

Bed & Breakfasts

The following limitations apply

- Maximum height- 3 stories including the basement
- \$2,000,000 building and contents per location

Carports, garages, utility buildings, pool houses, club houses and swimming pools are eligible if incidental to an eligible property

The following properties are not eligible

Those with swimming pools or beaches with diving boards or slides or those with unfenced pools

Underwriting Guidelines

- Excellent housekeeping
- Claims Free, or losses must have been accidental with corrective action taken to avoid repetitive incidents
- Building and Contents must be insured in the same policy when under common ownership
- Roof overhang must be at least 1 foot beyond the exterior walls of the building
- Building 25 years or less must be written for 100% of either replacement cost or actual cash value. Buildings older than 25 years must be written for Actual Cash Value unless completely remodeled in the last 10 years, including heating, wiring, plumbing and roofing
- Submit a Replacement Cost Estimator.
- Contents must be insured for 100% of replacement cost. Antiques are insured for Actual Cash Value
- Swimming pools and hot tubs require inspection
 - 4' fence must completely enclose the pool. Gates must have an automatically latching system
 - The pool enclose must be kept locked when not in use
 - Depths must be marked at each foot of depth and at least every 20'. The letters and numbers must be 5" tall
- A floating rope should be placed at the 4' depth to distinguish depth changes
- Testing of the water for PH and chlorine content should be done regularly
- Rules should be posted (refer to manual)
- Diving boards and slides are prohibited

Standard Coverage

Standard Coverage

1. Accounts Receivable
 - \$10,000 on/\$5,000 off
2. Business Income
 - Actual loss sustained for up to 1 year with no deductible
3. Business Income from Dependent Property
 - \$5,000
4. Debris Removal
 - Up to 25% of the direct physical loss, plus \$10,000 per location
5. Exterior building glass for direct physical loss for all floors, if the bldg owner or owned by others and if insured's care, custody, control
6. Extra Expense
 - Incurred for up to 1 year with no deductible
7. Fences, radio/TV antennas, trees, shrubs and plants
 - \$2500.00 (\$500.00 per tree, shrub or plant)
8. Fire Department Service Charge
 - \$1000.00 with no deductible
9. Fire Extinguisher System Recharge Expense
 - \$5000.00
10. Forgery or Alteration
 - \$2500.00
11. Increased Cost of Construction
 - \$10,000 if building is insured on RC
12. Money and Securities
 - \$5000.00 on premises and \$2000.00 off premises
 - i. With Special Form
 - ii. Or when Burglary and Robbery option is purchased with the Named Peril Form
13. Money Orders and Counterfeit Paper Currency
 - \$1000.00
14. Outdoor Signs
 - \$2500.00
15. Peak Season
 - Business Personal Property will automatically increase 25% for seasonal variations
 - i. Business Personal Property must be at 100% of the average monthly values for the prior 12 months
16. Personal Effects of the named insured, officers, clergy or employees
 - \$2500.00
17. Personal Property at a newly acquired premises
 - \$100,000.00 for 30 days
18. Personal Property Off Premises
 - \$5000.00 while in transit, or at a premises not owned, leased or operated by the insured

- 19. Pollution clean up and removal
 - \$10,000
- 20. Valuable Papers and Records
 - a. \$10,000 on premises/\$5000.00 off premises
- 21. Businessowners Liability Coverage
 - Business Liability
 - i. \$300,000
 - ii. Annual Aggregate of 2 times occurrence limit
 - Medical Payment
 - i. \$5000.00
 - Personal Injury
 - Advertising Injury
 - Host Liquor
 - Employees as insured's
 - Fire Legal Liability
 - i. \$100,000
 - Contractual Liability

Automatic Endorsements

Equipment Breakdown (BP2020)

- Mechanical Breakdown, Artificial Generated Electric Current and Boiler Coverage
 - For losses caused as a result of an accident to covered equipment
 - .40 per \$1000 and not subject to modification. This coverage is mandatory.

Bed and Breakfast Enhancement (FM 7070)

- Coverage Enhancements
 - Fences, radio and TV antennas, swimming pools and hot tubs to \$7500.00
 - Detached signs 2500.00
 - For Listed Perils
 - Eliminates the limit on signs attached to the building
 - \$1000.00 with a \$3000.00 aggregate, for water damage from a sump pump
 - The building loss payment condition is changed to a repair cost basis
- *No charge for this form*

Coverage for Certified Acts of Terrorism

- Provides coverage for "Certified Acts of Terrorism" as provided by the Terrorism Risk Insurance Act of 2002
 - Coverage applies to both property and liability losses
 - *No charge for this form*

Specialized Endorsements

Bed and Breakfast Personal Liability (FM 7071)

Liability limits for the resident owner	Premium Amount
○ \$300,000.00	\$25.00
○ \$500,000.00	\$50.00
○ \$1,000,000.00	\$75.00

Bed and Breakfast Personal Property (FM 7072)

- Provides personal property coverage for the resident owners
 - Coverage is afforded for the listed perils on a replacement cost basis
 - The value of the personal property is added to the value of the business personal property and rated as one limit

Optional Coverages

A. Building

- **Actual Cash Value**
 - Multiply the building rate by 1.05

Outdoor Signs

- \$2500.00 is included in the standard policy
 - \$16.00 per \$1000.00 in excess of \$2500.00

Functional Buildings Valuation (BP 0484)

- Provides coverage for specifically scheduled buildings that can be replaced with similar property at a reduced cost
- If a loss occurs, repairs must be scheduled within 180 days or coverage is reduced to Market Value

Multiply the building rate by 1.30

Protective Safeguards (BP 0430)

- Protective devices may be required.
 - If the device is removed or turned off, the company must be notified

Automatic Increase in Insurance

- Building is automatically increased 6%, by 1/356th each day of the annual limit

Water Back-Up and Sump Pump Overflow (BP 0453)

Premium Limit	\$5000.00	\$10000.00
Premium Per Bldg	\$30.00	\$50.00

Earthquake (Form 1003)

- Deductible is 5% of the amount of insurance on the building and personal property

Multiply the building rate by .03, then this rate by the amount of insurance on the building

Multiply the personal property rate by .03, then this rate by the amount of insurance on Personal Property

B. Business Personal Property

Account Receivable- Increased Limits

15% of Personal Property rate for each \$1,000 of increase. Account receivable records must be kept in a metal receptacle, with at least a ½ hour UP label, when the business is closed

Burglary and Robbery (Name Peril Coverage only) Option

- Losses to Business Personal Property up to 25% of the limit applying to it
- Includes Money and Security Coverage
 - \$5000.00 on premises/\$2000.00 off premises
- Refer to manual for rates

Money and Securities

- Automatically included in Burglary and Robbery with the Special Form
 - \$5000.00 on premises/\$2000.00 off premises
- Included with Burglary and Robbery (Name Peril Coverage)
- Additional Limits Available
 - \$10,000.00 on premises/\$2000.00 off premises
 - Territory 02 \$90.00
 - Other Territories \$60.00
 - \$15,000.00 on premises/\$2000.00 off premises
 - Territory 02 \$150.00
 - Other Territories \$100.00

Valuable Papers and Records

- \$10,000.00 is automatically included in the policy
- \$5000.00 is the off premise limit and it may not be increased
 - 40% of Personal Property rate for each \$1000.00 of increase
- Valuable papers must be kept in a metal receptacle, with at least a ½ hour UL label, when the business is closed

Employee Dishonesty

- Covers dishonest or fraudulent acts of the insured's employees

\$5000.00

\$10000.00

\$25000.00

1 to 5 employees	\$63.00	\$89.00	\$126.00
Each additional	\$6.00	\$7.00	\$10.00

Personal Property Off Premises- Increased Limit

- Available in both Named Peril and Special Coverage
 - \$5000.00, for personal property at a temporary location or in transit
 - May be increased in increments of \$1000.00
 - \$25.00 per \$1000.00 of increase

Food Contamination (BP 0431)

- Coverage applies when the insured is ordered to close by the Board of Health or any other government authority as a result of the discovery or suspicion of food contamination.
 - Provides \$10,000.00 for food contamination and loss of business income.
 - Loss of business income begins 24 hours after notice to close
 - \$3000.00 is included for additional advertising expense
 - Flat fee of \$80.00

Food Spoilage (BP 0415)

- Name Perils and Special coverage may be extended to cover spoilage of perishable stock caused by breakdown, contamination and/or power outage.
 - \$25,000.00 is the maximum limit available
 - \$250.00 deductible applies
 - Breakdown or Contamination
 - With Maintenance Agreement \$20.00
 - No Maintenance Agreement \$30.00
 - Power Outage
 - \$5.00
 - Both Breakdown and Power Outage
 - With Maintenance Agreement \$25.00
 - No Maintenance Agreement \$35.00

Functional Business Personal Property Valuation (BP 0485)

- Coverage for specifically scheduled items that can be replaced with similar property that performs the same function as the current use.
 - Functional Replacement cost basis applied when repairs or replacement occurs within 180 days of the loss
 - Market Value is applied if replacement is not contracted within 180 days after the loss
 - Multiply the business personal property rate times 1.25

Business Computer Coverage

- Coverage for computers and related electronic data processing equipment and media
- Coverage is available on a replacement cost basis with a 100% co insurance clause
- Deductibles of \$250.00, \$500.00, \$1000.00, \$2500.00 and \$5000.000
 - Coverage A – Equipment and Media
 - Coverage B – Extra Expense
 - Coverage C – Loss of Earnings

IM-BC Business Computer Form
IM-BC-1 Business Computer Electrical Power Supply Damage
IMBC-2 Business Computer Mechanical Breakdown

C. Business Income

Business Income Changes- Increased Period of Restoration (No Wait Period) (BP0441)

- This replaces the 72 hour time deductible in the “period restoration” to zero hours

Multiply the building and business personal property rates by 1.01

D. Liability Coverage

Increased Limits of Liability and Medical Expenses

- \$300,000.00 Liability and \$5000.00 Medical Expenses is automatically included in the base rate
 - Liability Limit may be increased
 - \$500,000.00
 - \$1,000,000.00
 - Medical Payment Coverage may not be increased

Hired Auto and Non-Owned Auto Liability (BP 0404)

- Hired Auto covers autos leased, hired or borrowed by the insured
- Non-Owned covers autos used in the business which are not owned, leased, borrowed or hired by the insured
- Pizzerias and delicatessens are not eligible for Hired or Non-Owned Auto Liability Coverage

	Liability Coverage Limit		
	\$300000.00	\$500000.00	\$1000000.00
Hired	\$16.00	\$18.00	\$24.00
Non-Owned	\$16.00	\$18.00	\$24.00

Both	\$32.00	\$36.00	\$48.00
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Bed and Breakfast Personal Liability

Liability Limit	\$300,000	\$500,000	\$1,000,000
Premium	\$25	\$50	\$75

Fire Legal Liability

- Covers property damage to premises rented to an insured arising out of a fire or explosion
- \$100,000.00 is included in the Special Form
- Additional coverage is available
 - 10% of the building rate for each \$1000.00 of increase

Newly Acquired Organization (BP 0454)

- Amends the Liability Coverage to provide limited coverage for newly acquired or formed organizations
 - \$50.00 flat charge

Pools, Beaches and Docks

Liability Limits	\$300,000	\$500,000	\$1,000,000
Each pool, beach and dock	\$158.00	\$184.00	\$220.00

Exclusion Endorsements

Designated Premises or Operations Exclusion- Comprehensive Business Liability Exclusion (BP 0401)

- Excludes a specific premises or operation provided they can be separated and defined
 - No credit for this form

Employment- Related Practices Exclusion (Form BP 0417)

- Amends the Liability Coverage by excluding bodily injury and personal injury arising out of employment-related practices

Limitation of Coverage to Designated Premises or Projects (BP 0412)

- Limits coverage to only those premises, operations and projects listed in the declarations.
 - No credit for this form

Abuse or Molestation Exclusion (BP 0439)

- Excludes liability for abuse or molestation by anyone of any person while in the care, custody or control of the insured

Personal and Advertising Injury Exclusion (BP 0437)

- Excludes all coverage for personal and advertising injury liability.
 - This is mandatory for
 - Labor Union Offices
 - Lawyer's Offices
 - PolITICAL Offices
 - No Credit for this form

Artificial Sun Tanning Device Exclusion (BP 0401A)

- Excludes Bodily Injury, Property Damage or Medical Expenses arising out of the use of any artificial sun tanning device.
 - No Credit for this form

Lead Contamination Exclusion (BP 2011)

- Excludes Bodily Injury, Property Damage or Medical Expenses arising out of the presence of, or exposure to, lead.
 - Mandatory for apartment and condominiums

Liquor Liability Exclusion- Exception for Scheduled Activities (BP 0419)

- Amends the Liquor Liability exclusion so the exclusion applies when a charge is made for serving or furnishing alcoholic beverages and when served or furnished without charge, if a license is required.
 - It allows coverage for scheduled functions
 - Contact your Commercial Underwriter for rating

Fungi or Bacteria Exclusion (BP 5002)

- Excludes liability arising out of fungi, other than that which is intended for consumption
- Mandatory for
 - Condominiums
 - Lessor's Risk Occupancies
 - Other risks considered to have a high exposure

Business Liability Coverage- Property Damage Liability Deductible Per Claim Basis (BP 0703)

- Provides a deductible for property damage losses on a per claim basis.
 - No credit for this form

Volunteer Workers Exclusion (BP 0471)

- Excludes volunteer workers as insureds
 - No credit for this form

Medical Expense Exclusion (BP 0438)

- Excludes Medical Expenses coverage at locations listed
 - No credit for this form

Waiver of Transfer of Rights of Recovery Against Others to Us (BP 0497)

- The companies right to subrogate against persons or organizations listed in the schedule is waived under certain circumstances prior to a loss
 - No credit for this form

Fungus and Disease Exclusion (BP 5003)

- Excludes liability and professional liability due to fungus or disease infection by the insured, employees, or anyone renting/leasing booth space, chairs or space, or arising out of fingernail or toenail services.
 - This form will be added if these services are provided

Additional Insureds

Per Location

\$55	Designated Person or Organization	BP 0448
\$30	Managers or Lessors of Premises	BP 0402
\$50	Owners, Lessees or contractors	BP 0450
\$30	Vendors	BP 0447
\$15	All other Additional Insureds	

Binding Authority

- Building and Contents combined per location \$300,000
- Liability \$1,000,000

Applications

- ACORD 160 Business Owners Application

Premium Payment Plans

- Agency Bill
 - Annual Pay Only
- Direct Bill
 - Annually
 - Semi-annually
 - Quarterly
 - Monthly
- Initial Payment with application
 - 25% of the annual premium, or
 - 20% of the annual premium if billed monthly
 - Minimum of \$200.00 per billing, unless EFT

Minimum Premium

- \$300.00 for \$500,000 of liability coverage
- \$500.00 for \$1,000,000 of liability coverage

Deductible

- \$250.00 mandatory or optional deductible
 - Except for Business Income, Civil Authority, Extra Expense, Fire Department Service Charge and Fire Extinguisher Systems Recharge Expense

<u>Deductible</u>	<u>Factor</u>
\$250.00	1.00
\$500.00	.85
\$1000.00	.80
\$2500.00	.70
\$5000.00	.65

Credits

Groups

- 15% Discount for B & B that are members of the Michigan Lake to Lake Association

Age of Building Credit

- New Building 30% Credit
 - The credit is reduced by 2% for each of the first 10 years and 1% for the following 10 years

Non-Smoker Credit

- 5% credit to the building and personal property

Multi Policy Discount

- 10% Credit to the Building and Business Personal Property
 - Any other commercial policy, personal auto, homeowners, farmowners or country estate

Sprinkled Risks

- The system must be recognized in the Basic Group 1 Fire Rating by ISO
- A 30% credit is applied

Individual Risk Premium Modification Plan (IRPM)

- 25% credits are available

Experience Rating Program

- Based on the insured's prior loss history
 - Consult Commercial Underwriting

Surcharges

Habitational Surcharge

- Up to 4 apartments permitted
 - A surcharge of \$75.00 per apartment

Rating Instructions

- It is required to insure both the Building and Personal Property in the same policy when under one ownership
 - Use the Classification to identify the rate group
 - Not required for Bed & Breakfast, Condominiums or Office risks
- Determine the Territory
- Determine the Construction
- Determine the fire protection class
- Calculation premium