

BREMEN FARMERS' MUTUAL INSURANCE COMPANY
 BUSINESSOWNERS PROGRAM MANUAL
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RULE 1 ELIGIBILITY

The Businessowners Program Manual contains the rules, classifications, rates and premiums for writing property and/or liability coverages for:

- * Buildings
- * Building and Building Owners Business Personal Property
- * Business Personal Property of Tenants

1.1 Buildings

- (a) Building must be in good repair and so certified by the Agent after careful inspection.
- (b) Heating by rigidly piped and permanently installed thermostatically controlled approved gas or oil fueled floor, ceiling or wall furnaces, provided that all the foregoing are vented to a masonry-lined chimney built from the ground or to a factory made vent pipe.
- (c) Auxiliary wood stoves must be properly installed and vented to an approved chimney. (Bremen Farmers' Mutual will not write new policies with woodstoves.)

1.2 Ineligible Classifications .

Refer to special underwriting rules page and/or company underwriting department.

1.3 Insurance By More Than One Company

Subject to the consent of the companies, coverage under a Businessowners Policy may be divided between two or more companies on a percentage basis, subject to the rules, rates, forms and endorsements of this manual. When coverage is so divided, Insurance By More Than One Company, ML-178 is required on all policies.

1.4 Manual Premium Revision

Any revision of the premiums or rates in this manual applies to:

1.4.1 New and Renewal Policies:

- (a) on the effective date announced, and
- (b) in the manner stated in the announcement.

1.4.2 Existing Policies for the advantage of premium or rate reduction:

- (a) Short rate for premium reductions applied in the then current policy year of policies in effect more than 30 days on the effective date of the revision, or
- (b) Pro rata when applied to policies in effect 30 days or less on the effective date of the revision.

1.4.3 Forms and Endorsements

Unless otherwise provided at the time the premium revision becomes effective, current forms and endorsements must apply to all items of the policy to which the premium revision applies.

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- 1.5 Transfer or Assignment (Subject to Company Approval)
Subject to all the rules of this manual and any necessary adjustment of premium, a Businessowners Policy may be endorsed to effect:
- (a) Transfer to another location within the same state; or
 - (b) Assignment from one insured to another in the event of transfer of title of the building.
- 1.6 Restriction of Individual Policies
If a Businessowners Policy would not be issued because of unusual circumstances or exposures, the named insured may request a restriction of the policy provided no reduction in the premium is allowed. Such requests shall be referred to the Company.
Use Endorsement ML-304.

RULE 2 PROGRAM DESCRIPTION

The following is a general description of the coverages provided by the Businessowners Policies. The policies contain the complete conditions.

2.1 Coverage Descriptions--Principal Coverages

Coverage A - Buildings - Covers the building and structures described on the declarations.

Coverage B - Business Personal Property - Covers business personal property in the described building or in the open on or within 100 feet of the described premises.

Coverage C - Loss of Income - Not Available.

Coverage L - Bodily Injury, Property Damage Liability - Pays on behalf of the insured for damages due to bodily injury or property damage caused by an occurrence.

Coverage M - Medical Payments - Covers medical expenses caused by an accident on premises owned or rented by an insured or resulting from the insured's operations.

Coverage N - Products/Completed Work - Not Available.

Coverage O - Fire Legal Liability - Covers property damage liability of an insured because of a fire loss to the building rented to the insured.

2.2 Minimum Limits

Coverage A - \$10,000.

Coverage B - \$ 4,000.

Coverage L - \$25,000./occurrence

Coverage M - \$ 500./person

Coverage N - Not Available

Coverage O - \$50,000./occurrence

(for limits below minimum on A and B, refer to Company)

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RULE 3 POLICYWRITING INSTRUCTION

Coverages A and B must be written at full Actual Cash Value. The Declarations page must indicate that Actual Cash Value Coverage applies.

3.1 Additional Interests

The policy may cover the interests of additional owners at no additional premium. This coverage is limited to the building and premises liability.

3.2 Additional Insureds - Liability Coverage Section

The policy may be amended to include additional insureds at the premium charge shown below:

Coverage	<u>\$25,000.</u>	<u>\$50,000.</u>	<u>\$100,000.</u>	<u>\$300,000.</u>	<u>\$500,000.</u>
Premium	\$15.	\$20.	\$25.	\$30.	\$35.

Attach Endorsement CP-132.

RULE 4 POLICY TERM

Policies may be written for a term of one year and renewable annually.

RULE 5 POLICY MINIMUM PREMIUM

The total annual policy minimum premium is \$35.

RULE 6 CANCELLATION

Mandatory coverages may not be cancelled unless the entire policy is cancelled.

The policy must be cancelled in accordance with the terms of the cancellation provisions that apply.

The return premium, if any, is computed on a prorata basis.

RULE 7 PROTECTION DEFINITIONS

Protected - Building is located within 1,000 feet of a fire hydrant and is within 5 road miles of a responding fire department and must have an I.S.O. Fire Protection Rating of Class 1-8.

Unprotected - All other - I.S.O. Fire Protection Classification 9 and 10.

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RULE 8 CONSTRUCTION CLASSIFICATIONS

Frame - Buildings where the exterior walls are wood or other combustible materials, including construction where combustible materials are combined with other materials (such as brick veneer, stone veneer, wood iron-clad, stucco on wood).

Joisted Masonry - Buildings where the exterior walls are constructed of masonry materials such as adobe, brick, concrete, gypsum block, hollow concrete block, stone, tile or similar materials, and where the floors and roof are combustible (disregarding floors resting directly on the ground). They must be at least 2/3 masonry.

8.1 Single Building Definition

All buildings or sections of buildings which communicate through unprotected openings shall be considered as a single building.

Buildings which are separated by space shall be considered separate buildings.

Buildings or sections of buildings which are separated by an 8-inch masonry party wall which pierces or rises to the underside of the roof and which pierces or extends to the inner side of the exterior wall shall be considered separate buildings.

Communication between buildings with independent walls or through masonry party walls described above shall be protected by at least a Class A Fire Door installed in a masonry wall section.

RULE 9 PREMIUM DETERMINATION

Annual premiums and rates are shown in the Rate Pages. Property rates shown are for \$100. of insurance unless otherwise stated.

9.1 Rating Procedures

Determine the appropriate rate group from the Classification Rule.

Step 1. Building/Business Personal Property

Multiply appropriate rate by the amount of insurance (in hundreds). Apply deductible credits or surcharges. This is the basic premium.

Step 2. Liability

Select the appropriate rate from the rate table.

Step 3. Add the results of Steps 1 and 2. This is the adjusted basic premium.

Apply premium modification factors, as appropriate.

Add premium charges for optional coverages.

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9.2 Whole Dollar Premium

All premiums shown on the policy and endorsements shall be rounded to the nearest whole dollar. A premium of fifty cents (\$0.50) or more shall be rounded to the next higher whole dollar.

In the event of cancellation by the Company, the return premium may be carried to the next higher whole dollar.

RULE 10 DEDUCTIBLES

The basic policy premium and rates reflect a \$250 all peril deductibles and apply to all property coverages. The deductible amount applies per location, per occurrence.

The policy may be issued with a higher deductible at the premium credit shown below:

Multiply the Coverage A and Coverage B premiums by the following factors when optional deductibles are selected. This will give you a BASE PREMIUM. From this BASE PREMIUM all credits and charge are calculated.

Deductibles Apply to Coverages A & B

<u>Amount</u>	<u>Factor</u>
\$500	.95
\$1,000	.90
\$2,500	.80

The deductible is shown on the Declarations Page—no endorsement is needed.

WINDSTORM OR HAIL DEDUCTIBLE

The policy may be issued with a windstorm or hail deductible. When this option is selected, this deductible amount will apply to only the peril of windstorm or hail. This deductible applies per location, per occurrence. To develop the premium credit for this option, multiply the Coverage A BASE PREMIUM by the factor listed below for the windstorm or hail deductible amount selected:

\$1,000 windstorm or hail deductible.....	0.95
\$2,000 windstorm or hail deductible.....	0.91
\$5,000 windstorm or hail deductible.....	0.88

(To receive the windstorm or hail deductible credit, the windstorm or hail deductible amount must be larger than the policy deductible amount. Only one windstorm or hail deductible amount may be selected per policy.)

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RULE 11 OPTIONAL COVERAGES--PROPERTY SECTION

11.1 Earthquake Coverage

When Earthquake Coverage is provided, it shall apply to all Section I Coverages for the same limits as provided under the policy. The premium for each \$1,000 of insurance shall be developed as follows:

<u>Frame</u>	<u>Masonry</u>	<u>Applied to</u>
\$.23	\$.68	Coverage A Limit of Liability
\$.15	\$.45	Coverage B Limit of Liability

Attach Endorsement CP-89

11.2 Fire Department Service Charges

Coverage may be provided under the Businessowners Policy for Fire Department Service Charges at a rate of \$2.00 per \$100 of insurance. Attach Endorsement CP-130.

11.3 Outside Antennas

Coverage for antennas may be added at a premium of \$5.00 per \$100 of coverage. Attach Endorsement ML-49.

11.4 Solid Fuel Heating Charges

Freestanding, solid fueled heating devices used in buildings require an additional premium which shall be developed by applying a factor of 1.10 to the base premium subject to a minimum of \$25. (Bremen Farmers' Mutual does not write new properties with woodstoves.) Attach Endorsement MRSB-5.

RULE 12 OPTIONAL COVERAGES--LIABILITY SECTION

12.1 Coverages L and M - Limits

Various Limits of Coverages L and M may be written using rates shown.

Show limits on Declarations Page.

12.2 Higher Limits--Fire Legal Liability

Higher limits on Fire Legal Liability coverage may be purchased at the rates shown below. The policy provides \$50,000 coverage if liability coverage is purchased.

Amount	<u>\$100,000</u>	<u>\$300,000</u>	<u>\$500,000</u>
Premium	\$20.	\$25.	\$30.

Show Limit on Declarations Page.

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RULE 13 CLASSIFICATIONS

Classifications

Rate Groups

Apartments and Condominiums

Property

Liability

Apartments

Up to 10 Units

Building

2

2

Contents

8

2

10 - 30 Units

Building

3

2

Contents

9

2

Over 30

Building

4

2

Contents

11

2

Apartments (Mercantile)

Up to 10 Units

Building

3

2

Apt., office, service
(light)

Contents

9

2

Other

Contents

11

2

10-30 Units

Building

4

2

Apt., office, service
(light)

Contents

11

2

Other

Contents

12

2

Over 30

Building

6

2

Apt., office, service
(light)

Contents

12

2

Other

Contents

15

2

Offices

Offices occupied exclu-
sively by employees of
the insured

Building

1

1

Offices - other

Building

1

3

Offices -

Apts., Service (light)

Contents

7

3

Offices -

Mercantile or service
occupancy

Contents

8

3

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<u>Classifications</u>	<u>Rate Groups</u>	
	<u>Property</u>	<u>Liability</u>
Retail Stores		
Building	4	3
Personal Property		
*** Antiques	12	3
Appliance Sales--Not TV, VCR etc.	12	3
Appliance Sales--TV, VCR etc.	12	3
Art Galleries	12	3
Art Supplies	12	3
Athletic Equip. & Sporting Goods	13	3
Auto Parts & Accessories	12	3
Bakeries	12	3
Beverages - no liquor	12	3
Bicycle Sales	12	3
Boat Sales	12	3
Books & Materials	12	3
Building Materials	12	3
Cameras	12	3
Candy (no cooking)	12	3
Carpets & Rugs	12	3
China, Glassware & Pottery	12	3
Clothing - children & infant	12	3
Clothing - other than children	12	3
Coins or Stamps	12	3
Computer & Software	12	3
Confectionery (no cooking)	12	3
Convenience (no cooking)	12	3
Cosmetics, Perfume	12	3
Dairy Products	12	3
Delicatessens	12	3
Department	12	3
Discount	12	3
Drug	12	3
Dry Goods	12	3
Fabrics	12	3

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<u>Classifications</u>	<u>Rate Groups</u>	
Retail Stores (continued)	<u>Property</u>	<u>Liability</u>
Building	4	3
Personal Property		
Florists	12	3
Fruit or Vegetable	12	3
Furniture	13	3
Fur	12	3
Garden or Lawn Supplies	12	3
General Stores	12	3
Gift	12	3
Glassware, China, Pottery	12	3
Greeting Cards & Stationery	12	3
Grocery - Less than 3,000 sq. ft.	12	3
Grocery - Other	13	3
Hardware	12	3
Health Food	12	3
Hobby, Craft	12	3
Ice Cream or Milk (no cooking)	12	3
Jewelry - Imitation or novelty	12	3
Jewelry - Not imitation or novelty	12	3
Lamps and Lighting Fixtures	12	3
Leather Products - Not shoes	12	3
Liquor	12	3
Meat, Seafood or Poultry	12	3
Men's Clothing	12	3
Millinery	12	3
Musical Instruments	12	3
Office Supplies & Furniture	12	3
Office Contents	11	3
Optical Goods	12	3
Paint & Wallpaper	12	3
Pet Shops	12	3
Photographic Equipment	12	3

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<u>Classifications</u>	<u>Rate Groups</u>	
	<u>Property</u>	<u>Liability</u>
Retail Stores (continued)		
Building	4	3
Personal Property		
Radio or TV Sales	12	3
Record or Tape	12	3
Refreshment Stands (no cooking)	12	3
Religious Goods	12	3
Retail NOC	12	3
Rug or Carpet	12	3
Salvage Goods	12	3
Shoe	12	3
Souvenir Stores	12	3
Sporting Goods & Athletic Equip.	13	3
Supermarkets - Less than 3,000 sq. ft.	12	3
Supermarkets - Other	13	3
Tobacco	12	3
Toys	12	3
Variety	12	3
Wallpaper or Paint	12	3
Women's Clothing	12	3
Service (light)		
Buildings	2	3
Personal Property		
Art Studios	10	3
Barber Shop	10	3
Beauty Parlors	10	3
Copy and Duplicating	10	3
Dental Laboratories	10	3
Funeral Homes	10	3
Mailing & Addressing	9	3
Office Contents	10	3
Photographer	10	3

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<u>Classifications</u>	<u>Rate Groups</u>	
	<u>Property</u>	<u>Liability</u>
Service (ordinary)		
Buildings	5	3
Personal Property		
Appliance - service repair	12	3
Bicycle Repair	12	3
Dressmakers	12	3
Dry Cleaners - receiving	12	3
Engravers	12	3
Laundries - receiving	12	3
Lithographers	13	3
Locksmiths	13	3
Office Contents	11	3
Printers	12	3
Shoe Repair	12	3
Tailors	12	3
Television or Radio - Service	12	3
Taxidermists	12	3
Watch, Clock, Jewelry, Repair	12	3
Other		
Building or Personal Property.		
Automobile, Dealer, Service & Salvage	13	3
***Bars, Grills & Restaurants	15	3
*Builders Risk (100% completed value)	9	3
Churches	2	3
Financial Institutions	11	3
Household Personal Property	3	3

* Attach Endorsement CP-14

** For Categories not shown, refer to Company.

***Refer to Company

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RULE 14. ADDITIONAL PROVISIONS

14.1 Supplemental Property Coverage Part

For a flat charge of \$30, a supplemental package of property coverages may be purchased and added to the policy. The coverages shown below are included, subject to the form(s) and endorsement(s) involved:

Antennas up to \$500

Awnings or Canopies up to \$1,000

Fences and Signs (excluding wind & hail) up to \$1,000

Fire Department Service Charge up to \$500

Personal Effects belonging to You, Your Employees, Partners and Officers up to \$500

Personal Property of Others up to \$2,500

Trees, Shrubs and Plants (certain perils) up to \$1,000

Transportation Coverage (certain perils) up to \$500

Contact company for specific details.

Attach Endorsement MRSB-BP2, Supplemental Property Coverage Part

14.2 Package Policy Discount

When both Property and Liability coverages are written on the same policy, discount the final adjusted premium 10%.

**BREMEN FARMERS' MUTUAL INSURANCE COMPANY
 BUSINESSOWNERS PROGRAM MANUAL RATE PAGES
 BUILDING AND BUSINESS PERSONAL PROPERTY
 RATES PER \$100 OF INSURANCE**

(Rates Include Fire, E.C. and V&MM at 80% coinsurance*)

\$250 All Perils Deductible

RATE GROUP	PROTECTED Class 1-8 FRAME	PROTECTED Class 1-8 MASONRY	UNPROTECTED Class 9 & 10 FRAME	UNPROTECTED Class 9 & 10 MASONRY
1	1.18	1.10	1.33	1.23
2	1.45	1.31	1.77	1.56
3	1.50	1.35	1.89	1.64
4	1.68	1.49	2.16	1.85
5	1.75	1.55	2.29	1.94
6	1.83	1.60	2.39	2.03
7	1.21	1.14	1.32	1.23
8	1.52	1.40	1.73	1.56
9	1.66	1.49	1.95	1.72
10	1.77	1.60	2.08	1.83
11	1.90	1.67	2.28	1.96
12	2.11	1.85	2.54	2.18
13	2.30	2.00	2.79	2.38
14	2.39	2.03	2.93	2.49
15	2.49	2.13	3.07	2.58
**For rating with no coinsurance, add 1.49 to the above table rate.				

**BREMEN FARMERS' MUTUAL INSURANCE COMPANY
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LIABILITY RATES

LIABILITY / MEDICAL	25,000 / 500	25,000 / 1,000	25,000 / 2,000
RATE GROUP 1	68	71	75
RATE GROUP 2	104	109	112
RATE GROUP 3	105	110	113
Add'l Liability-Each add'l partner or co-owner	16	16	16
LIABILITY / MEDICAL	50,000 / 500	50,000 / 1,000	50,000 / 2,000
RATE GROUP 1	72	76	79
RATE GROUP 2	108	111	114
RATE GROUP 3	110	112	116
Add'l Liability-Each add'l partner or co-owner	21	21	21
LIABILITY / MEDICAL	100,000 / 500	100,000 / 1,000	100,000 / 2,000
RATE GROUP 1	77	80	83
RATE GROUP 2	112	116	119
RATE GROUP 3	116	119	122
Add'l Liability-Each add'l partner or co-owner	26	26	26
LIABILITY / MEDICAL	300,000 / 500	300,000 / 1,000	300,000 / 2,000
RATE GROUP 1	81	84	87
RATE GROUP 2	117	120	123
RATE GROUP 3	122	125	128
Add'l Liability-Each add'l partner or co-owner	32	32	32
LIABILITY / MEDICAL	500,000 / 500	500,000 / 1,000	500,000 / 2,000
RATE GROUP 1	84	87	90
RATE GROUP 2	121	124	127
RATE GROUP 3	127	130	133
Add'l Liability-Each add'l partner or co-owner	37	37	37