



COMMERCIAL LINES
UNDERWRITING GUIDE
CABRILLO PROGRAMS

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PART 1: Underwriting Guidelines and Eligibility Requirements

Building Owner – Lessors Risk

Mercantile Buildings, Shopping Centers, Office Buildings, Light Industrial Buildings, Business Parks, Warehouses

1. Buildings rented or leased to others for occupancy of office, mercantile or commercial use (not for habitation) are eligible for this coverage.

Acceptable occupancies must conform to the line guide.

Building owners may occupy an insignificant portion of the risk and still be eligible for this coverage; however, the premises liability will be rated separately and the operations liability of the owner will be excluded.

2. Any building with mixed occupancy i.e.: mercantile/apartment must be less than 25 years in age and all major building systems such as plumbing, heating, electrical and roofing must be in good working order.

Mixed occupancy is rated using the CPP program rates for the occupancy. Occupancies less than 25% of the total may be rated using the rate for the primary occupancy.

3. Multiple-story buildings equipped with railings may not exceed openings of 6 inches.
4. Buildings may not be used as seasonal facilities
5. Buildings may not be vacant

MERCANTILE BUILDINGS

ELIGIBILITY

- Size:** 4 up to \$10 million per location and \$5 million per building
- Stories:** 4 up to 2 stories, 3 stories if fully sprinklered
- Age:**
 - 4 up to 35 years
 - 4 Older risks may be submitted if effective age is less than 35 years
 - 4 Note: Building update/remodel form required if 35 years or older.
- Territory:** 4 California only
- Other**
 - 4 Liability limits up to \$6 million
 - 4 Equipment Breakdown coverage
- Ineligible risks:**
 - 4 Buildings more than 25% vacant, restaurants, habitational, liquor stores, bars/taverns, laundromats, or churches occupancies
 - 4 Buildings with wood shake roofs
 - 4 Buildings more than 3 stories
 - 4 PC Classes 7-10

COVERAGE LIMITS

- Property Limits:** 4 up to \$10 million per location
- Liability Limits:** 4 up to \$ 6 million per occurrence

SHOPPING CENTERS

ELIGIBILITY

- Size:** 4 up to \$10 million per location and \$5 million per building
- Stories:** 4 up to 2 stories, 3 stories if fully sprinklered
- Age:**
 - 4 up to 35 years
 - 4 Older risks may be submitted if *effective age* is less than 35 years
 - 4 Note: Building update/remodel form required if 35 years or older
- Territory:** 4 California only
- Other:**
 - 4 Liability limits up to \$6 million
 - 4 Equipment breakdown coverage available
- Ineligible risks:**
 - 4 Buildings more than 25% vacant, restaurants, habitational, liquor stores, bars/taverns, laundromats, or churches occupancies
 - 4 Buildings with wood shake roofs
 - 4 Buildings more than 2 stories (unless fully sprinklered)
 - 4 PC Classes 7-10

COVERAGE LIMITS

- Property Limits: 4 up to \$10 million per location
- Liability Limits: 4 up to \$ 6 million per occurrence

OFFICE BUILDINGS

ELIGIBILITY

- Size:** 4 up to \$10 million per location and \$5 million per building
- Stories:** 4 up to 2 stories – 3 stories if sprinklered
- Age:**
 - 4 up to 35 years
 - 4 Older risks may be submitted if *effective age* is less than 35 years
 - 4 Note: Building update/remodel form required if 35 years or older
- Territory:** 4 California only
- Other:**
 - 4 Liability limits up to \$6 million
 - 4 Equipment breakdown coverage available
- Ineligible risks:**
 - 4 Buildings more the 25% vacant
 - 4 Buildings with wood shake roofs
 - 4 Buildings more than 2 stories (unless fully sprinklered)
 - 4 PC Classes 7-10

COVERAGE LIMITS

- Property Limits:** 4 up to \$10 million per location
- Liability Limits:** 4 up to \$ 6 million per occurrence

LIGHT INDUSTRIAL BUILDINGS

ELIGIBILITY

- Size:** 4 up to \$10 million per location and \$5 million per building
- Stories:** 4 up to 2 stories
- Age:** 4 up to 35 years
4 Older risks may be submitted if *effective age* is less than 35 years
- Territory:** 4 Note: Building update/remodel form required if 35 years or older.
4 California only
- Other:** 4 Liability limits up to \$6 million
4 Equipment breakdown coverage available
- Ineligible risks:** 4 Buildings more the 25% vacant
4 Buildings with wood shake roofs
4 Buildings more than 2 stories
4 PC Classes 7-10

COVERAGE LIMITS

- Property Limits:** 4 up to \$10 million per location
- Liability Limits:** 4 up to \$ 6 million per occurrence

BUSINESS PARKS

ELIGIBILITY

Size:	4	up to \$10 million per location and \$5 million per building
Stories:	4	up to 2 stories – 3 story if fully sprinklered
Age:	4	up to 35 years
	4	Older risks may be submitted if <i>effective age</i> is less than 35 years
	4	Note: Building update/remodel form required if 35 years or older.
Territory:	4	California only
Other:	4	Liability limits up to \$6 million
	4	Equipment breakdown coverage available
Ineligible risks:	4	Buildings more the 25% vacant
	4	Buildings with wood shake roofs
	4	Buildings more than 2 stories (unless fully sprinklered)
	4	PC Classes 7-10

COVERAGE LIMITS

Property Limits:	4	up to \$10 million per location
Liability Limits:	4	up to \$ 6 million per occurrence

WAREHOUSES

ELIGIBILITY

- Size:** 4 up to \$10 million per location and \$5 million per building
- Stories:** 4 up to 2 stories
- Age:**
 - 4 up to 35 years
 - 4 Older risks may be submitted if *effective age* is less than 35 years
 - 4 Note: Building update/remodel form required if 35 years or older
- Territory:** 4 California only
- Other:**
 - 4 Liability limits up to \$6 million
 - 4 Equipment breakdown coverage available
- Ineligible risks:**
 - 4 Buildings more the 25% vacant
 - 4 Buildings with wood shake roofs
 - 4 Buildings more than 2 stories
 - 4 PC Classes 7-10

COVERAGE LIMITS

- Property Limits:** 4 up to \$10 million per location
- Liability Limits:** 4 up to \$ 6 million per occurrence

Credit Factors

Age Credit Factor:		0.60 constructed 1 –15 years 0.70 constructed 16-25 years 0.80 constructed 26-30 years 0.90 constructed 31-35 years 1.00 constructed over 35 years
Renewal Credit Factor:		0.95
Sprinkler Credit Factor:		0.70
Masonry Credit Factor:		0.85
Deductible Credit Factors:		
	\$1,000 =	0.95
	\$2,500 =	0.86
	\$5,000 =	0.80
	\$10,000 =	0.70

PART 2: Ineligible Occupancies

Ineligible occupancies (25% or more) – LRO program

Amusement Centers
Attorneys
Auto Filling Stations
Auto Parking Garages
Banks, Credit Unions and other Financial Institutions
Bars & Taverns
Bowling Alleys
Camps
Carpet Stocks
Car Washes
Churches and Synagogues
Civic and Fraternal Organizations
Clubs and Halls
Collection, Credit or Loan Services
Contractors Offices
Drive-Ins
Feed Mills and stores
Fraternity and Sorority Houses
Fruit Packing Houses
Government Agencies or Offices
Greenhouses
Lodge Halls
Lumber Yards
Manufacturing Risks
Nightclubs
Newspaper Printing
Packing Houses
Political Candidates Office
Pool Halls
Restaurants
Schools
Unions
Vacant & Unoccupied Buildings
YMCA, YWCA, etc
Welfare Services
Woodworkers (unsprinklered)

PART 3: General Underwriting Criteria

1. ISO Rating Rules and Forms shall be used in areas not specifically addressed in these guidelines.
2. Building & Contents should be insured to **100%** of value for the coverage provided.
3. All premium calculations shall be made by rounding the result to the nearest dollar amount.
4. Insurance to Value will be verified by using an industry recognized Cost Estimator.
5. One-year policies will be issued unless a different term is required for a specific purpose; i.e., matching the term of a companion policy.
6. Older buildings must have been maintained in good condition. A totally renovated building will carry the age of the renovation.

Total renovation should include the major building systems such as plumbing, electrical, heating, roofing, etc.

7. Properties insured by California Mutual should show above average maintenance and pride of ownership.
8. As well as can be discerned by the insured, broker and company underwriter, all properties should meet all current building code requirements.
9. Property must be within **Protection Classes 1-6**.
10. Buildings located in a brush area **MUST** be inspected before being bound.
11. Buildings in known landslide areas or areas with unstable soil conditions are not acceptable.
12. Those risks that have experienced losses in the past 3-years may be declined or the deductible/coverages may be realigned to shape a more acceptable risk. Review of prior losses is required. The risk may be declined if exposures or loss history is unacceptable. A higher deductible may be offered to mitigate smaller losses.
13. Any risk that has been cancelled or non-renewed for non-payment of premium by prior carrier may not be considered for coverage unless mitigating circumstances are reviewed and acceptable.
14. Any liability exposure requiring a Governmental Agency to be named as an insured, or as an additional insured, is not eligible for coverage.

15. Any liability exposure involving aircraft, to any extent, is not eligible for coverage.
16. Any liability exposure requiring coverage for off-premises events, occurrences or operations of any type are generally not eligible for coverage; i.e., company picnics, booths at trade events, parades, etc.
17. Director & Officers Liability is not available.
18. Non-Owned & Hired Auto Liability is available and may be written on all lines. If the insured has in place an Auto policy, Non-owned and Hired auto should not be written.
19. Blanket insurance is permitted for a location only. Values must be at 100% to be eligible.
20. "Agreed Amount" coverage is acceptable. Receipt of signed Statement of Values is required. Valuation must be at 100%.
21. Building and Business Personal Property Coverages carry a **\$1,000** minimum deductible.
22. If a policy is reinstated more than once for non-payment, reinstatement or renewal will not be offered.
23. Buildings with more than **25%** vacancy are not eligible for coverage.
24. Medical Payment Limit is **\$1,000**.
25. Buildings exceeding two stories in height must be fully sprinklered. Buildings exceeding 3 stories may not be written.
26. Spread of risk is desirable. No single structure shall exceed \$5,000,000 in total insured value.
27. Buildings with wood shake roofs are ineligible for coverage.
28. Complying with ADA requirements is an indicator of good business practice. Risks which do not meet ADA requirements may not be eligible for coverage.
29. Buildings may not be used as seasonal facilities.
30. Shared facilities i.e.: swimming pools, parks, playgrounds, common areas, etc. are not eligible for coverage
37. Liability limits over \$2 million may be offered on Commercial Liability policies - Lessors Risks

38. Terrorism -

All CPP policies will include forms CG 21 74 and IL 09 57 along with a Policyholder Disclosure.

If the policyholder elects to purchase terrorism coverage, then endorse the policy to include IL 09 50 and CG 21 70. Issue the appropriate billing.

All BOP policies will include forms BP 05 37 and BO 05 40, along with a Policyholder Disclosure.

If the policyholder elects to purchase terrorism coverage, then endorse the policy to include BP 05 21. Issue the appropriate billing.

PART 4: Direct Bill Payment Plans

Direct Bill Only

Plan #	Plan	Description	Installment Charge	Select Plan
100	Full Payment	Billed at issuance of policy for total premium due on inception date	\$0	_____
2PY	Two Payments	50% of premium due at inception, and the remaining 50% due in 4 months.	\$ 5 Home and DF \$ 10 Commercial	_____
402	Four Payments	25% of premium due at inception, and the remainder due in three (3) 25% quarterly installments	\$ 5 Home and DF Only	_____
403	Four Payments	40% of premium due at inception, and the remainder due in three (3) 20% quarterly installments	\$ 5 Home and DF \$ 10 Commercial	_____
502	Five Payments	20% of premium due at inception, and the remainder due in four (4) 20% Bi-Monthly installments	\$10 Commercial only	_____
ReMon	Recurring Monthly Payment Automatic Deduction	20% due at inception, remaining ten (10) installments processed by Automatic Deduction from bank account monthly, service charge is waived. \$25 NSF fee charged by processing bank.	\$0 Complete ACH Authorization Form and return	_____
Re403	Recurring Four Payments Automatic Deduction	40% of premium due at inception, and the remainder processed by Automatic Deduction in three (3) 20% quarterly installments, service charge is waived. \$25 NSF charged by processing bank.	\$0 Complete ACH Authorization Form and return	_____
Payment Method	Description			
Automatic Deduction	This payment option allows payments to be automatically withdrawn from a checking or savings account. The initial down payment on new business must be made by any other payment method and automatic deduction will be set up for all future installments and renewals. Policyholders must			

	complete an authorization form found on www.calmutual.com under Policyholder Resources.
Online Check	This payment option allows for online payment by the insured or agent from the Policyholder Login at www.calmutual.com by providing the nine-digit bank routing number and account number. Payments are posted to the account the following business day but are considered accepted the day processed.
Credit/Debit Card	This payment option allows for online payment by the insured from the Policyholder Login at www.calmutual.com and providing their credit/debit card number, expiration date and billing address. Payments are posted to the account the following business day but are considered accepted the day processed.
Check	This payment option requires mailing a check to us. Payments will be posted the business day received in the mail to our office.

PART 5: Optional Coverages

Equipment Breakdown - Commercial

All applicable Commercial policies new and renewal will include Equipment Breakdown coverage. Coverage is offered on an “opt-out” basis. The policyholder may choose at anytime to decline the coverage.

Supplemental Property Insurance Coverage

Summary of Coverage Limits

Coverage	Limit	Deductible
Backup of Sewers or drains coverage	\$10,000	Building
Spoilage coverage	\$10,000	\$1,000
Customer property on you premises	\$5,000	None
Outdoor signs coverage	\$5,000	\$500
Money and Securities	\$5,000	\$500
Robbery and safe burglary coverage	\$5,000	\$500
Enhanced fire department service charge coverage	\$5,000	None
Increase property in transit coverage	\$5,000	\$1,000
Increased cost of construction coverage	\$150,000	Building
Personal effects and property of others Coverage	\$10,000	\$1,000
Valuable papers and records cost of Research coverage	\$25,000	\$500
Increased outdoor property coverage	\$10,000	\$500