

Business Owners Program Overview

December 2024

Fast and easy competitive prices for quality businesses, with market-leading coverages helping agents take care of business...

Target Market

Our business owner package (BOP) is available to serve 70% of the small commercial market in 47 states. We insure standard and preferred 'main street' businesses: retailers, offices of professionals, personal services, small restaurants, and lessors. We accept up to \$6M in revenue, 50 employees and \$6M property values. We do not write contractors, habitational, automotive, or problem accounts with unknown or emerging exposures. We do accept start-ups and home-based businesses.

Fast Acceptance

Get business class approval within seconds – and initial quotes in a minute.

Easy Quotes

Underwriting questions are account specific and written in plain-speak. We do not use jargon or codes and we offer substantial online support. 75% of agent sales are completed without underwriter review.

Responsive Prices

Industry-leading pricing sophistication means millions of price points based on more information. Our rates consider perils and specific environmental exposures – down to the census block level. This gives you the best chance at the best prices for your best insureds. No time is wasted calling for credits/ discounts – they're included. Agents sell about 40% of our final quotes.

Among Best-in-Class Coverages

We work to provide the latest coverages, from our core policy to optional coverages. Our latest innovations include Cyber, Employment Practices with third-party harassment and discrimination liability, Equipment Breakdown with micro-electronic protection, simple blanket approach to Additional Insureds and Ordinance or Law, and Professional Liability is being expanded for 70% of our insureds.

Timesaving Processes

Get a preliminary quote geared with suggested coverages and limits in about a minute. Quickly customize your proposal within a few minutes and apply payment. Electronic signatures and paperless features save agents and insureds time and hassle. Plenty of self-service tools are available to manage accounts – including 24/7 online certificates of insurance.

Stillwater Works for Agents

Whether you are a part of a large commercial shop, or an agency focused on personal lines and cross-selling, our ease, time-savings, and smart pricing can make a difference for you.

General Acceptability – our target market is low to moderate risk businesses, at a high-level...

Business Owners Program Overview

December 2024

Section	Topic	Page
Appetite	General Acceptability	3
	Eligibility and Acceptance	4
	Specific Business Class Underwriting Rules	6
	Appetite Selection	9
Underwriting	Rating Segmentation	9
	Underwriting Tiering	9
	Insurance Score	9
	Summary	10
	Real-time Underwriting	10
	Business Class Selection	10
	Underwriting Referrals	11
	Quote Proposals	11
	Individual Risk Premium Modification (IRPM)	11
	Replacement Cost Estimates	11
General Information	Applications and Policy Form Output	12
	Certificates of Insurance ("Certs")	12
	Commissions	13
	Minimum Premium	12
	Payment Plans	12
	Policy Expense Fee	12
	Online Quick Reference: Quote Details	13
	Commissions	13
Coverages	'Quasi Liability-Only' Policies	13
	Core Coverages and Deductibles	13
	Additional or Optional Coverages	15
	Included Additional Coverages	23
	Policy Forms	24
	Stillwater Enhanced Coverages	24
Cancels	Free-look Period and Non-renewals	25
	Nonpayment / Reinstatements	25
	Insured Requests	26
Services	Agency Management Systems	26
	Claims	26
	Customer Service	26
	Endorsements Business Address Changes	26
	Endorsements - Self-Service	26
	Premium Audits	27
	Property Inspections and Loss Prevention	27
	Agency Upload/ Download & Comparative Raters	27
	Co-branded Website Quoting	27
State Specifics	Hurricane Approach, Wind & Hail Deductibles	28
	Hurricane Territory Availability and Deductibles	28
	State Specifics - Wind / Hail Territories	29
	California Wildfire Mitigation Discounts	32
	Florida Closed Territories and Sinkholes	33

Business Owners Program Overview

December 2024

Stillwater BOP Appetite High-Level Summary

Business Class	Appetite	General Guidance
Churches, Houses of Worship	100%	No daycare permitted
<i>Contractors, Construction</i>		Unacceptable
Finance, Insurance, Real Estate	100%	Most acceptable
Healthcare	87%	Most acceptable: no mental illness clinics or nursing homes
Lessors	50%	Commercial business tenants only - no residential / habitational
<i>Manufacturing, processing</i>		Unacceptable
Restaurants, Eating and Drinking Places	66%	Most acceptable up to 25% alcohol - building coverage not permitted
Retail	76%	No: automotive, liquor or convenience stores, supermarkets, second-hand goods, jewelers, electronics, or >30% online sales
Services	57%	No: automotive, lodging, schools, children's activities
Wellness	100%	Acceptable
Wholesale, Distribution		Unacceptable
Total Market Acceptance	~70%	

A. In-appetite – 70% of US businesses – a few sweet spots include:

1. Offices of professionals – agents, attorneys, consultants, financial services...
2. Lessors – commercial properties only – non-residential
3. Medical offices – dentists, doctors, veterinarians...
4. Wellness – counselors, therapists...
5. Retailers – new items only; sales must be under 30% combined alcohol, tobacco, vape items and batteries; and less than 30% online sales – and not via Amazon or Walmart
6. Restaurants – from limited cooking to fine dining; building coverage not available
7. Houses of worship – chapels, churches, synagogues... (no school, nursery, or daycare)
8. Services – beauticians, photographers, cleaning services...
9. Home-based business (without building coverage), kiosks, and booths
10. New business start-ups

B. Unacceptable – we are not a market for challenging operations and services, including these businesses as named insureds...

- 24-hour retailers or 24-hour onsite services
- Automotive services – gas pumps, repair, car washes...
- Bars, entertainment clubs, venues, or public events for over 50 people
- Contractors, “general trades,” or artisan contractors, builders, roofers, building suppliers, finishers or installers, manufacturers, parts or equipment designers or customizers
- Convenience stores, deli’s (that are less than 30% restaurant sales)
- Government entities, non-profits, or social services providers
- Habitational/ mixed-use business & residential, or lodging/ hotels
- Hazardous material handlers (low quantity retail, okay)
- Home-based businesses with customer traffic, or building coverage
- Laundromats
- Locksmiths

Business Owners Program Overview

December 2024

- Manufacturing (low quantity handcrafting, okay) or heavy mechanical repairs
- Marijuana handlers or sales
- Massage parlors, (professional therapists providing only licensed services, okay)
- Nail Salons and beauty salons with nail services
- Nursing homes
- Plant nurseries, farming, or ranches; livestock or exotic animals
- Property managers
- Retailers with tobacco, vape or hookah products over 30% of sales*, or battery sales over 5% of sales (*sales excludes lottery sales), or second-hand sales or trading merchandise, or mattress sales above 25% of all sales
- Retailers or establishments with over 30% alcohol sales
- Sales or service of automotive vehicles, water or flight crafts, drones, including hobby RC (radio-controlled) cars, flying crafts or other vehicles, and trailers for road use
- Salons with tanning beds
- Security guards or detective services
- Schools, daycares, youth training, business concentrated on sales, products or services aimed at minors
- Social media influencers, film, music and media entertainers, or celebrities and politicians
- Sports or recreational activity centers
- Treatment centers: social services, drug, alcohol or psychiatric
- Vehicle, mechanical or heavy equipment - sales or service
- Warehouses, wholesalers, distributors, exporters, or importers
- Any business with loss potential that is inconsistent with its classification and pricing; unusually high or new, emerging exposures

Basic Eligibility and Acceptance

- A. **50 employees maximum** – includes owners, regardless of number of hours worked
- B. **\$6M maximum annual sales or receipts** – annual sales are used to price restaurants and professional liability coverage
- C. **\$4.5M maximum property Total Insured Value (TIV)**
 1. All available to quote and issue online, mostly without underwriting approval
 - a. TIV over \$1.6M – all property and Ordinance or Law limits must be referred to underwriting online at completion of quotes
 - b. Final quote pricing is available prior to submitting underwriting referrals online
 - c. 5-year loss reports or experience will be requested on TIV referrals
 2. TIV Limit includes combined coverages for: Buildings, Business Personal Property, Ordinance or Law, and Green Upgrades
 3. Deductibles, Business Income, or other coverages are not factored into this TIV Limit
 4. TIV Limit is also determined by location for all insured structures within 100'

Business Owners Program Overview

December 2024

D. Unacceptable building conditions

1. **Building Age** – Buildings over 50 years are not acceptable unless okayed in advance with all building conditions in order.
2. **Roofs**
 - Age over 25 years, unless: metal, clay, concrete, terra cotta or maintained tar and gravel
 - Conditions: functionally damaged, missing, lifted, patched, greatly deteriorated, or two layers of shingles
 - Materials: vegetated roofs
 - Roof and grounds images will be obtained on most quotes; poor conditions will result in quotes being ‘held,’ or stopped – which may be appealed for approval and release through our online underwriting review referral process
3. **Plumbing**
 - Conditions: leaky, or heavily corroded fixtures or valves
 - Materials: galvanized or polybutylene
4. **Electric System**
 - Conditions: unsafe electric panels (Federal Pacific, Stab-lok, Zinsco...) or fuses
 - Materials: knob and tube, or aluminum wire
5. **Oil Storage Tanks**
 - Double-wall or Fiberglass: over 50 years
 - Single wall: over 25 years
 - Underground: any age
6. **Buildings**
 - Buildings over 25 years old will be referred for underwriting review
 - Restaurants who own the building they occupy
 - Conditions: unsafe, damaged, unkept, trees over roof, or violates ADA (pride of ownership, regard for community, should be evident)
 - Earth Movement: land or mud-slide risk
 - Historical Register: architecture preservation regulation
 - Protection Class: 10
 - Renovations: major construction, structural, system overhauls
 - Sinkhole: in known zone
 - Stories: over three
 - Vacancies: over 30% after 60 days, without signed tenants
 - Wildfire Risk: within 400’ of our brush fire zones
7. **General Acceptability Rules**
 - Losses or claims – a business is not acceptable if:
 - in the five years before the effective date, there is –
 - more than one paid claim for loss due to weather, or any event caused by forces of nature,
 - this includes hail, wind, lightning, rain, snow, ice, and volcanic action,
 - or any other type of claim paid, and
 - Renewals may be permitted with two paid claims of any type.

Business Owners Program Overview

December 2024

- Central station alarm – required for select theft-target classes.
- No owners or employees who have been indicted for fraud, bribery, or arson.
- No known current or pending molestation or discrimination claims.
- No prior insurance cancels for underwriting reasons or claims in past 5 years.
- No manufacturing, assembly, modifying, mixing, or adding to, removing parts from, or relabeling products.
 - Except for only small batch creations of benign products and are not: mechanical, electrical, caustic/ toxic chemicals, medicinal, or susceptible to contamination.
- No providing space for residents, lodging or public events with over 50 people.
- No mostly unoccupied space, or space not being used as intended.
- No conditions that are unsafe, damaged, and not well maintained.
- Risks with loss potential that are inconsistent with its classification and pricing; unusually high, new, or emerging exposures, or those with susceptibility to repeat losses, are not acceptable.
- Businesses providing incorrect underwriting information may be rescinded, otherwise canceled and then ineligible to be rewritten.
- Business must be open and not under construction when policy is effective.

Specific Business Class Underwriting Rules

A. Lessors – commercial properties only – non-residential. We also write lessors with occupants that otherwise would not be acceptable as a BOP tenant business owner.

1. Acceptable lessor (only) occupants – in addition to our acceptable specific business classes, these businesses also qualify as lessor (only) tenants:

- Contractors
 - General construction “trades”
 - Artisan or specialized building service providers
- Specialty retailers, importers, wholesalers of –
 - Tools or small equipment
 - Appliances, electronics, photo equipment or jewelers
- Indoor fitness, gyms, or spas
- Pet services or pest control
- Property managers
- Rental stores
- Tattoo parlors

**See our Business Class Guide for specific acceptability*

2. Unacceptable lessor tenants

- Convenience stores, nurseries, or laundromats
- Bars, taverns, pubs, lounge, saloon; or retailers with alcohol +30% of sales
- Vehicle or Equipment Related Sales or Service

Business Owners Program Overview

December 2024

- 24-hour Retailers or 24-hour Onsite Services
- Residential Space or Lodging
- Public Event Hosting: over 50 people
- Hazardous Material Handlers, includes lithium batteries- (low quantity retail, okay)
- Factories or Manufacturers (low quantity handcrafting, okay)
- Ranching or Farming: livestock or exotic animals
- Schools, Daycares, Nursing Homes
- Treatment Centers: social services, drug, alcohol or psychiatric
- Warehouses

B. Restaurants – rated by annual sales, style and price of service, food, forms of cooking, and alcohol

- 7,500 square feet or 150 maximum seating capacity
- No owned building coverage available currently
- Hired Auto & Non-Owned Auto – only available without delivery service
- Alcohol Sales – typically 25% permitted, bars are *not* acceptable
- Catering up to 15% of sales only
- No mobile, food trucks, trailers, or carts (long-term stationary trailers or carts *not licensed for road use, okay*)
- Acceptable categories:
 1. Quick Service – low price, eat-in, to-go
 2. Fast Casual – mid-price, no table service, mostly dine-in
 3. Casual – mid-high price, table service
 4. Beverages Mostly – no alcohol
 5. Fine Dining – high price, tablecloths, dress code
 6. Cafeteria Style, Buffet
- Types of foods and eateries written across above categories:
 - Baked Goods, Bagels, Coffee, Cupcakes and Donut Shops
 - Bistros, Cafés, and ‘Upscale’ Casual
 - Chicken, Roast Beef, Sandwich Shops
 - Concession Stands, Snack Bars
 - Delicatessens and Ethnic Marts: permissible prepared meals or retail food sales,
 - Diners
 - Ethnic, Asian
 - Hookah Lounges or Retailers are not acceptable.
 - Hamburger, Hot Dogs, Malt Shops
 - Ice Cream, Frozen Yogurt
 - Pizza Places
 - Salads, Soup Shops
 - Seafood
 - Take-out, Car Hop
 - Many more “eats, treats and drinks” may be written in Retail Food & Beverages

Business Owners Program Overview

December 2024

C. Restaurant Underwriting Acceptability Requirements – except limited-cooking type

1. Active semi-annual refrigeration maintenance contract
2. Automatic release hoods over cooking surfaces with flues tagged every six months
3. Automatic Extinguishing System (AES) in each hood that is tagged every six months
4. Hand, and manual release, extinguishers properly placed and tagged every three years
5. Automatic thermostat cutoffs if restaurants have deep fryers
6. Baffle plates if restaurant has deep fryers, and combustible items must be over 16" from open flames
7. No live band entertainment – other than piano, acoustic performers, or unless music is for closed events (no ticket sales or admission) and/or private parties

D. Manufacturing

1. Unacceptable Manufacturing

- Machining, joining, forming, casting, or assembling a product from raw materials or existing parts
- Customizing an existing product by adding to it, modifying it, or removing parts
- Adding a proprietary label to an existing product
- Design and sales of consumer goods to be manufactured by another party

2. Acceptable Manufacturing – making, or selling, arts and handcrafts, or small batch creations is acceptable if:

- Sold only at local craft fairs, farmer's markets, small restaurants, and niche retailers
- In quantities of less than 100 monthly per location
- Products must be benign, and not vehicles, mechanical, electronic, caustic, or toxic chemicals, medicinal, or susceptible to contamination

E. Grocery Stores – must be under 4,000 square feet and cannot advertise ATMs, tobacco, or alcohol outside of building, or have security gates, grills, or shutters, or enclosed cashier space

Appetite Pricing “Sweet Spot”

You may be tempted to find a pattern to our pricing and form an opinion where we are most or least competitive. This will be challenging given our pricing approach and responsiveness to each business's unique characteristics. It will be difficult to know when a class is priced more aggressively or whether there is something special about the risk.

We price each class appropriately and as accurately as possible. While unexpected pricing outcomes (too competitive or otherwise) will occur, our goal is to have the best attainable financial outcome for each risk. The bottom line is we believe we will have competitive prices approximately two thirds of the time. That is a good success rate and should make it worth quoting every BOP risk with Stillwater.

Rating Segmentation

Business Owners Program Overview

December 2024

Our rate plan is built to allow fast, accurate and final quotes. We use rating variables not typically found in BOP programs. Rather than having an underwriter subjectively apply credits and debits, our sophisticated pricing applies rating factors objectively and consistently without having to ask many additional questions. Our pricing by geography is more finely segmented than most competitors. And we have concluded that our pricing is more appropriate by territory.

Underwriting Tiering

While we invested in industry data and analyzed it thoroughly to develop a comprehensive rating plan, we do even more to differentiate our pricing through our underwriting tiers. Our proprietary model considers several traditional characteristics and then adds a few more factors (things such as an insurance score, aka “credit score,” and years in business...) to be responsive to each risk.

Underwriting Tiering – Use of Insurance Score (insurance score not used in MA and WA, nor for churches or other places of worship (varies by state))

We use Lexis Nexis’s Attract insurance score to price individual policies. This is a score that predicts likelihood of loss using information from applicants’ credit reports. Our credit report orders are considered ‘soft-hit inquiries’ – meaning they do not affect credit scores.

We can accommodate customers with “Extraordinary Life Circumstances” to adjust their premium due to related derogatory scoring. Likewise, we may accept the same level of proof for reinstatement of policies terminated for payment problems. Upon an applicant’s written request (a form is available for this), we will consider these situations below occurring within the three years prior to an application or quote. If we determine their credit history has been adversely affected, we will grant an exception to our rates or rating classification.

“Extraordinary life circumstances” include:

1. catastrophic illness or injury
2. divorce
3. death of a spouse, child, or parent
4. involuntary loss of employment over three consecutive months
5. military deployment
6. identity theft or financial cyber-related crime
7. loss that makes my home uninhabitable, or my owned business inoperable
8. pandemic restrictions on my employment hours, or my owned business hours
9. any other reasonable circumstance we can recognize

We may require reasonable proof or independently verifiable written documentation of circumstances and their effect on applicant's credit report or credit history. All documentation is kept confidential.

If we grant an exception, we will consider only credit information that is not otherwise affected. This process is available for policies when we reorder credit information and reevaluate insurance scores.

We will reject risks when negative risk characteristics exceed our threshold for acceptability. This creates a competitive edge by ensuring each policyholder pays the most appropriate amount we can determine – this keeps rates lower for your best accounts.

Business Owners Program Overview

December 2024

Quotes and Issues – Summary

Within a minute – you will know basic business acceptability and within a couple minutes you will have a Preliminary Quote. Using your responses, public databases, and a few default answers, you will have an approximate price estimate as a starting point.

Next, customize limits and select optional coverages. We only ask questions pertaining to the specific business classes being quoted. Likewise, your coverage choices are streamlined and tailored to each risk. With your customized coverages and limits in hand, you are just a short set of questions away from final underwriting acceptance and a firm, bindable quote. Know that policies may not be issued effective the same day they were quoted. Roughly 95% of our quotes are accepted in real-time underwriting. There is seldom doubt or delay for a review. From start-to-issue in about four minutes – that is taking care of business.

Quotes and Issues – Real-time Underwriting

Underwriting questions and logic are built into our automated quote platform. As a quote is completed online, we will indicate, A. when pricing is final; and B. when you need to submit an underwriting referral or if underwriting is complete and that you may issue a policy online without an underwriter's review.

Please know that we review all policies, and that information may be gained during inspections or through third-party data sources that we will need to reconcile after policies are issued.

If inspections reveal serious property, service, sales or operation defects, or information knowable to insureds that disqualify program acceptability, then in severe cases, policies may be rescinded at any time, or otherwise cancelled, and may not be rewritten. And we may not accommodate defect remediation. We are a standard and preferred carrier and applications must be answered truthfully and completely.

With respect to underwriting referrals, we prompt all services-not-classified, buildings older than 1996, poor roof conditions (we use a service to machine review these) and we request loss runs on buildings valued over \$1.7M and select accounts to be reviewed prior to binding.

Applications, Forms and Signatures

In addition to our applications, a few select coverages or exclusions may require documentation or signatures with binding and issuance (windstorm or hail exclusion, for example). We provide instructions and pre-filled forms, and require electronic signature/eSign.

Quotes and Issuance – Business Class Selection

Our website guides you to the most appropriate business class using a series of selections. In addition, there is an appetite PDF viewable in our "Quote Details" (top right corner of quotes) listing business class acceptability. When you select a class, you will get an acceptability indicator onscreen. Note that once you move past the business class screen, you cannot go back to changing class – you need to start a new quote.

Quotes and Issuance – Lessors with Multiple Occupants

Our BOP product offers coverage for buildings rented to one or more tenants whether the landlord is an occupant or not.

Business Owners Program Overview

December 2024

Online quoting guides you through an easy acceptance and rating process. We have simplified lessors. You need only provide the percent of space occupied by each type of tenant – you do not need to list each occupant or provide more details. For example, if a building is occupied by three different retailers, just enter occupancy type as 100% retail. See restrictions on occupants above.

Quotes and Issuance – Underwriting Referrals

Certain combinations of risk characteristics, and property values may prompt an Underwriting Referral. While we will present a price online, you will need underwriter approval to bind and issue all referred policies. You will get on-line instructions when necessary. You should note any facts to assist with resolution in our review.

An underwriter will generally be back to you the same day, and no later than two business days. If you need faster service, note your quote number and call customer service.

There will be times when risks do not fit our program due to eligibility, underwriting guidelines, or an individual's risk quality. When those situations arise, the quote process instantly informs you and provides an explanation. You may contact an underwriter to discuss specifics if you wish by referencing the quote number and business name.

Quotes and Issuance – Quote Proposals

We provide both a one-page summary quote proposal, and a longer detailed version with coverage selected as well as listing coverages not included. Each may be saved, printed, or emailed. Each is in our website's "Quick Reference" tab (upper right corner of our site within each quote).

General Information – Individual Risk Premium Modification (IRPM)

IRPM is not necessary for policies we write since traditional underwriting characteristics are integrated into our advanced pricing algorithm. This fits the small business market where premiums are lower due to moderate and more homogeneous risks.

General Information – Replacement Value Estimates

Our quotes access third-party data in addition to the responses you provide to develop a reliable estimate of what it takes to replace a given building. Estimates are based upon many factors varying by business class, size, building type and use, quality, and location. You may choose a different limit than our recommendation – please keep in mind that if the amount you enter for the limit of insurance is less than 80% of the actual replacement amount, significant benefits (claims payments) may be reduced. If we perform an inspection and calculate a replacement cost estimate that is more than the selected limit of insurance, we will increase the limit to a higher amount. This may be appealed, though insureds must provide sufficient documentation for lower limits, or sign for the deviation.

Business Personal Property (BPP), or contents, should be insured for their replacement cost. Be sure to include estimates for tenant betterments and improvements or 'buildouts.' And include building glass, doors or HVAC systems when required by leases (mandatory in California). Restaurants must purchase a minimum of \$25,000 BPP.

Inflation Guard is a protection against modest inflation – the amount of insurance limit for all buildings and business personal property will be automatically increased at renewal by a factor appropriate for risk location and inflation.

Business Owners Program Overview

December 2024

General Information – Application and Policy Forms Output

Our website produces documents for printing and obtaining signatures with prefilled information from quotes. We require the insured to sign electronically. Declarations are immediately ready after payment to print or email when policies are purchased. We also mail all policy forms directly to insureds with declarations being mailed to agents of record and additional interests.

General Information – Certificates of Insurance (“Certs”)

Available 24/7 in Stillwater Agent Portal

- From policy list, select “Add Certificate of Insurance”
- Choose a current additional interest with pre-filled information or add a new cert holder, then email, print or create a PDF
- Note that additional interests must be added 24 hours before they will appear as an option for producing a cert – though you may enter info and issue anytime
- Agents may also issue certs through their agency management systems

General Information – Payment Plans*

- **One Pay:** Discounted ~5% on major coverages.
- **Two Pay:** First pay: 50% of premium plus all state and policy fees. 50% balance and \$5 billing fee due day 180.
- **Four Pay:** First pay: 25% of premium plus all state and policy fees. 25% of total premium and \$5 installment fee, due day 90, 180 and 270.
- **Monthly Bank Withdrawal:** First pay: 15% of premium plus all state and policy fees, then 11 payments at 7.727% of total premium and \$3 billing fee due monthly. Withdrawal dates match policy start date, except 29th, 30th or 31st will be on the 1st. Dates cannot be changed.
- **Monthly Debit/ Credit Card:** First pay: 15% of premium plus all state and policy fees, then 10 payments at 8.5% of total premium and \$3 billing fee due monthly. Charge dates will be date chosen at purchase (can be +/- 7 days from policy start day of month).

* State and policy fees are \$50 – except for:

- FL & IL are \$25
- CT, KS, ME, MD, MI, NY, or NC have no fees

And fees are non-refundable – except in KY & MT

** BOP does not have an escrow plan, or zero-down option

*** Call customer service to make a credit or debit card payment on any installment

General Information – Minimum Premium

Minimum premiums vary by state, but in general, when combined with applicable policy fees, our lowest price can be as low as \$375.

General Information – Policy Expense Fee

All policies are charged a non-commissioned expense policy fee – except CT, KS, ME, MD, MI, NY, or NC, which is fully earned (except in KY & MT) and collected when a policy is written and renewed to cover processing costs.

Business Owners Program Overview

December 2024

General Information – Online Quick References: Quote Details

Located within an online saved or new quote-in-process, you will find a link at the tab labelled “Quote Details” which includes:

1. **Add Note** – agent and underwriter notes, *not* for policy changes or service requests
2. **Review Note** – lists rating information obtained from third parties
3. **Email Quote** – send high-level quote proposal via email
4. **View / Print Quote** – view or print high-level quote proposals
5. **Policy Documents** – list and links to forms attached to all policies (not policyholder specific)
6. **Product Guide** – coverage summaries, features, rules, processes, and general information
7. **Product Acceptance / Business Class Selection** – searchable PDF of business classes.
8. **Glossary of Insurance Terms** – useful BOP and related processing definitions

BOP applications are pre-filled as quotes are completed. These are available in the Buy tab after your Underwriting Decision is provided. Applications must be signed by the insured via eSign process.

General Information – Commission

BOP commission is generally 15% for new and renewal business premium (not fees). Certain states may pay more and have incentive bonuses. And select states base commission is 18% on all coverages except Hurricane premium which has no commission due to reinsurance ceding.

Coverages – ‘Quasi Liability-Only’ Policies

BOPs provide General Liability (GL) and Property protection. Property may consist of buildings and / or Business Personal Property (BPP or “contents”). BOPs cannot be issued without property coverage.

Know that when customers simply request liability coverage, our product could be attractive and competitive simply by providing as little as \$2,000 in Business Personal Property “packaged” along with General Liability. Considering most businesses have at least \$2,000 worth of PCs, printers, office furniture and supplies, and that homeowner policies may not cover these items, our BOP is a practical solution with many other coverage benefits. By offering a BOP, coverages and limits may grow along with the business. And it is easier to maintain policies rather than replacing them.

Coverages – Core Coverages

Liability Coverage – Per Occurrence / Aggregate / Products-Completed Operations

Liability provides coverage when an owner, employee, products, premises, or services harm other people or damage their property

- Defense costs are provided in addition to coverage limits
- Coverage Limits are maximum amounts for others' injuries or damages – and are displayed as set of 3 numbers, such as: \$300k / 600k / 600k - 'k' stands for thousands, and 'M,' millions
 - 1st number: Liability "Per Occurrence" Limit - maximum amount per loss, regardless of number of people or parties claiming damages
 - 2nd number: Liability "Aggregate" Limit - maximum amount for all losses, regardless of number of people or parties claiming damages
 - 3rd number: "Products-Completed Operations" Limit - maximum amount for losses due to products or services that harm others
- Limits up to \$2M / \$4M / \$4M available
- Coverage Territory for Liability coverage is United States (including territories and possessions, Puerto Rico, and Canada)

Business Owners Program Overview

December 2024

Medical Expense – \$10k Any Person

Provides coverage for accidental bodily injury treatment:

- First aid at the time of an accident
- Necessary medical, surgical, X-ray and dental services, including prosthetic devices
- Necessary ambulance, hospital, nursing, and funeral services
- When injuries occur on, or next to, owned or rented premises
- Or because of insured's operations – regardless of fault

Property - Building(s)

Building Coverage Limit is the maximum amount to replace, repair or reconstruct a similar building

- Replacement Cost is not the same as Real Estate Value
- Your Preliminary Quote:
 - Will be priced with an initial replacement indication
 - You must determine the appropriate limit
 - If your chosen limit is less than 80% of actual replacement costs, loss payments will be reduced
 - Up to \$2M available online; \$6M with advance underwriting approval

Property – Business Personal Property

Business Personal Property (BPP or Contents) Limit is the maximum amount to replace, repair or reconstruct these items with like-kind and quality

- Items may consist of building upgrade (aka, betterments & improvements), including:
 - Attached fixtures
 - Appliances or
 - Equipment
- This also includes other items:
 - Furniture
 - PCs and Machinery
 - Cleaning and Sales Supplies
 - Inventory, and
 - Signs attached to buildings
- BPP does *not* include items considered to be an essential or customary fixed part of a building. And that is regardless of a landlord's lease that suggests otherwise – it is not binding, nor a part of our policy's coverage. Leases may require coverage for building glass, doors, and HVAC systems – those will be covered when their replacement value is included in BPP limits.
- A lessor or landlord, should include BPP items in the Building Coverage Limit
- Coverage for BPP temporarily away from premises is available for limits up to \$50,000.

Property – Deductibles: all perils except wind and hail

Deductibles are subtracted from each building and contents claim

- Windstorm or Hail Coverage may have a different deductible amount if indicated
- Windstorm or Hail Coverage may not be available in all locations

Property – Deductibles: windstorm or hail; deductibles are subtracted from each type of property claim

- Windstorm or Hail Coverage may have a different deductible amount if indicated
- Windstorm or Hail Coverage may not be available in all locations

Property – Deductibles: windstorm or hail damage exclusion

Windstorm and Hail Exclusion removes all coverage for these types of losses.

Business Owners Program Overview

December 2024

Business Income and Extra Expense

Business Income provides coverage for actual sustained losses for business interruption:

- Due to Covered Losses
- Resulting in lost net income (revenue minus ongoing expenses, before taxes)
- Starting 72 hours after disruption – up to 12 or optional 18 months
- Includes up to 60 days non-management payroll
- Also pays Extra Expenses to help minimize damage and protect property

Additional or Optional Coverages – vary by state, see product guide for details; quotes display only what is available for each property or business in any given state.

Cleaning Services Plus

Provides coverage for:

- Damage to property resulting from cleaners up to \$5,000 per claim, and \$10,000 each term
- Crime Rewards – \$5,000 for damaged or stolen property
- Key and Lock Replacement – \$1,000 after \$100 deductible
- And, if Employee Dishonesty Coverage is purchased, it will apply to clients' damaged or stolen property including Money & Securities

Condominium Unit-Owners Loss Assessment

Provides coverage for:

- Loss Assessments - COA charges to a unit-owner for common property losses
 - Available Limits: \$5,000, \$10,000, \$25,000 & \$50,000
- Miscellaneous Real Property - COA mandated specific unit-owner responsibilities
 - Available Limits: \$1,000, \$2,500, \$5,000 & \$10,000
- Condo Association Sub-limit – COA assessments due to share of COA claim deductible
 - Available Limits: \$1,000, \$2,500, \$5,000 & \$10,000

Crisis Care – *being introduced by-state through 2024; online quotes display available coverages*

Provides coverage for:

- Services required and expenses up to \$50,000 in response to, or threat of, serious harm or death by weapon – other than robbery/ attempted robbery, with these benefits and sub-limits:
 - Business Income, Extra Expense and Workplace Security: \$25,000
 - Counseling and Crisis Management – public relations and legal services: \$10,000
 - Funeral and Burial Expenses: \$10,000
 - Travel Expenses: \$5,000,
 - Crisis Preparedness and Prevention – communications, training, planning and workplace security assessment: \$5,000

Cyber Suite – Basic – *not available in NY*

Provides coverage for:

- Data Compromise Response Expenses - costs to respond to personal information breaches
- Computer Attack - costs to repair damages to insured's data and systems from attacks
- Cyber Extortion - costs for investigation and response to cyber extortion threats
- Data Compromise Liability - cost of defense and settling others' claims for damaging personal information breaches
- Free Services Provided: Toll-free help line & website with tools and tips to manage cyber risks

Business Owners Program Overview

December 2024

Cyber Suite Enhanced Coverage – *not available in NY*

Provides coverage for all above in Basic, and:

- Misdirected Payment Fraud - costs of insured's wrongful transfers
- Computer Fraud - costs of insured's computer fraud
- Network Security Liability - costs of defense and settling others' claims for damaging system security failures
- Electronic Media Liability - costs of defense and settling others' claims for damaging information displayed in an insured's website
- Available Limits: \$25,000, \$50,000, \$100,000 & \$250,000

Cyber Coverage Acceptability Rules

- No personal information breach in past 12 months
- New employee backgrounds must be screened
- Document retention and destruction policy must be posted
- Computer security must be:
 - Regularly updated and secure
 - Firewalls and wireless connections must have virus and ransomware protection
- Employee, customer, and vendor physical records must be securely maintained with controlled, limited access

Damages to Premises Rented to You

Provides coverage for property damage caused by fire due to negligence at premises rented by insureds.

- Available Limits: \$50k, \$100k, \$300k, \$500k, & \$1M

Employee Benefits Liability

Provides coverage when employers make errors or omissions administering employee benefit programs and deprive entitled benefits to employees.

- Limit included within Liability Coverage Limits

Employee Dishonesty

Provides coverage for employee theft of money or funds

- If this coverage's limit is increased, then Forgery & Alterations Coverage Limit must be changed to match it
- Available Limits: \$5,000, \$10,000, \$25,000 & \$50,000

Employers Liability Coverage – *only available in ND, OH, WA & WY*

Provides coverage for situations when an employer may be held liable for their employee's occupational injuries.

- This coverage is not provided by workers' compensation state insurance funds
- Employees must be covered by a workers' compensation policy
- Four limits of available coverage are displayed as: \$100/ \$300 / \$500 – in this example, the limits mean:
 1. Bodily Injury by Accident – Each Accident = \$100,000
 2. Bodily Injury by Disease – Each Employee = \$300,000
 3. Bodily Injury by Disease – Aggregate (or total) = \$500,000

Employment Practices Liability (EPL)

Provides coverage on 'claims-made' basis for losses during policy term or the retroactive period – which is automatically set to the date the business was organized, for:

Business Owners Program Overview

December 2024

- Wrongful employment acts, including hiring or dismissal, supervision, harassment, unlawful discrimination –
 - For both employees, and now: customers, service people or vendors, and for fellow religion worshipers
- Legal defense costs are included within the total limit (not above and beyond)
- Free Services includes a help line with employment attorney advice and human resource preventative guidance
- Available Limits: \$25k, 50k, \$75k, 100k & \$250k – in *most* states

Equipment Breakdown

Provides coverage for accidental breakdown of pressure, mechanical and electrical equipment.

Fine Arts

Provides coverage for damage and theft of art and collectibles up to \$25,000.

Forgery & Alterations

Provides coverage for loss of money from forgery or check, drafts, or notes alterations.

- Higher Coverage Limit must match Employee Dishonesty Coverage Limit.
- Available Limits: \$2,500, \$5,000, \$10,000, \$25,000 & \$50,000

Green Upgrades

Provides coverage for increased construction costs up to 20% (or more available) for cost to:

- Replace, repair, or reconstruct with energy-efficient and eco-friendly alternatives such as motion-activated lights, automatic faucets and non-toxic or ENERGY STAR-compliant materials.

Hired Auto & Non-Owned Auto

Provides coverage for damages resulting when the following coverage acceptability rules are met:

- A vehicle that is not owned, leased, hired, rented, or borrowed by the business, is used for business purposes and causes damage or injury to others
- This specifically applies to vehicles owned by employees that are used for business
- Limit included within Liability Coverage Limits
- Cannot buy if business has a commercial auto policy, or if they make deliveries
- Not available in Illinois

Identity Recovery

Reimburses identity theft restoration costs and provides case support services; covers employees too up to \$25,000.

Liquor Liability Endorsement

Extends liquor liability coverage for businesses who ordinarily sell, handle, distribute or serve alcohol to generate revenue. Otherwise, businesses that do not handle or serve alcohol automatically have coverage at no charge.

- Limit included within Liability Coverage Limits

Medical Payments - extended

Provides coverage for medical treatment due to injury while taking part in physical exercise, games, or athletics related to the insured's functions.

- This insurance is excess over other insurance
- Limit included within Liability Coverage Limits

Business Owners Program Overview

December 2024

Miscellaneous Professional Liability (MPL) – available in most states

Provides coverage for injuries or damages caused by wrongful acts due to rendering of, or failure to render, professional services on a ‘claims-made’ basis.

Our new and improved MPL endorsement is replacing our former Professional Liability coverages. New business introductions and renewal conversions are taking place state-by-state through 2024. Online quotes are always displayed when coverages are available in any state.

- Available limits: \$10k, 25k, 50k, 75k, 100k, 250k, 500k and \$1M
- Defense costs are included within our PL liability limit (varies by state)
- Annual Sales and Business Class affect pricing
- For salons – coverage for more risky services is available for additional premium: eyelash extensions, non-permanent hair removal, microdermabrasion, micro needling, and spray tan or bronzing (no tanning beds); pricing varies for these services
- Coverage is available for over 70% of our current insureds
- New and improved PL is *not* available for businesses or services related to these fields:
 - Architects/ Engineering
 - Computing Service and Sales, though consultants are okay
 - Finance
 - Insurance
 - Legal
 - Medical/ Healthcare/ Pharmacy or Drug Sales
 - California only: Real Estate/ Property Management
 - Religious Institutions
 - Restaurants (though select coverage is available in our Restaurant Plus endorsement)
 - New and improved MPL is now available in 35+ states (not available in California)

This ‘claims-made’ endorsement provides coverage for up to three occurrence periods:

- **Before Inception** – full prior-acts coverage for claims occurring prior to the policy, back to the origination date of the business
 - **During Term** – coverage for losses occurring during the policy period
 - **After Expiration*** – in addition to 30-days automatic extension of reporting period, Supplemental Extended Reporting Period (**SERP**) is also available. Provides coverage for claims reported after the policy period stemming from “wrongful acts” occurring during policy terms
- *SERP period are three years in CT, ME & SD, and 6+ years in WY; and CT allows 60 days to extend coverage and we must provide notice of availability.*

Money & Securities

Provides coverage for lost business funds due to theft, disappearance, or destruction – though this does not cover accounting errors, surrendering of property, or uncounted money.

- Coverage Acceptability Rule: any cash over \$250 must be stored in a locked, wall or floor-mounted safe
- Available Limits: from \$2,500 to \$10,000

Business Owners Program Overview

December 2024

Ordinance or Law

Provides coverage five ways:

- Coverage 1 - loss to undamaged parts of building that must be demolished due to regulations
 - Maximum amount for this including other damage is the Building Coverage Limit
- Coverage 2 - costs to demolish and remove debris of undamaged part of building*
- Coverage 3 - increased cost to repair, build or remodel damaged or undamaged parts of building to due to regulations*
 - *Maximum Limit for Coverages 2 and 3 is a shared 'blanket' amount
- Business Income Coverage pays actual sustained losses for business interruption due to:
 - Covered Losses with lost net income (revenue minus ongoing expenses, before taxes)
 - Starting 72 hours after disruption, up to 12 or optional 18 months
 - Plus, up to 60 days non-management payroll
- Extra Expenses to help minimize damage and protect property
- Available Limits: \$10,000 to 50% of Building

Outdoor Detached Signs

Provides coverage for loss or damage to detached outdoor signs at the insured location.

- Value of signs *attached* to buildings should be included in Business Personal Property/ Contents Coverage Limit
- Available Limits: \$1,000 to \$25,000 in coastal hurricane states; \$100,000 in all other states.

Personal & Advertising Injury

Provides coverage when an insured accidentally libels, slanders, violates privacy or copyrights in print or advertising.

- Coverage is included within Liability Coverage and Limits
- Coverage must be excluded for these business classes: Detective or Investigative Agencies; Employment Agencies; Labor Union Offices; Lawyers Offices; and Political Campaign Headquarters or Offices

Photography Coverage Endorsement

Provides coverage for:

- Damage to Property of Others - when in business use or within its care, custody, and control
- Photographic Equipment Off-premises - up to \$5,000 per item and \$25,000 per occurrence
- Failure to Deliver Photographic Products - up to \$5,000 per occurrence, after \$250 deductible, and \$10,000 annually
- Crime Rewards - \$5,000 for damaged or stolen property
 - And, if Employee Dishonesty Coverage is purchased, it will apply to clients' damaged or stolen property including Money & Securities

Printers Errors & Omission Liability (no longer available for new business in most states)

Provides coverage for:

- Bodily Injury, Property Damage and "Personal and Advertising Injury" (accidental libel, slander, privacy, or copyright violations)
- Caused by employees while rendering, or failing to render, professional, and/ or licensed, specialized skilled services
- Importantly, this insurance does not apply to any claim for:
 - Criminal acts
 - Infringement of copyright; trademark, service mark or trade name
 - Reimbursement of printing or material costs

Business Owners Program Overview

December 2024

- Insolvency or bankruptcy; resulting from publishing function or writing of materials for customers

Restaurant Coverage Endorsement

Provides coverage for:

- Food Contamination and Spoilage - \$10,000 - \$50,000 each to replace food, and clean equipment, and related loss business income
- Advertising – \$3,000 - \$10,000 to restore reputation
- Crime Rewards – \$5,000 for damaged or stolen property
- Key and Lock Replacement – \$1,000 after \$100 deductible
- Equipment Ordinance & Law - pays cost to comply with regulations
- Delivery Errors – \$10,000 after \$250 deductible
- Merchandise Withdrawal – \$25,000 after \$250 deductible, and expands Bodily Injury and Medical Expenses Coverage to apply to related injuries
- Brands and Labels - pays reasonable cost to salvage damaged merchandise
- And, if Employee Dishonesty Coverage is purchased, it applies to customers' property

Salon or Barber Professional Liability (no longer available for new business in most states; use MPL endorsement instead)

Provides coverage for:

- Bodily Injury and "Personal and Advertising Injury" (accidental libel, slander, or privacy violations)
- Caused by employees, though not independent contractors while rendering, or failing to render, professional, and/ or licensed, specialized skilled services
- Importantly, this insurance does not apply to any injury from: permanent makeup; tattooing; micro-blading, manicure / pedicure services, waxing hair removal
- Limit included within Liability Coverage Limits unless otherwise indicated

Self-Storage Facilities Plus: \$50,000 - \$100,000 available

Provides coverage for:

- Loss of Accrued Rental Charges
- Customer's Goods Legal Liability
- Lock-out or Sale, Removal and Disposal Liability
- And, if Employee Dishonesty Coverage is purchased, it will apply to clients' damaged or stolen property including Money & Securities

Service Line – *being introduced by-state through 2024; online quotes display available coverages*

Provides coverage for:

- Losses to exterior underground piping, wiring and attached devices for utilities and communication services, with these benefits –
 - Business Income & Extra Expense
 - Excavation & Outdoor Property
 - Expediting
 - Increased Construction Costs
 - Spoilage
- Service Line is included in every quote with Building coverage – though may be opted out
- \$10,000 limit applies to service lines over 50-years-old, and
- \$25,000 limit for newer systems

Business Owners Program Overview

December 2024

Service Tools, Equipment and Installation

Provides coverage for damage and theft to:

- Contractors' Installation – materials, supplies, machinery, fixtures, and temporary structures.
- Contractors' Tools and Equipment –
 - Owned by insured while at premises not owned by insured,
 - Or, while in transit,
 - Also applies to non-owned tools and equipment leased for six months or more.
- Non-Owned Tools and Equipment – leased or rented, in insured's care, custody or control.
- Employees' Tools – employee owned or rented tools used in insured's operations.

Coverage	Basic Limits	Enhanced Limits*
Contractors' Installation	\$5,000	\$25,000
Contractors' Tools and Equipment	\$10,000	\$25,000
Non-owned Tools and Equipment	\$10,000	\$25,000
Employees' Tools	\$5,000	\$10,000
Deductible	\$500	\$500

*Now available in most states – pending in CA, FL, GA, MA, MS, NJ, PA, SC & VA

Supplemental Extended Reporting Period (SERP) – available on limited coverages

Provides coverage for claims emerging after primary coverage expiration for up to one year, or longer in select situations since certain coverages are on a 'claims-made' vs. an occurrence during term basis.

- Available for Employment Practices Liability (EPL), Cyber Suite, and Professional Liability (PL) coverages.
- See details in each coverage section of this manual. Or consult endorsement language for details.
- Within 30 days of cancellation or nonrenewal, insureds can request in writing, and pay additional premium for SERP coverage that extends their claim reporting period.

Sinkhole Loss or Catastrophic Ground Collapse – available only in Florida

Catastrophic Ground Collapse Coverage is provided in our policy and Sinkhole Loss Coverage is excluded, though available as an optional endorsement.

- **Catastrophic Ground Collapse Coverage** provides coverage for loss or damage caused by an abrupt ground collapse with major structural compromise that results in the building being condemned
 - Foundation settling or cracking does not constitute a loss
- **Sinkhole Loss Coverage** provides coverage for structural, or foundation loss or damage caused by settlement or systematic weakening of the ground.
 - Damage is covered only if it results from contemporaneous movement or raveling of soils, sediments, or rock materials into subterranean voids created by the effect of water on a limestone or similar rock formation. (Continued...)
 - 10% deductible applies
 - An approved geological inspection at the customer's expense is required within 30 days, showing there is no known sinkhole damage or known current or proximate sinkhole activity
- Limit included within Property Damage Coverage Limit
- 10% Deductible applies

Business Owners Program Overview

December 2024

Spoilage

Provides coverage for loss of ruined inventory due to interrupted utility services.

- Available Limits: \$5,000 to \$50,000

Tenant's Improvements and Betterments – 'buildouts' are covered within our BPP limit – be sure to include replacement costs of building glass and HVAC if required by lease agreement.

Terrorism - Certified Acts

As defined in the Terrorism Risk and Insurance Act (TRIA), is provided in our policy.

- "TRIA" coverage may be excluded – and when excluded, non-certified terrorism (such as riots and bombings) is still covered.
- Excluding "TRIA" may not remove all TRIA premium because coverage remains for "fire following" in these states: CA, CT, GA, HI, IA, IL, MA, ME, MO, NJ, NY, OR, RI, VA, WA, WI, and WV
- Limit included within Policy Coverage Limits

Utility Services Disruption

Provides coverage for Covered Causes of Loss that damages the source of a provided utility which then causes business interruption, that:

- Results in lost net Business Income (revenue minus ongoing expenses, before taxes)
- Starting 72 hours after disruption, up to 12 or optional 18 months
- Plus, up to 60 days non-management payroll
- Extra Expenses to help minimize damage and protect property
- Available Limits: \$2,500, \$5,000 & \$10,000

Veterinarians Professional Liability (no longer available for new business in most states; use MPL endorsement instead)

Provides coverage for:

- Bodily Injury, Property Damage and "Personal and Advertising Injury" (accidental libel, slander, or privacy violations)
- Caused by employees while rendering, or failing to render, professional services in connection with a veterinarian practice including damage due to animal veterinary treatment
- Importantly, this does not apply to any claim from: criminal acts; and theft of any animal
- Limit included within Liability Coverage Limits

Water Backup and Sump Overflow

Provides coverage for clean-up and damage due to water or material backup, overflow, or discharge, and for disruption, that:

- Results in lost net Business Income (revenue minus ongoing expenses, before taxes)
- Starting 72 hours after disruption, up to 12 or optional 18 months
- Plus, pays up to 60 days non-management payroll
- Also pays Extra Expenses to help minimize damage and protect property
- Available Limits: \$5,000, \$7,500, \$10,000 & \$25,000

Included Additional Coverages

- **Accounts Receivable** – \$10,000 for uncollectable debts, interest, or collection expenses due to direct physical loss or damage of covered property

Business Owners Program Overview

December 2024

- **Arson Reward** – \$10,000 public and personal safety incentive
- **Damage to Your Electronic Data** – \$10,000 above other covered losses
- **Debris Removal** – \$25,000 clean-up and disposal of damaged building or BPP property
- **Extra Expense** – reasonable costs to protect from further harm after losses
- **Fire Department Service Charge** – \$2,500 expense for emergency call responses
- **Fire Extinguisher Recharge Expense** – \$5,000 cost to replenish safety equipment
- **Increased Construction Costs** – \$10,000 with building coverage due to Ordinance or Law
- **Lock Replacement** – \$1,000 courtesy safety protection and customer convenience
- **Pollutant Clean-up & Removal** – \$10,000 by-products stemming from covered losses
- **Valuable Papers & Records** – \$10,000 for items destroyed in covered losses

Coverages – Policy Forms

We provide the newest Insurance Services Organization (ISO) forms available. That means policyholders – and agents, will have the benefit of the most-tested coverages and terms used by the industry and the most modern and improved versions available.

To make things simpler and faster during quoting and policy ownership, we've stream-lined seven ISO forms to simplify coverages and make buying optional features easier. Our proprietary forms use the best features of ISO endorsements.

The bottom line is, without these enhancements, these forms would often require a few minutes each to quote, choose limit selections, indicate property to be covered, and then more time to administratively complete. Given how common these features are, this saves perhaps 10-20 minutes of effort on a given policy.

Coverages – Stillwater Enhanced Coverages

1. **Blanket Additional Insured (AI)** – included free and automatically attached to every policy.
 - Our proprietary Blanket Additional Insured with Insurance Subrogation Waiver is provided to – any person or organization in a written agreement with an insured's business is an additional insured on our policies.
 - Also, our Primary and Noncontributory – Other Insurance Conditions – also known as "Waiver of Subrogation" is a part of our Additional Insured coverage
 - Additional Insureds may still be specifically listed in our policies. We provide notice of coverage changes, cancellations, and non-renewals (10 days for non-payment, and 30 days for other cancels and non-renewals) when Additional Insureds are listed on Declarations.
 - Additional Insureds are listed in Declarations only – not on specific policy forms
2. **Employee Benefits Liability Coverage** – rather than listing every specific benefit program covered, a blanket approach to each of the Named Insured's benefits is provided, and coverage applies only to events occurring during the policy period.
3. **Loss Payable Clauses** – generally a loss payable clause must be selected from one of four possibilities, we simply schedule it with, "appropriate clause is applicable".
4. **Ordinance or Law** – instead of requiring policyholders to select a combination of sub-coverages, we offer all three coverage options together. Coverage 1 (loss of value to undamaged portions of buildings) is protected up to the Building Limit. Coverages 2 and 3 share a blanket limit for demolition costs and ordinance or law-related repairs (from \$10,000

Business Owners Program Overview

December 2024

up to 50% of Building limit) selected by the policyholder; Business Income extension is always included.

5. **Pesticide or Herbicide Applicator** – Limited Pollution Coverage – there is no need to list and describe operations to be covered since we provide protection to a broad array of pesticide and herbicide operations.
6. **Spoilage** - always includes both causes of loss and requires that a Refrigeration Maintenance Agreement be in place.
7. **Utility Services Time Element** – where the standard industry approach is to offer several choices of applicable utility services to decide from, we provide blanket coverage and pricing for all in one.
8. **Vacancy Permit** – we provide coverage for losses via vandalism and sprinkler leakage when we are notified of and accept changes in occupancies and then issue this endorsement.
9. **Water Back-up and Sump Overflow** – all insured premises are covered with \$5,000 coverage for property damage and an additional \$5,000 limit for Business Income and Extra Expense.

Cancellations – Free-look Periods and Non-renewal Notices

There will be times when we learn facts, or become aware of changes in risks, which affect acceptability or price. We review every policy several ways – during quotes, immediately after issuance, or mid-term through various information sources and claims. Free-look cancellation periods (generally the first 60 days of a policy term) and non-renewal advance number of days’ notice (typically 45 days), vary by state regulations. We strive to provide as much notice as practical.

Cancellations – Nonpayment and Company Initiated Cancels

Nonpayment cancel notices are mailed to insureds minimally 15 days prior to cancel effective dates (certain state require more days’ notice).

Cancel effective dates are timed based on when ‘equity’ will be ‘depleted.’

- ‘Equity’ means on-hand (or previously paid premiums) for the respective policy term.
- ‘Depleted’ means paid premiums on-hand are less than the daily cost of insurance; and,
- ‘Daily cost of insurance’ equals the policy’s total term premium divided by 365 days.

Policies will lapse when payment is not received by its cancel effective date.

- ‘Lapse’ means there is no insurance coverage, though a policy may be eligible to be reinstated.

Policies can be non-renewed or canceled if:

- Eligibility, acceptability, or underwriting guidelines are not met.
- There are two claims for any type of loss in the four and half years before a renewal effective date, or if any loss is:
 - egregious
 - demonstrates a likely pattern of continued susceptibility
 - if an insured is non-cooperative, or omits, or distorts facts or,
 - if an insured’s answers to any underwriting, acceptability or business classification questions are misrepresented in a way that materially affects our acceptance of the risk, or materially affects our price for the policy’s loss exposure.

Business Owners Program Overview

December 2024

Cancellations – Reinstatements

If a policy is eligible to be reinstated and payment is received:

- 1 to 20 days after end of term expirations – policy may be renewed with continuous coverage.
- 21 to 30 days after end of term expiration – policy may be reinstated with a coverage lapse: or,
 - a policy may be reinstated without a coverage lapse with a signed “no loss statement.”
- Though a policy that was reinstated once in the current or prior term, will not be reinstated.

Cancellations – Insured Requests

All return premium is computed on a pro rata basis. Most fees are fully earned and non-refundable.

Commercial Services – Claims

Representatives are available 24 hours a day, 7 days a week to take loss reports and initiate service. Stillwater staff are available for all claim activities and questions 8am – 8pm ET Monday through Friday, and Saturdays 8am – 12 pm ET.

We offer translation services for dozens of languages including Spanish, Hmong, Farsi/ Persian, Punjabi, Mandarin, Cantonese, and Vietnamese. Call toll-free: 800-220-1351 – Option 3

Commercial Services – Customer Service

Our Customer Service team consists of service centers located in Jacksonville, Florida and Omaha, Nebraska with many representatives working from home in various time zones that provide more hours of availability for agents. Services are provided by phone, online chat, email, and mail. All calls for policy information and changes should be made to us toll-free at 855-712-4114, Monday – Friday 8am – 9pm ET and Saturday 8am – 3pm ET. Requests for endorsements, renewal changes and cancels: commercial@stillwater.com

Commercial Services – Business Address Changes

When businesses relocate, it is necessary to quote and issue new policies for new locations – address corrections which do not affect mapping location may simply be revised.

- A new complete quote/ application and payment is necessary.
- Prior policy must be canceled by email – it does not need to be signed by the insured.
- Former policies will be cancelled pro-rata effective the move date and coincide with the new location’s policy inception date.
- Funds cannot be transferred from one policy to another.
- Moves to new locations with policies in the last 30 days of terms –
 - Present policies may continue in-force (and need not be endorsed with new location details) until natural expiration; and,
 - An email advising of situation and corresponding notes must be placed in the policy file

Commercial Services – Self-Service Endorsements

We will happily process policy changes for you, though we prefer you use our self-service features in our agent portal. This can be faster and better than email or telephone requests. Now available online:

- Correct Effect Dates
- Cancel Policies
- Add Additional Interests – additional insureds, loss payees or Mortgagees
- Update Mailing Addresses

Business Owners Program Overview

December 2024

- Update Email Addresses
- Update Phone Numbers
- Switch Pay Plans to EFT
- Immediately Issue Certificates of Insurance

Commercial Services – Premium Audits

Our typical policy premium is determined by the amount of coverage purchased by each class of business. Revenue level is used as a rating basis for only restaurants, select service providers and professional liability coverage. We request self-reported revenue information on new business quotes, periodically for policy maintenance, and then make updates with renewals.

Commercial Services – Property Inspections

Certain risks – either because of property values and / or the nature of business classes (restaurants, certain stores...) may necessitate physical inspections or survey of operations. Company representatives will schedule these in advance. Follow-up possibilities with respect to underwriting concerns are many. We are positioned as a preferred carrier. If a risk is below average conditions – we will notify and work with you.

If inspections reveal serious property, service, sales or operation defects, or information knowable to insureds that disqualify program acceptability, then in severe cases, policies may be rescinded at any time, or otherwise cancelled, and may not be rewritten. And we may not accommodate defect remediation. We are a standard and preferred carrier and applications must be answered truthfully and completely.

Commercial Services – Risk Control or Loss Prevention

Given our focus is largely centered on retail, professional and light-to-moderate risk businesses, the value of this service is negligible. Few consults would be expected. As we inspect buildings, certain types of businesses (primarily restaurants) will receive reviews of operations. We will provide information from those reports when improvement is necessary or if acceptability is in jeopardy.

Commercial Services – Agency Management System Download Vendors

Enabled service providers: AgencyMatrix | Agency Systems – Newton | Agency Software, Inc. AMS – Agency Pro, Easy Agent, Easy Apps, Easy Apps Pro | All State – EAgent | Applied – DORIS, Epic, TAM | Evolution – EVO | EZLynx | HawkSoft | Jenesis – JenesisClassic, JenesisNow | North American Software – Eclipse | NowCerts | Quomation – AgencyStream, PowerManagement, PowerQuote, QuoAwesome | Sagita | specialagent – Special Agent | Strategic Insurance Software (SIS, SISware) – Partner XE | The Agency Advantage | Vertafore – AMS360, QQCatalyst | Xanatek – IMS | XDimensional Technologies – Nexsure

Commercial Services – Co-branded Website Quoting

Imbed our quote portal on your agency homepage for 24x7 sales access for your customers. We will alert you when quotes are started or sold so you can add your personal touch. Talk to your sales professional to learn more and get an intake form to begin customizing your landing page.

State Specifics – Available States

We have filed and approved programs in 46 states and DC (all but AK, HI, LA, or OK). Eleven states have limited access for new business sales (DE, IL, IA, ME, MI, MS, ND, NY, WV, WY, and VT). Agents interested in opportunities in these markets should speak with their Regional Sales Manager about production requirements.

Business Owners Program Overview

December 2024

State Specifics – Hurricane Approach, and Wind & Hail Deductibles

Stillwater insures small businesses in many states with tropical storm and hurricane exposure. Our approach to writing in coastal states considers four key elements:

- Rating precision – pricing for hurricane peril aligns with industry-leading modeling practices
- Fact-based territory borders – improving risk selection with more accurate granularity
- Wind Pool optimization – pragmatically averting wind risk vulnerability
- Recognition of competitive forces – striking balance between risk tolerance and ability to grow

Our general approach for coastal hurricane state acceptability and deductible use is to write ex-wind along the coast extending roughly anywhere from a quarter mile to a few miles inland, then from that point requiring 5% Wind / Hail deductibles then moderate down to state base deductibles further inland. And, when practical, write ex-wind when state wind pools are available; as well as reacting to market conditions while being responsive to concentration of risk and overall hurricane exposure.

Hurricane Territory Availability and Deductibles

Stillwater defines territories and sets rates with greater granularity than most BOP insurers. Census Block Group (CBG) definitions are referenced to set territory boundaries. CBGs are roughly seven square miles (2.6 x 2.6 miles). They commonly consist of 300 to 700 people and often follow main roads or natural boundaries, such as rivers and lakes.

We use Verisk's Risk Analyzer product to set rates by CBG. Depending on the geography and exposure of the state, availability and deductible requirements vary. In states with a state-run Wind Pool or Wind Underwriting Association, our default position is to only write policies that exclude wind in Wind Pool Areas. These areas vary from only a few miles from the coast (e.g., SC) to as many as 50 miles (e.g., MS).

In states without a Wind Pool facility, the first 1-2 miles along the coast are closed / restricted or minimally require a 5% Wind / Hail deductible. Beyond the Wind Pool and restricted areas, certain states have an area 30-100 miles wide where we require 2% Wind / Hail deductibles.

We also evaluate concentration of risk at the enterprise level and react to competitive market behaviors to open territories based upon company circumstances and the ability to achieve financial objectives.

Wind / Hail Deductible Requirements

Both Minimum Windstorm or Hail Percentage Deductibles, and Dollar Deductibles* are:

- Based on territory weather event likelihood.
- Applied by property type: Buildings or Business Personal Property (BPP); and,
- Set with minimum deductibles at \$2,500 for Buildings, and \$1,000 for BPP.

* A Minimum Dollar Deductible always applies until the Minimum Percentage Deductible times the property limit exceeds that dollar amount.

(continued with examples on next page...)

Business Owners Program Overview

December 2024

Examples:

Property Limit	2% or \$2,500	Final Deductible
\$ 100,000	\$ 2,000	\$ 2,500
\$ 125,000	\$ 2,500	\$ 2,500
\$ 150,000	\$ 3,000	\$ 3,000
\$ 200,000	\$ 4,000	\$ 4,000

Property Limit	3% or \$3,750	Final Deductible
\$ 100,000	\$ 3,000	\$ 3,750
\$ 125,000	\$ 3,750	\$ 3,750
\$ 150,000	\$ 4,500	\$ 4,500
\$ 200,000	\$ 6,000	\$ 6,000

- Quotes and Declarations display Wind / Hail deductibles in whole dollar amounts.

State Specifics – Wind / Hail and Territory Summary

Alabama

Alabama Insurance Underwriting Association (AIUA) provides wind coverage in portions of the only two counties (Mobile and Baldwin) along the Gulf Coast. We write coverage in the AIUA Eligible Area only if wind is excluded and wind coverage is purchased from the Association. We do not require a specific, higher Wind / Hail deductible outside of the Eligible Area.

Connecticut

State regulations limit how carriers restrict coastal new business. As of 11/1/2022, we have paused all new business in Connecticut due to these limitations. In-force policies along the coast are required to have at least a 5% Wind / Hail deductible. This coastal 5% area varies from one to four CBGs deep. The further west, the narrower this 5% restricted area becomes.

Delaware

In general, counties or cities bordering the Atlantic Ocean and Delaware Bay are closed for new business. Most of the state requires a minimum 2% Wind / Hail deductible and a few areas require 5%.

Florida

As of 11/1/2022, all new Florida new business must be written “ex-wind.” With respect to in-force policies, minimum Wind / Hail deductibles or ex-wind rules apply based on location and whether a risk is “on the sand,” Coastal or Inland. In general, Coastal areas extend out to three miles from the coast or saltwater marshes.

- North Florida – 2% Inland. From Georgia border to roughly south of Tampa and Orlando to Titusville.
- Central Florida – 3% Inland. Between North Florida and South Florida.
- South Florida – 5% Inland. Palm Beach, Broward, Miami-Dade, and Monroe counties.
- Any risk located in a CBG within a Coastal area is not acceptable with Wind coverage.

Business Owners Program Overview

December 2024

Closed Territories – All Risks

- Due to reinsurance optimization Miami-Dade and Broward counties are closed for all risks.
- Subject to change without notice based on production and reinsurance.

Closed Locations - Sinkholes

- Sinkhole prone zip codes are closed for building coverage – BPP may be written; our quotes provide messages when a location is not available based on entered addresses.

Georgia

Georgia Underwriting Association (GUA) provides wind coverage along the coast in six coastal counties. We do not accept new business in the first two or three CBGs closest to the coast. All barrier islands are closed. Outside of that closed area, we write in six coastal counties, and require a minimum 2% Wind / Hail deductible.

Maine

There is no “wind pool” in Maine. Small areas along the coast are closed to all business. Remainder of state is open

Maryland

The coastal parts of Worcester, Wicomico, and Somerset counties have a minimum W/H deductible of 5%, while the remainder of those 3 counties have a minimum W/H deductible of 2%. There are no restrictions for the other counties.

Massachusetts

We are not accepting any risks in Barnstable, Dukes, or Nantucket County. Coastal areas of Plymouth and Bristol counties are also closed. Certain areas of Bristol and Plymouth counties have a minimum 2% Wind / Hail deductible.

Mississippi

Mississippi Windstorm Underwriting Association (MWUA) provides wind coverage along the Gulf of Mexico in six coastal counties. We write coverage in these six counties only if wind is excluded *and* wind coverage is purchased from the Association. Outside of those six counties, we do not require a specific Wind / Hail deductible.

New Hampshire

There is no “wind pool” in New Hampshire. Small areas along the coast are closed to all business.

New Jersey

Restrictions are largely due to the current concentration of risk for our Homeowners book, in addition to coastal proximity. In areas where new business is permissible, we do not require a specific Wind / Hail deductible.

Business Owners Program Overview

December 2024

New York

There is no Underwriting Association in New York and Wind Exclusions are not allowed. Coastal areas are primarily closed for new business. Some areas are closed due to concentration of risk.

North Carolina

The North Carolina Insurance Underwriting Association (NCIUA) provides wind coverage for the 18 most eastern counties, and we only write business in these counties if wind is excluded. For the next 14 counties outside of the wind pool, we require a minimum 3% Wind / Hail deductible. Beyond that, we have no Wind / Hail deductible restrictions for central and western areas of the state.

Rhode Island

There is no “wind pool” in Rhode Island. Small areas along the coast are closed to all business. Adjacent inland areas require a 2% Wind / Hail deductible.

South Carolina

Coastal counties and second tier counties (including Dillon, Orangeburg) to about 50 miles from the coast are closed to all business due to coastal exposure and/ or enterprise aggregate concentration of risks. The remainder of counties are open except for Pickens (enterprise aggregates), and all require a 3% minimum Wind / Hail deductible.

The South Carolina Wind and Hail Underwriting Association (SCWHUA) provides wind coverage for immediate coastal areas. Those are the only areas where x-wind policies would be available - though we are now closed for new business in these areas. Respective x-wind renewal policies may remain in-force. Policies that were originally written outside of the Wind Pool are (with our wind coverage) in counties that are now closed, will be non-renewed through 2024.

South Carolina also offers Windstorm Loss Mitigation Credits based on roof shape; roof covering, attachments; roof deck and attachments; roof-to-wall connections; window / door openings protection; door strength; and secondary water resistance, if property location is eligible for loss mitigation credits, a series of questions will display in our online quotes to determine the applicable discount. Underwriting referrals may be necessary for certain risks.

Proof of compliance is required by either:

- A written certification or a report from a licensed professional with expertise in construction techniques, building design, or property inspection or appraisal.
- An affidavit from the property owner certifying that the mitigation or construction techniques have been implemented (accompanied by receipts)

Texas

- Coastal (x-Wind) – coverage for risks located within the TX Wind Pool is only available when Wind / Hail is excluded. In addition, an acknowledgement that Wind / Hail is being excluded must be signed by the insured. Aransas, Brazoria, Calhoun, Cameron, Chambers, Galveston, Jefferson, Kennedy, Kleberg, Matagorda, Nueces, Refugio, San Patricio, and Willacy counties.

Business Owners Program Overview

December 2024

- Closed – four counties are closed for all business: Hardin, Jackson, Orange, Victoria.
- Partially Closed – five counties are closed in the southern half though open in the northern half: Fort Bend, Jasper, Liberty, Newton, Wharton.
- Harris County – is open, though only for liability and contents coverage (no buildings).
- 2% Wind / Hail Deductible – minimum Wind / Hail deductible of 2% is required for the entire state. A floor of \$2,500 for Buildings and \$1,000 for BPP applies.

Virginia

In general, counties or cities bordering the Atlantic Ocean and Chesapeake Bay are closed for new business. The next group of inland counties require a minimum 2% Wind / Hail deductible. Beyond that, there are no Wind / Hail deductible restrictions.