

EARTHQUAKE PROGRAM

General Information

POLICY AVAILABILITY

Earthquake coverage is available only when property (Section I) coverage is written through an affiliated mutual company. Coverage may be endorsed to a mutual home or mutual farm policy or written as a stand-alone policy.

BINDING AUTHORITY

An agent may bind coverage in accordance with the eligibility rules described in this manual. **Do not bind coverage when a risk or any portion of a risk does not satisfy these eligibility requirements.**

After an earthquake occurs in Illinois, Indiana, Iowa, Kentucky, Missouri, Tennessee, or Wisconsin and the magnitude of the earthquake is 4.5 or greater on the Richter scale, we automatically impose a 30 day moratorium on your binding authority for earthquake coverage. At our discretion, we may reduce or extend the duration of the moratorium. You will be notified by us if we alter the conditions of the initial 30 day moratorium.

DEDUCTIBLE

In Alexander, Massac, Pulaski, and Union counties, we will pay only that portion of the loss that exceeds 20% of the total limit of liability that applies to the dwelling, related private structures, personal property, and farm outbuildings. For the remainder of this state we will pay only that portion of the loss that exceeds 15% of the total limit of liability that applies to the dwelling, other structures, personal property, and farm outbuildings. The minimum deductible that applies to any one loss is \$250.

POLICY TERM

All policies are written with a 12-month policy term.

PREMIUMS

- **When earthquake coverage is written on a stand-alone policy, a minimum premium of \$25 applies.**
- No minimum premium applies when earthquake coverage is endorsed to a mutual home or mutual farm policy.
- All premiums for each coverage will be rounded to the nearest whole dollar. A premium involving 50 cents or more will be rounded to the next higher whole dollar.
- The premium for this coverage is fully earned.
- If a change to the policy results in additional premium due, a minimum of \$2 will be charged.

EARTHQUAKE PROGRAM

Eligibility Requirements

All buildings must meet the following requirements to be eligible for earthquake coverage:

- The condition of the building must reflect pride of ownership.
- All buildings must be insured to 100% of actual cash value.
- The limit of liability that applies to the dwelling must be at least \$40,000.
- Refer to your underwriter if the limit of liability that applies to the dwelling exceeds \$200,000.
- The limit of liability that applies to each outbuilding must be at least \$5,000.
- Refer to your underwriter if the limit of liability that applies to an outbuilding exceeds \$100,000.

Risks with the following characteristics are ineligible for coverage:

- Applicants cancelled or refused renewal by another insurance company in the past 3 years.
- Persons that exhibit instability in employment or financial matters.
- Unoccupied or vacant dwellings.
- Outbuildings not fully utilized in the farming operations.
- Dwellings and outbuildings without continuous masonry foundations.
- Buildings being remodeled or with unrepaired damage until remodeling or repair is completed.
- Non-frame buildings (such as brick and concrete) built prior to 1950 and located in Alexander, Massac, Pulaski, or Union county.

EARTHQUAKE PROGRAM

Coverages and Rates

PREMIUM DETERMINATION

Based on the applicable territory and construction type, develop the earthquake premium as follows:

- **For Town Owner-Occupied Dwellings:**
 1. Apply the "Dwelling" rate to the dwelling limit and, if applicable, that portion of the other structures limit that exceeds the standard limit of liability; and
 2. If applicable, apply the "Contents" rate to that portion of the personal property limit that exceeds the standard limit of liability.
- **For Farm Owner-Occupied Dwellings:**
 1. Apply the "Dwelling" rate to the dwelling limit;
 2. If applicable, apply the "Contents" rate to that portion of the personal property limit that exceeds the standard limit of liability and the limits that apply to blanket and scheduled farm personal property; and
 3. If applicable, apply the "Outbuildings" rate to the limit for each insured outbuilding.
- **For Town Dwellings Rented to Others:**
 1. Apply the "Dwelling" rate to the dwelling limit and, if applicable, that portion of the other structures limit that exceeds the standard limit of liability; and
 2. If applicable, apply the "Contents" rate to the personal property limit.
- **For Farm Dwellings Rented to Others:**
 1. Apply the "Dwelling" rate to the dwelling limit;
 2. If applicable, apply the "Contents" rate to the personal property limit and the limits that apply to blanket and scheduled farm personal property; and
 3. If applicable, apply the "Outbuildings" rate to the limit for each insured outbuilding.
- **For Town and Farm Tenant Policies,** apply the "Contents" rate to the personal property limit.

PREMIUMS PER \$1,000 OF INSURANCE

	Dwelling		Contents		Outbuildings	
	Frame	All Other	Frame	All Other	Frame	All Other
Territory 2	0.90	1.80	0.60	0.90	0.90	1.80
Territory 3	0.90	1.80	0.60	0.90	0.90	1.80
Territory 4	0.60	0.90	0.40	0.60	0.60	0.90
Territory 5	0.40	0.60	0.30	0.40	0.40	0.60