

Maine

Home and Earthquake Eligibility Guide



What's New

Effective Date of New Material Updates

Eligibility Guidelines

General Guidelines
General Renewable Eligibility
Ineligible Risks
Refer to Underwriting

Tiering Placement

Definitions

Companies and Copyrights

Proprietary

Safeco Insurance Companies



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What's New

Effective Date of New Material

12/28/22

Updates

Ineligible Risks: Liability has been updated.	9
Definitions has been updated.	13

Proprietary

Eligibility Guidelines

Safeco is a Preferred Market where the quality of risk matters. We seek to insure responsible homeowners or renters who practice prudent upkeep, carefully maintain their property and present the opportunity to write additional lines of business. We rely on our agents to underwrite the risks, confirm eligibility requirements are met and to ensure the property is well maintained and occupied.

Our rating model was built upon a history of disciplined underwriting, but even if a rate is offered, we expect our agents to practice disciplined front-line underwriting to determine if this is a customer that will enjoy a long-term relationship with your agency and with us.

If you have a customer who has multiple property claims in the last five years, it's a good idea to call your underwriter first to discuss the risk. While any customer may have that occasional mishap, we both want to enter into a relationship with someone who is responsible, takes care of themselves and their property and pays their bills on time. Generally speaking, if a home and customer are claims-free, or have a small incident in the last few years, the property will likely be acceptable.

General Eligibility

Note: Items in **bold** are further defined in **Section IV. Definitions and Reference Information**

An eligible property risk is one which:

- A. is well maintained, occupied (unless an eligible building in the course of construction), not unduly exposed to loss and is insured for an amount that is adequate to reconstruct it at today's costs
- B. is owner-occupied, used exclusively for private residential purposes and contains no more than 4 units

- C. has a policy issued to only one of the joint owner/occupants when a two, three, or four unit dwelling is occupied by joint owners, each occupying a separate unit. The policy may be endorsed to cover the interests of the other joint owner(s) in the building and to cover premises liability.
- D. if used for farming, the farming exposure is incidental to the occupancy of the premises as a dwelling and farming is not the occupation of the insured
- E. if used for business, it is one of the permitted business occupancies and the dwelling is occupied principally for private residential purposes and the business is incidental to the occupancy of the premises as a dwelling.

Minimum Coverage Requirements		
Coverage A	Primary	
Coverage C	Tenant	\$20,000
Coverage C	Condominium	\$20,000

F. Buildings in the course of construction, including existing structures that are undergoing an **extensive renovation** or **reconstruction** are acceptable if;

- Construction will be completed and the dwelling occupied within 12 months
- Work will be performed by a licensed, bonded, and insured contractor
- The contractor is not the named insured
- Theft of Building Materials Endorsement will be carried while the dwelling is under construction, if vacant
- All other bindability rules are met.

Building Requirements

- Dwelling and premises must be well maintained
 - All major systems (plumbing, heating, electrical, roof) must be in good condition and have no unreported conditions or any uncorrected fire or building code violations, exception for eligible buildings in the course of construction.
 - Heating must be a central heating system or thermostatically controlled electric heating system. If the central heating system includes a wood or coal burning furnace as the primary heat source, the dwelling must have a backup oil or gas central heating system or thermostatically controlled electric heating system. Note: A converted coal furnace, kerosene heater, electric space heater or wood/coal/pellet stove cannot be the primary source of heat. Wood/pellet/coal stove or wood furnace(s) and/or space heater(s) must be professionally installed. Exception for eligible buildings in the course of construction.
- Written at 100 percent Replacement Cost
- Manufactured Homes
 - 20 years or newer and a minimum double wide size
 - Completely covered with plasterboard on the interior surface with a minimum B.5 class of construction
 - Includes a minimum 20-year life composition roof, with a roof pitch of at least 4:12 and a minimum 30-40 pound snow load in snow areas
 - Installed on a permanent foundation on property owned by the insured
 - Must have heat tape around key systems housed underneath the home (plumbing, heating, etc.)
 - Photos of the front and back are required for all manufactured homes
- All losses in the prior 5 years are subject to underwriting review. The following loss types will not be considered:
 - A loss resulting from windstorm or hail
 - A loss resulting from earthquake, mine subsidence or sinkhole collapse
 - A loss for which payment occurred only with respect to Medical Payments To Others or similar coverage
 - A loss resulting from an event that causes \$25 million or more in total insured property losses and affects a significant number of property and casualty insurance policyholders and property and casualty insurers

General Guidelines

Decline or Cancellation within the first 60 days will be in accordance with these filed new business guidelines. These guidelines supersede any previously filed guidelines.

Dwelling Requirements

- Smoke detectors are required, exception for eligible buildings in the course of construction
- No more than 2 losses in prior 5 years. All submissions with past losses are subject to underwriter review. See 'General Eligibility' for exceptions to this rule.
- Home condition should be well maintained, exception for eligible buildings in the course of construction
- Homes should be insured to 100% of replacement cost
- Upper limit of Coverage A is \$3,000,000 and Total Insured Value of \$8,000,000
- Home is occupied and not vacant, exception for eligible buildings in the course of construction
- Property situated on premises used for farming purposes is not permitted unless farming conducted thereon is only incidental to the occupancy of the premises as a dwelling and farming is not the occupation of your customer or residents of their household

General Renewable Eligibility

Non-renewal/Cancellations

As with New business, the Company reserves the right to exercise policy non-renewal or cancellation provisions, that are consistent with applicable Maine law, on any risk that, in the evaluation of the underwriter, presents an undue exposure or a high probability of loss. If return premium is not refunded with the notice of cancellation or when the policy is returned, the company will refund it within a reasonable time after the date of cancellation takes effect.

Conditions for Cancellations and Non-Renewal

- Substantial change in the risk since the policy was issued.
- Failure to complete requested repairs.
- Material misrepresentation of fact, if known, would have caused the policy not to be issued.
- Nonpayment.

Underwriting

If an insured has contributed (via carelessness and/or negligence) to a loss during the five-year experience period, or if the insured has met the loss threshold described within the General Eligibility requirements, underwriting action may be taken.

- Declination, cancellation or nonrenewal based solely on a loss incurred as a result of a catastrophic event as declared by a nationally recognized catastrophe loss index provider is prohibited.
- Declination or nonrenewal of a homeowners policy is prohibited if the action is based solely on any claim filed on the covered property while the property was owned by anyone other than the current applicant or insured.

Ineligible Risks

Except as otherwise indicated in **Section V. DEFINITIONS**, the following exposures outline conditions that are generally unacceptable and cannot be bound. The Company reserves the right to decline any risk that, based upon underwriting judgment, presents a potentially unacceptable exposure. **Refer to Section VI. DEFINITIONS for specific details of ineligibility.**

Construction

- Log Homes that do not meet minimum eligibility
- Mobile Homes, Trailer Homes, or House Trailers
- No Foundation or Open Foundations, exception for eligible buildings in the course of construction
- Non-Standard Buildings/Materials (Barndominiums - metal structures with metal roofs - allowed provided they have a concrete foundation with no aluminum siding or existing damage)
- Uncorrected Fire or Building Code Violations
- Homes listed on any historical register
- No more than four families
- Buildings in the course of construction, including existing structures that are undergoing an **extensive renovation or reconstruction** are ineligible if;
 - Construction will not be completed within 12 months
 - Work isn't being performed by a licensed, bonded, and insured contractor
 - The contractor is the named insured
 - Theft of Building Materials Endorsement isn't carried while the dwelling is under construction, if vacant
 - All other bindability rules aren't met

Coastal Property

- Properties less than 1,000 feet from the high water mark of the ocean, sound or inlet are ineligible for homeowner coverage

Wiring/Plumbing/Heating/Roof*

- **Wiring/Electrical:**
 - Minimum 200 amp circuit breaker service, or alternately
 - 100 amp circuit breaker minimum with entirely updated electrical service including all wiring, outlets, switches and conduit (no knob-and-tube wiring)
 - **Plumbing:** No lead or galvanized pipes
 - **Ineligible if Primary Heat:** Wood, Coal, Solar, Kerosene, Portable Electric or Portable Propane
 - **Ineligible if Secondary Heat:** Portable Propane or any Space Heater
 - **Ineligible Oil Storage Tank Age:** If greater than 10 years old
 - **Ineligible Roof Age:** Metal, slate or tile roofs that are older than 70 years; wood and all other roof types that are older than 20 years
 - **Ineligible Roof Type:** Wood or Cedar Shakes/Shingles if not treated, Asbestos, Poured, Rolled, Rock, Tar, Tin or Flat Roofs
- *exception for eligible buildings in the course of construction

Liability

- **Animals:** exotic pets, prior bite history
- **Farming and Business Exposures** if not incidental to the occupancy of the premises as a dwelling

Miscellaneous

- **Unoccupied**, exception for eligible buildings in the course of construction
- **Vacant**, exception for eligible buildings in the course of construction
- **Co-Occupancy per unit:** 3 or more unrelated residents; or applicant is co-occupant in boarding/rooming house, dormitory, etc.
- **Unsupported Seasonal Residences**
- **Secondary Seasonal Property that is:**
 - Located on an island unless year round road access is available for emergency vehicles
 - Leased (exception: close relatives or friends but not listed for lease by realtor)
- **Secondary Non-Seasonal Property that is:**
 - Located on an Island unless year round road access is available
 - Leased (exception: close relatives or friends but not listed for lease by realtor)
- **Housekeeping Condition:** poor maintenance or neglect, exception for eligible buildings in the course of construction
- **Arson Conviction**
- **Homes with Coverage A exceeding \$3 Million in a Protection Class 9**
- **Homes with Coverage A exceeding \$1 Million in a Protection Class 10**

Refer to Underwriting

The following exposures should generate additional questions in order to determine eligibility.

Note: Items in **bold** are further defined in **Section IV. Definitions and Reference Information**

Coverage

- Coverage declined, cancelled or non-renewed during the last three years
- More than 1 loss in prior 5 years
- Business conducted on premises
- Exposed to Hazard
- Incidental Farming
- High Value
- Seasonal
- Log Home
- Protection Class 9 with Coverage A greater than or equal to \$1.5 Million
- Protection Class 10 with Coverage A greater than or equal to \$1 Million

Tiering Placement

Tier Placement Criteria – New Business

Safeco offers a broad market of homeowner insurance to the residents of Maine. The underwriting criteria used to determine new business tier placement are:

- age of oldest system
- business on premises
- credit based insurance score
- distance to coast
- foundation type
- jewelry ratio (total amount of Scheduled and Unscheduled Jewelry divided by Coverage A value)
- number of late payments and responsibility over the past year
- number of stories and square footage
- prior 5 year loss history by type
- total number of baths

Tier Placement Criteria – Renewals

Safeco offers a broad market of homeowner insurance to the residents of Maine. The underwriting criteria used to determine renewal *tier placement* are:

- lapse history
- prior 5 year loss history

Credit Based Insurance Score

At new business, we will obtain a credit-based insurance score for the named insured. A policy will maintain its tier factor unless the insured requests re-evaluation. Upon the request of an insured, a new insurance score will be ordered as part of the re-evaluation. A re-evaluation at the insured's request will be performed at most once per twelve month period.

Definitions

Animals

Any risk with:

- Any exotic pets (e.g., Pythons or rattlesnakes);
- Any animals that have any bite history; or have caused any bodily injury to any person;

Asbestos Siding

Dwellings with asbestos siding without an abatement certification verifying that any hazardous waste exposure has been abated or removed.

Building Undergoing Renovation Or Reconstruction

Dwellings undergoing major renovation or reconstruction that will:

- result in changes to more than 40% of the dwelling;
- or
- render the dwelling uninhabitable for more than 60 consecutive days

Business Conducted On Premises or Farming

Exposure

- **Business Exposure:** Home policies are not acceptable for any commercial liability exposure such as farming. Limited coverage is offered for In-Home Business and Incidental Farming.
- **Home Day Care:** Any home day care business exposure.

Co-Occupancy

- If there are three or more unrelated residents of the dwelling; or
- The applicant is a co-occupant in a boarding or rooming house, dormitory, fraternity, sorority, or commune

Coverage Declined, Cancelled Or NonRenewed During The Last 3 Years

Acceptability of the risk dependent upon the reason for the coverage declination, cancellation or non-renewal.

Foundation

Continuous masonry or concrete slab foundations are acceptable. Open foundations for dwellings otherwise acceptable may be allowed for Seasonal Residences only. Dwellings with no foundation are ineligible.

Housekeeping Condition

Inspection of property finds signs of poor maintenance or neglect, e.g., untrimmed lawn or shrubbery; cracked, blocked or broken sidewalks, stairs or driveway; peeling paint; deteriorated roofing; etc.

Insurance to Value

Prior to selecting the most appropriate coverage limit, it is important to accurately compute the dwelling's 100% replacement cost value. The completion of Replacement Cost Estimator form (using the most current inflation factors) is an excellent means to use for valuation purposes.

Log Homes

Log homes are ineligible if:

- Not a Standard or Kit Log Home built by a Contractor
- Built more than 25 years
- Has Repair or Replacement Cost Protection Coverage A

Mobile Homes, Trailer Homes, or House Trailers

Whether or not on blocks, foundations or otherwise made stable.

No Central Heating

Any dwellings without thermostatically controlled central heating (e.g., whether a primary, secondary or seasonal dwelling).

Non-Standard Buildings

Underground or earth contact homes, houses built on pilings or stilts, converted buildings, or homes built out of unusual, non-standard materials or methods.

Oil Storage Tank Location

Any risk with an under-ground storage tank or above ground exterior metallic storage tank that is a potential pollution damage hazard because it is:

- Over 10 years old;
- In a rural location that relies upon wells as its water source; or
- Located within 1,000 feet of a river, lake or seashore.

Primary Heat

Any risk with the following as the primary heating type:

- Classified as “Other” (acceptability subject to the “Other” heating type specifics)
- Wood
- Coal
- Solar
- Kerosene
- Portable Electric or Portable Propane

Prior Coverage Expiration Date

A risk with a coverage gap (based upon the prior coverage expiration date and the application new business effective date).

Protection Class 9 and 10

Protection Class 9 with Coverage A between \$1.5 Million and \$3 Million and all Protection Class 10 homes, the following must be present:

- The dwelling is located within 15 miles of a responding fire department
- The dwelling does not use a wood or coal burning stove as their primary heat source
- The dwelling has smoke or heat alarm on every floor and fire extinguishers or Central Station Fire Alarm
- There is a local water source
- The property is accessible year-round

Roof Type and Age

- Ineligible roof age:
 - Metal, Tile or Slate: 70 years and older
 - Wood and all other roof types: 20 years and older
- Ineligible roof type:
 - Wood, Cedar Shakes or Cedar Shingles if the roof is not treated with fire retardant and retreated as often as specified by the manufacturer
 - Asbestos, Poured, Rolled, Rock, Tar, Tin, or Flat: On any dwelling (regardless of age)

Secondary Seasonal Residences

Secondary Seasonal Residences are defined as a dwelling where one or more of the following criterion applies:

- has its water turned off and drained for the winter season;
- has its heating unit turned off during winter season;
- any dwelling exposure that is unoccupied for 3 (three) or more consecutive months;

- is not on an enclosed poured concrete, slab or cement block foundation;
- has its windows and/or openings shuttered or boarded-up for the winter;
- has its electrical service turned off at meter or panel for the winter season;
- lacks toilet facilities, water, central heat or electricity

Secondary Non-Seasonal Residences

Secondary Non-Seasonal Residences are defined as a dwelling that is:

- not a Seasonal Residence;
- open and used on a regular year round basis;
- accessible year round. Roads plowed and capable of use by fire, police and ambulance vehicles;
- not leased (exception: close relatives or friends, but not listed for lease by realtor);
- has Central heat (other than a wood stove);
- not within 1000 feet of open ocean;

- located on an enclosed foundation or concrete slab

Secondary Heating Type

Any risk with the following as a secondary heat type:

- Classified as “Other”;
- Kerosene or Portable Propane; or
- Any space heater.

Substantially Renovated

- **Wiring / Electrical Service:** Updated to include 100 amp service, and the replacement of fuse or breaker boxes, switches, fixtures, and wiring.
- **Plumbing:** Updated to include the replacement of water lines (including lead or galvanized pipes), new plumbing fixtures and a new hot water storage tank.
- **Heating:** Updated to include furnace or burner replacement and flue inspection to ensure proper condition, operation and adequacy.
- **Roof:** All old materials stripped and replaced with new finish materials as necessary, e.g., sheathing, felt (or other under-sheathing material) flashing, etc. All eave

and roof vents inspected to ensure proper condition, operation and adequacy.

Uncorrected Fire Or Building Code Violations

Any risk with uncorrected fire or building code violations.

Unoccupied

Any residence unoccupied for extended periods of time (e.g. 30 or more consecutive days, 4 or more times a year).

Vacant

Any dwelling that is vacant.

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