorian (extremely ornate) or adobe type construction. Dwellings built using uncommon or difficult to repair construction materials or techniques.
5. Dwellings with aluminum or knob and tube wiring or fuses.
6. Dwellings with barred windows unless equipped with an interior release system.
7. Dwellings without permanent railings on all decks and porches.
8. Vacant or unoccupied dwellings or dwellings which are adjacent to vacant properties.
9. Dwellings without a thermostatically-controlled central heating system.
10. Dwellings with butane, kerosene, coal, sawdust, radiant heating, or portable space heating systems and homes where the woodstove is the primary source of heat. Homes with propane heating systems may be written if the tank is protected and covered by a yearly maintenance contract.
11. Buildings that have been converted to dwelling purposes from another use.
12. Motor homes or travel trailers, whether or not set on blocks or foundations or otherwise made stationary.
13. Secondary or seasonal dwellings without supporting primary residence coverage.
14. Dwellings with wood shingle or wood shake roofs located in forested areas.
15. Personal property not insured to value.
16. Dwellings with Exterior Insulation and Finish Systems (EIFS) or other exterior cladding systems of synthetic stucco (for example, Dry vit) siding.
17. Dwellings with unusual construction features, such as green roofs, thatched roofs, straw, foam and concrete, adobe walls or "Do it yourself" construction.
18. Occupancy by three or more unrelated individuals.
19. Dwellings with evidence of prior earthquake damage.
20. Dwelling fire policies without a supporting primary homeowner policy.
21. Dwelling fire policies where a single family residence is occupied by more than one family.
22. Single family dwellings converted to multi-plexes.
23. Log homes.

Premise/Location Exposures

1. Dwellings in areas subject to landslide, mudslide, erosion or earth movement. Dwellings built on a slope in excess of 15 degrees.
 2. Dwellings built on filled or unstable land.
 3. Exposed dwellings in known wind or flood prone areas.
 4. Ocean front or waterfront properties.
 5. Dwellings in areas subject to dry grass, brush or forest fire exposure and/or lacking proper vegetation management to provide defensible firefighting space.
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**OREGON MUTUAL INSURANCE COMPANY
PERSONAL LINES PROPERTY**

UNDERWRITING STANDARDS

INELIGIBLE RISKS, (INCLUDING HOMEOWNER AND DWELLING FIRE) (Cont.)

Premise/Location Exposures (Cont.)

6. Property that has an earthen dam, reservoir, or unfenced pond.
7. Any dwelling that is isolated or inaccessible during certain times of the year.
8. Owner occupied dwellings that have more than one roomer or boarder.
9. Attractive nuisances including but not limited to: dilapidated buildings, tree houses, old refrigerators and junk cars.
10. Risks located in areas where rebuilding is restricted.
11. Risks having a trampoline.
12. Pools with slides or diving boards.
13. Pollution exposures including but not limited to asbestos siding and underground gasoline tanks.
14. Business occupancy, other than incidental. See guidelines under "Business Coverage, Incidental".
15. Farm occupancy, other than incidental. See guidelines under "Farming Coverage, Incidental".
16. Rental dwellings with pools, spas or hot tubs.
17. Properties held within an estate must be referred to underwriter for consideration prior to binding.
18. Travel trailers and camper trailers (a movable structure equipped for mobile living quarters).

Insured Occupation/Activities

1. Risks with more than two mortgagees or additional insureds.
2. Insureds who own vehicles (such as go-carts or ATV's) not licensed for public roads, except golf carts, snowmobiles, or those used for incidental farming.
3. Jet Ski and other personal watercraft exposures.
4. Insureds with hazardous hobbies that increase the risk of fire loss, such as aromatherapy oil mixing, car painting, pottery firing, or welding on premises.

Scheduled Property – For Ineligible Exposures, See "Scheduled Property"

Other

1. Pitbull terrier, Rottweiler, and other potentially aggressive dog breeds or hybrids and any dog that displays aggressive tendencies.
2. Risks with no prior coverage, unless first home purchase.
3. Applicant and property must be claims free within the past five years. Exceptions to this will require underwriting approval. To be considered for an exception, the losses should be non-negligent, unlikely to reoccur, and/or if appropriate action has been taken to prevent reoccurrence of a similar loss. Written documentation of loss circumstances and any loss prevention actions taken must be provided when requested.
4. Dangerous animals and/or animals other than common household pets.

RENEWAL UNDERWRITING

Underwriting Requirements

1. In order to be eligible for renewal, the home must continue to meet the underwriting requirements listed for new and renewal business.
2. The insured must respond to underwriting inquiries and requests on a timely basis.

**OREGON MUTUAL INSURANCE COMPANY
PERSONAL LINES PROPERTY**

UNDERWRITING STANDARDS

RENEWAL UNDERWRITING (Cont.)

Payment History

In order to be eligible for renewal, the insured must pay the premiums owing on a timely basis.

Claims

1. For renewal business generally one claim within a five-year period is acceptable, and in some cases policies with more than one claim may be eligible.
2. In evaluating eligibility for renewal the underwriter will consider such factors as:
 - a. The length of time we have written the coverage.
 - b. The size of the claim.
 - c. The degree of negligence involved.
 - d. If the claim indicates possible ongoing maintenance issues.
 - e. Whether there might be a greater than average exposure to a type of claim such as wind or wildfire.
 - f. Whether the type of claim is likely to reoccur.