

Farm Mutual Insurance Company of Lincoln County  
Underwriting Guidelines for Homeowner's Policy

The Farm Mutual Insurance Company will provide homeowners coverage for homes ranging from \$75,000 to \$250,000 in value. These properties must be located in a protected or partially protected area.

A protected area will be within 1000 feet of a fire hydrant and 3 miles of a responding fire department of a class 1-8 rated town. Partially protected will be in a class 9 town or over 1000 feet from a fire hydrant, but within 3 miles of a responding fire department from a class 1-8 town.

Broad form or Special form coverage is available on the dwelling. Replacement cost coverage for the dwelling as well as Water Sewer Backup are included. The household goods and additional living expense coverage will be provided at 60% and 20% of the dwelling value. Broad form and ACV will automatically apply to household goods, however replacement cost coverage and special form are optional coverages.

Related private structures will be insured on an ACV basis up to 10% of the policy limit on the dwelling. Replacement cost coverage can be added with prior approval and higher limits are also available.

Owner-occupied properties that are valued below \$75,000 may be insured on our Dwelling Owners policy, provided they are within a protected area. These properties will be insured on an ACV basis. The household goods and additional living expenses will be included at 50% and 10% of the dwelling value. Related private structures are covered on an ACV basis up to 10% of the insured value of the dwelling.

The base deductible is \$1,000 for all covered perils. Discounts are available for higher deductibles. A new home credit will also be applied based on the year construction was substantially completed.

Ineligible property will include the following:

- Where dwelling &/or general premises are in poor condition;
- Where utility systems (heating, electrical, plumbing) are in poor, outdated &/or overloaded condition,
- Vacant or unoccupied property,
- Roofs not shingled within the last 20 years. (Apply a roof exclusion if over 20 years);
- Roofs 15 – 20 years without the ACV roof endorsement;
- Buildings with exposed urethane or styrene insulation;
- Mobile Homes;
- Property where past loss history has been unfavorable and loss control measures to improve it have not been made;
- Property that relies on a solid fuel heating system as the primary source of heat;
- Ice Fishing houses, sheds, shacks, or huts are not insurable under any coverage;

Property Guidelines:

HOMEOWNERS

- Dwelling values can range from \$75,000 to \$250,000.
- Household Goods will be written at 60% of the value of the dwelling.
- Additional Living Expense will be written at 20% of the value of the dwelling.
- The dwelling must be insured for 100% of the estimated Replacement Cost based on a recognized cost estimator. Replacement Cost, Endorsement SDFM-2, is included in the Homeowners class subject to the Actual Cash Value endorsements, if applicable.
- The dwelling in the Homeowners class may be insured with Broad Form or Special Form coverage. Broad Form will apply to Household Goods.
- Smoke alarms and fire extinguishers are required and will be checked at inspection.

DWELLING OWNERS

- Dwelling must be insured for its actual cash value with that being a minimum of \$50,000.
- ACV will apply to the dwelling, contents and related private structures.
- Household goods will be 50% and ALE will be 10% of the dwelling value.
- Basic, Broad or Special form coverages are available on the dwelling.
- Basic and Broad form are available on the household goods.
- Smoke alarms and fire extinguishers are required and will be checked at inspection.

Related Private Structures

- 10% of the dwelling coverage is available for detached private structures. The building being insured should be listed on the application with its stated actual cash value, dimensions and construction type. A photo of the building must also be submitted.
- For coverage greater than 10% or if replacement cost coverage is desired, the building will need to be scheduled. The amount greater than the 10% included in the base will be charged for.
- Replacement Cost will only be available on a prior approval basis.

Roofs

- The age of the roof must be indicated on the application.
- New applicants with roofs over 15 years old must have the Actual Cash Value Roof Endorsement added to the policy.
- Once the roof is written on Replacement Cost basis, it will remain there until the roof reaches 15 years of age.
- If the roof age cannot be documented or verified, then the Actual Cash Value Roof Endorsement will apply.
- Asphalt and wood roofing will automatically revert from Replacement Cost to ACV at 15 years of age and metal will change to ACV at 25 years.

Utilities

- Electrical entrance must be a minimum of a 100 amp breaker box service.
- Plumbing system must be updated within the past 40 years.
- Heating system must be updated within the past 30 years.

### Deductible

-The base policy deductible is \$1,000 for all covered perils. Higher deductibles are available.

### Liability

-The Homeowners and Dwelling Owners liability is provided based on Grinnell rates and underwriting manual. Please refer to the proper manual for guidelines.

### Additional Coverages

-Inflation Guard will be added to all Homeowner's policies. The annual adjustment percentage will vary with the current cost of construction.

### Optional Coverages

1. Household Goods-Replacement Cost Endorsement (SDFM-3) is available on both the Homeowners and the Dwelling Owners policies. The rate for this coverage is \$.05/\$100 of household goods. The minimum amount of coverage on household goods is \$25,000 for this option.
2. Special Form Household Goods – Optional coverage when the dwelling is Special Form. Add at a rate of \$.03/\$100 of household goods.
3. Water or Sewer Back-up (SDFM-5) Higher limits are available, please refer to the quoting system for up to date rates.

### Deposit Premiums and Credit Scoring

1. All applications will have a minimum of \$100 sent in with that application.
2. A system of credits and surcharges may be applied as a result of credit based insurance scores.
3. A Loss Free Discount is now available to policyholders. A 5% discount will be applied for 3 years of being loss free, and a 10% discount will be applied for 5 years of loss free with the Company.