

IBOP -INCIDENTAL BUSINESSOWNERS POLICY

Did you know, according to the National Underwriter article in the March 1, 2004 issue, there are 11 million households that have a full or part time home business, and **“58% of home base businesses do not have business insurance, and 87% do not even understand the reasons for purchasing such coverage”?**

That's 1 in 10 Americans running a business out of their home.

Fremont Insurance Company is the only company to offer a Small Business Owners Policy which can be attached to a Homeowners, Mobilowners, Farmowners, or County Estate Policy.

ELIGIBILITY

- If the business is located within the same home or structure on the premises, the insured will need the Business Personal Property, Liability and any optional coverages under the IBOP
 - If the business is within the home, it can not exceed 50% of the home
 - The structure can not be substantially altered
- If the business is located in an outbuilding, on the same premises, you must insure the building, Business Personal Property, Liability and any optional coverages under the IBOP
 - The building can not be more than 15,000 square feet in total floor area
- The business must be well run and profitable with a below-average risk for property and liability losses

ELIGIBLE BUSINESS TYPES

- Offices
- Schools and Studios
- Service and Processing
- Storage
- Stores-retail/wholesale
- Light Manufacturing

A detailed listing can be found within the IBOP Rating Pages.

COVERAGES

PROPERTY COVERAGES

- Both the Standard Property Coverage and Special Property Coverage forms are available
 - BP1009 – Named Perils

- Coverage can be either Actual Cash Value or Replacement Cost
 - Outbuildings 25 years or less can be written on either
 - Outbuildings 25 years or more can only be written on an Actual Cash Value basis
 - Personal Property may only be written on a Replacement Cost basis

Optional Building Coverages

- Actual Cash Value-Building Only
- Outdoor Signs
- Automatic Increase in Insurance (policy automatically increases the value by 6% yearly)
- Earthquake

Deductible Options

Coverages with no deductibles- Business Income, Extra Expense and Fire Department Service Charge and Fire Extinguisher Systems Recharge Expense
Automatic Deductible of \$250- Money and Securities, Employee Dishonesty and Outdoor Signs

Multiples for the Building and Personal Property Deductibles

<u>Deductible Amount</u>	<u>Multiple Modifier</u>
\$ 250	1.10
\$ 500	.96
\$1,000	.90
\$2,500	.80

BUILT IN COVERAGES

- Money Orders/Counterfeit Paper Currency
 - \$1,000 in Coverage
- Fire Department Service Charge- no deductible
 - \$1,000 in Coverage
- Forgery/Alteration
 - \$2,500 in Coverage
- Fences, Radio or TV antennas, Trees, Shrubs and Plants
 - \$2,500 in Coverage
 - \$500 per tree, shrub or plant for fire, lightning, explosion, riot and aircraft losses
- Exterior Building Glass for risks of direct physical loss, if building owner or owned by others and in insured's care, custody or control
- Outdoor Signs
 - \$2,500 in Coverage
 - Coverage can be increased at a rate of \$16 per \$1,000

- Personal Effects of the named insured, officers or employees
 - \$2,500 in Coverage
- Money and Securities On Premises with the Special Form or Endorsed to the Standard Form
 - \$5,000 in Coverage for on Premises
 - \$2,000 for the same property Off Premises
 - \$10,000 for on Premises, \$2,000 off premises can be purchased for \$50
- Accounts Receivable
 - \$10,000 on premises and \$2,500 off premises
- Increased Cost- if building is insured for Replacement Cost
 - \$10,000 in Coverage
- Valuable Papers and Records on premises
 - \$10,000 in Coverage for on premises
 - \$5,000 for the same papers off premises
 - The rate can be increased at a rate of \$9 per \$1,000
- Business Property off premises
 - \$5,000 in Coverage
 - Increased at \$25 per \$1,000 in coverage
- Pollution Cleanup and Removal
 - \$10,000 in coverage
- Business Personal Property at Newly Acquired Premises
 - \$10,000 in Coverage
 - Only for 30 days from purchase date
- Business Income
 - Actual Amount of Loss
 - Up to 1 year after a covered loss with no deductible
- Extra Expense that is necessary
 - Incurred after a covered loss
 - Up to 1 year
 - No Deductible Applies
- Debris Removal
 - 25% of the property damage amount paid on the loss
 - Plus \$10,000 per location
- Business Income from Dependent Properties
 - \$5,000 in coverage
- Fire Extinguisher System Recharge Expense
 - \$5,000 in coverage

OPTIONAL COVERAGE

Optional Business Personal Property Coverages

- Burglary and Robbery (Named Perils Coverage Only) Option
 - Available up to 25% of Business Personal Property. Includes \$5,000 on premises and \$2,000 off premises coverage for Money and Securities. Rates for the Classifications are found in the manual rate pages
- Money and Securities
 - On premises coverage can be increased to \$10,000 for \$50
- Valuable Papers and Records
 - On premises coverage may be increased at a rate of \$9 per \$1,000
- Employee Dishonesty
 - Covers Dishonest or Fraudulent Acts of the employees

<u>Coverage Limit</u>	<u>Additional Premium</u>
\$ 5,000	\$ 70
\$10,000	\$ 95
\$25,000	\$120

- Accounts Receivable
 - Coverage may be increased at a rate of \$3 per \$1,000
- Increased Personal Property Off Premises
 - Coverage may be increased at a rate of \$25 per \$1,000
- Spoilage
 - Covers spoilage of perishable stock caused by breakdown, contamination and/or power outage
 - Breakdown or Contamination with a Maintenance Agreement rates at \$20 for every \$1,000 of coverage
 - Breakdown or Contamination without a Maintenance Agreement rates at \$30 for every \$1,000 of coverage
 - Power Outage Coverage rates at \$10 for every \$1,000 of coverage
 - Coverage for both Breakdown and Power Outage with a Maintenance Agreement rates at \$25 for every \$1,000 of coverage
 - Coverage for both Breakdown and Power Outage without a Maintenance Agreement rates at \$35 for every \$1,000 of coverage

LIABILITY COVERAGES

Built In Coverages

- BI/PD With an Annual Aggregate of 2 times the occurrence limit
- Med Pay \$1,000 per person
- Personal Injury
- Advertising Injury

- Host Liquor
- Employees as insured
- Fire Legal Liability \$50,000
- Contractual Liability

Optional Liability Coverages

Increased Limits of Liability and Medical Payments

- Coverage is automatically provided at Medical Payments-\$1,000, BI-\$100,000 the following chart reflects the rates for increased limits

<u>Liability Limit</u>	<u>Medical Expenses</u>	<u>Premium Amount</u>
\$100,000	\$1,000	Base Rate
	\$5,000	\$ 3
\$300,000	\$1,000	\$ 15
	\$5,000	\$ 18
\$500,000	\$1,000	\$ 45
	\$5,000	\$ 50
\$1,000,000	\$1,000	\$105
	\$5,000	\$110

Additional Insureds

- Additional Insureds may be added to the policy. Please refer to the manual for a full list of potential candidates
 - A premium increase of \$15 for each additional insured for offices and \$30 each for other classifications

Exclusions

- A full list of Exclusions are noted within the manual, following is an abbreviated listing
 - Abuse and Molestation Exclusion
 - Artificial Sun tanning Device
 - Designated Premises or Operations
 - Personal or Advertising Injury
 - Lead Contamination

Professional Liability

- Underwriting Guidelines
 - Insured must have at least 3 years experience as a professional
 - Coverage may not be bound if any claims have occurred in the last 3 years
- Coverage is available for the following classes
 - Barbers and Beauticians
 - Use Form BP0801
 - All must be licensed
 - Premium is based by number of full and part time employees, who work 16 hours a week or more
 - Hearing Aid Stores
 - Use Form BP0803

- The principal business must be the sale of hearing aids; testing, installation and servicing are allowed when incidental to the sale
 - The following are ineligible:
 - Stores that Manufacture or Package under a private label
 - Stores whose gross receipts for servicing exceed 20% of the total sales
 - Veterinarians
 - Use Form BP0805
 - Coverage to Veterinarians, hospitals and clinics for domestic animals, boarding and pet cemeteries
 - Premium is based on the number of veterinarians working in the business
 - Others
 - Printers Errors and Omissions Liability
 - Use Form BP0804
 - Provides Liability Coverage for the insured's negligent acts, errors or omissions in providing printing services
 - Publishing functions are excluded
 - Loss Payable
 - Use Form BP1203
 - Provides coverage for naming a loss payee, Lender's Loss Payee or loss payable under a contract of sale. There is no charge for this form

PREMIUMS

- The Minimum annual premium for all IBOP coverage's combined is \$100
- The premium is based on a \$250 Deductible
- Senior Citizens and Gold Group discounts do not apply