

Underwriting Guidelines

Business Segment

Local exceptions to these underwriting guidelines may apply.

Please consult with your underwriter or sales executive for details and to discuss risks which exceed the following guidelines.

Business PacSM risks will typically have:

- Up to \$5 million Total Insured Values (Building and Business Personal Property) at each location
- Up to \$5 million Annual Sales at each location/\$15 million Total Annual Sales
- Less than six locations

Businesses that exceed any of the above thresholds should be considered for placement in **Business Pac PlusSM**.

Please consult with your underwriter if the Total Insured Values per account exceed \$50 million, or at any location/building exceed \$5 million or if Total Annual Sales exceed \$15 million or if there are more than 15 locations.

Underwriting Guidelines for **Business Pac** and **Business Pac Plus**

Business Personal Property and General Liability coverage is required. If applicable and eligible, coverage is required for all owned buildings. One hundred percent insurance-to-value is required.

Eligible operations are businesses specifically listed in the Classification section.

Years in Business

Three years in business is preferred. Exceptions for new ventures will be entertained provided the risk has three years prior management experience in the same type of business or is a franchisee.

Loss Experience

The business must have favorable loss experience for Property and General Liability.

- For each \$10,000 in premium size, favorable loss experience can be generally defined as no more than two claims (Property and General Liability) and no loss greater than \$10,000 in the last three years.

Prior Carrier

The business should have had continuous insurance coverage for the last three years, with no cancellations

by the insurer(s) or non-renewals (for other than market withdrawals or transfers within an insurer company group).

Internet

Revenue generated by transactional Web sites must be less than 50 percent of the total revenues.

- Transactional Web sites are defined as Web sites that allow for the transfer of private consumer/business information in exchange for goods/services or information.
- Web sites should have system security certification.

Property Underwriting Guidelines

Adequate detection and protection devices for fire and theft must be in place.

- Central Station fire alarms are preferred.
- Risks with sprinkler systems are preferred.
- If protective devices are in place on the premises, the policy will be endorsed with the MP T3 08 - Protective Safeguards Endorsement describing the protective device and requiring that the company be notified of any suspension, impairment or failure to maintain the device.

No cited violations of fire, health (if applicable) or life safety codes.

All owned buildings should be fully occupied, with no seasonal occupancies. Seasonal is defined as any occupancies open less than eight months of the year. All tenants must meet underwriting requirements. Please see the appropriate Underwriting Guidelines based on the tenant occupancies.

For both tenants and building owners, the plumbing, HVAC, wiring and roof must have been updated in the past 30 years.

Goods susceptible to water damage should be palletized.

Please consult with your underwriter regarding coverage for premises used solely for storage of inventory.

General Liability Underwriting Guidelines

Certificates of Insurance with limits at least equal to the insured's primary General Liability limit of insurance must be obtained for all subcontracted work. There should be favorable contractual risk transfer.

Business Income for Business Segment

Business Income and Extra Expense coverage is included for **Business Pac**. Coverage applies on an Actual Loss Sustained basis for up to 12 consecutive months. Coverage may be written on a policy or location level basis for any dollar limit without the 12-month limitation.

For **Business Pac Plus**, Business Income and Extra Expense coverage is optional. When selected, the coverage may be written with a policy or location level dollar limit. The dollar limit is based on 50 percent of annual receipts and may be modified.

Classifications for Business

For Business Personal Property and for 100 percent owner-occupied buildings, select the classification that best describes the operations of the insured. For buildings owned by the insured and not fully occupied by the insured, an additional liability charge for lessor's risk may be applicable. For buildings owned and leased in whole to others, see **Building PacSM** or **Building Pac PlusSM**.

General Liability Rating for **Business Pac Plus**

General Liability premiums are based on sales. Sales means the gross amount of money charged by the insured, the concessionaires of the insured or by others trading under the insured's name for:

- Goods or products sold or distributed
- Operations performed including parts and labor
- Commissions and fees for services provided
- Rentals
- Dues and fees

Refer to CLM General Rules – 24.D. for specific inclusions and exclusions. Sales are subject to annual premium audit.

For businesses with multiple operations, please follow these guidelines:

- If similar business operations within the same industry segment are conducted at the same location, use the program code appropriate for the predominant business operation.
- If different business operations within the same industry segment are conducted at the same location, separately classify and use the program code appropriate for each business operation.

Description	Pac Program Code	Pac Plus Program Code	Eligible SIC
<p>Barber Schools</p> <ul style="list-style-type: none"> • None of the following: <ul style="list-style-type: none"> - Aesthetists (staff certified to administer skin treatments). - Boarding. - Body piercing (other than ear piercing). - Body waxing (other than facial services). - Botox treatments. - Bus service. - Chemical peels. - Chiropody (medical treatment of the feet). - Cosmetic surgery (including application of permanent makeup). - Electrolysis or laser hair removal. - Hair implants. - Massage services (other than facial services) exceeding 25% of revenues. - Mixing, blending, repackaging, re-labeling, or sale of products by the insured under its own label. - Physical fitness classes or counseling. - Tanning services (including tanning beds and spray-on applications). - Weight reduction counseling. • Products/Completed Operations coverage is subject to the General Aggregate Limit. • CG T3 55 – Barber or Beauty Shop Endorsement is mandatory. • CG T4 90 – Abuse or Molestation Exclusion is mandatory. 	383	B87	7241
<p>Barber Shop</p> <ul style="list-style-type: none"> • None of the following: <ul style="list-style-type: none"> - Aesthetists (staff certified to administer skin treatments). - Barber or beauty schools. - Body piercing (other than ear piercing). - Body waxing (other than facial services). - Botox treatments. - Chemical peels. - Chiropody (medical treatment of the feet). - Cosmetic surgery (including application of permanent makeup). - Electrolysis or laser hair removal. - Hair implants. - Physical fitness classes or counseling. - Massage services (other than facial services) exceeding 25% of revenues. - Mixing, blending, repackaging, re-labeling, or sale of products by the insured under its own label. - Tanning services (including tanning beds and spray-on applications). - Weight reduction counseling. • Products/Completed Operations coverage is subject to the General Aggregate Limit. • CG T3 55 – Barber or Beauty Shop Endorsement is mandatory. 	340	B52	7241

Description	Pac Program Code	Pac Plus Program Code	Eligible SIC
<p>Beauty Schools</p> <ul style="list-style-type: none"> • None of the following: <ul style="list-style-type: none"> - Aesthetists (staff certified to administer skin treatments). - Boarding. - Body piercing (other than ear piercing). - Body waxing (other than facial services). - Botox treatments. - Bus service. - Chemical peels. - Chiropody (medical treatment of the feet). - Cosmetic surgery (including application of permanent makeup). - Electrolysis or laser hair removal. - Hair implants. - Massage services (other than facial services) exceeding 25% of revenues. - Mixing, blending, repackaging, re-labeling, or sale of products by the insured under its own label. - Physical fitness classes or counseling. - Tanning services (including tanning beds and spray-on applications). - Weight reduction counseling. • Products/Completed Operations coverage is subject to the General Aggregate Limit. • CG T3 55 – Barber or Beauty Shop Endorsement is mandatory. • CG T4 90 – Abuse or Molestation Exclusion is mandatory. 	380	B84	7231
<p>Beauty Shop</p> <ul style="list-style-type: none"> • None of the following: <ul style="list-style-type: none"> - Aesthetists (staff certified to administer skin treatments). - Barber or beauty schools. - Body piercing (other than ear piercing). - Body waxing (other than facial services). - Botox treatments. - Chiropody (medical treatment of the feet). - Chemical peels. - Cosmetic surgery (including application of permanent makeup). - Electrolysis or laser hair removal. - Hair implants. - Physical fitness classes or counseling. - Massage services (other than facial services) exceeding 25% of revenues. - Mixing, blending, repackaging, re-labeling, or sale of products by the insured under its own label. - Tanning services (including tanning beds and spray-on applications). - Weight reduction counseling. • Products/Completed Operations coverage is subject to the General Aggregate Limit. • CG T3 55 – Barber or Beauty Shop Endorsement is mandatory. 	341	B53	7231
<p>Carpet, Rug and Upholstery Cleaning – Shop only</p> <ul style="list-style-type: none"> • Includes carpet binding and repair. • Products/Completed Operations coverage is subject to the General Aggregate Limit. • Bailees Customers Goods is available. 	350	B54	7217

Description	Pac Program Code	Pac Plus Program Code	Eligible SIC
<p>Dental Labs</p> <ul style="list-style-type: none"> Precious metals theft limitation of \$5,000 applies. No dental services office (separate Office Segment classification needed). If operations include dental services office and dental laboratory, classify in Business Pac Plus. Equipment Breakdown coverage for production and diagnostic equipment is limited to \$100,000 with the option to increase. See Equipment Breakdown – Increased Sub-limit for Specific Equipment. CG T5 95-Dental Laboratory Technician is mandatory CG D3 43-Professional Services Exclusion-Services Furnished by Health Care Providers is mandatory 	351	B57	8072
<p>Diaper, Uniform and Linen Supply</p> <ul style="list-style-type: none"> Please consult with your underwriter. None of the following: <ul style="list-style-type: none"> Sale of janitorial supplies. Dry cleaning plant on premises. Products/Completed Operations coverage is subject to the General Aggregate Limit. Hired/Non-Owned Liability option is not available. Business Personal Property Off Premises does not include property rented or leased to others. Use CM T1 12 Property Floater to cover this exposure. 	34B	B58	7219
<p>Disc Jockeys and Musicians</p> <ul style="list-style-type: none"> Must perform in venues that are otherwise eligible for Master PacSM product (i.e. book stores, fine dining restaurants, etc). Musicians that play in non-eligible venues (theatres, stadiums, bars, night clubs, taverns, etc.) are not eligible. None of the following: <ul style="list-style-type: none"> Bands, rock groups or orchestras. Singing telegram services. Special effects (ex. Pyrotechnics). CG D3 45 - Exclusion – Explosives, Fireworks or Incendiary Devices is mandatory. Business Personal Property Off Premises does not include property rented or leased to others. Use CM T1 12 Property Floater to cover this exposure. 	377	B81	7929
<p>Dressmaker</p> <ul style="list-style-type: none"> No clothing manufacturers or garment contractors. 	370	B59	7219
<p>Dry Cleaners and Laundries, Coin-Operated, Attended</p> <ul style="list-style-type: none"> Must not be open past 2 a.m. Equipment Breakdown coverage for production equipment is limited to \$100,000 with the option to increase. See Equipment Breakdown – Increased Sub-limit for Specific Equipment. Products/Completed Operations coverage is subject to the General Aggregate Limit. CG 22 53 - Exclusion – Laundry and Dry Cleaning Damage is mandatory. 	348	B55	7215
<p>Dry Cleaners and Laundries, No Plant on Premises</p> <ul style="list-style-type: none"> Equipment Breakdown coverage for production equipment is limited to \$100,000 with the option to increase. See Equipment Breakdown – Increased Sub-limit for Specific Equipment. Products/Completed Operations coverage is subject to the General Aggregate Limit. Bailees Customers Goods is available. CG 22 53 - Exclusion – Laundry and Dry Cleaning Damage is mandatory. 	357	B60	7212

Description	Pac Program Code	Pac Plus Program Code	Eligible SIC
<p>Dry Cleaners and Laundries, Plant on Premises</p> <ul style="list-style-type: none"> • Sprinkler system preferred. • If customers are other dry cleaners or if the business specializes in restoration work, please classify in Business Pac Plus. • Equipment Breakdown coverage for production equipment is limited to \$100,000 with the option to increase. See Equipment Breakdown – Increased Sub-limit for Specific Equipment. • Products/Completed Operations coverage is subject to the General Aggregate Limit. • Bailees Customers Goods is available. • Hired/Non-Owned Liability option is not available. • CG 22 53 – Exclusion – Laundry and Dry Cleaning Damage is mandatory. 	349	B61	7216
<p>Duplicating and Photocopying</p> <ul style="list-style-type: none"> • Contemplates quick copy shops. Commercial printing operations should be classified as Printers. • No publishing. • Products/Completed Operations coverage is subject to the General Aggregate Limit. • CG T3 57– Exclusion – Publishers and Printers Liability is mandatory unless Printers Errors and Omissions coverage is added. 	354	B62	7334
<p>Engraving Services</p> <ul style="list-style-type: none"> • Equipment Breakdown coverage for production equipment is limited to \$100,000 with the option to increase. See Equipment Breakdown – Increased Sub-limit for Specific Equipment. • Products/Completed Operations coverage is subject to the General Aggregate Limit. 	374	B63	2759
<p>Film Processing</p> <ul style="list-style-type: none"> • No internet film processing sales in excess of 50% of total revenues. • Products/Completed Operations coverage is subject to the General Aggregate Limit. 	339	B64	7384
<p>Funeral Parlors and Crematories</p> <ul style="list-style-type: none"> • Crematory services less than 30% of operation are acceptable. • Crematory services primarily provided for other funeral parlors are ineligible. • Products/Completed Operations coverage is subject to the General Aggregate Limit. • CG T3 53 – Funeral Directors and Morticians Endorsement is mandatory. • CG D2 89 - Exclusion – Designated Professional Services is mandatory when professional coverage is provided elsewhere. 	343	B65	7261
<p>Key Cutting</p> <ul style="list-style-type: none"> • None of the following: <ul style="list-style-type: none"> - Off premises operations. - Work on alarms or security systems. 	371	B66	7699
<p>Locksmith</p> <ul style="list-style-type: none"> • No work on alarms or security systems. 	352	B67	7699

Description	Pac Program Code	Pac Plus Program Code	Eligible SIC
<p>Media Duplication</p> <ul style="list-style-type: none"> • Contemplates electronic data and media duplication. • Contemplates quick copy shops. Commercial printing operations should be classified as Printers. • Risk with more than 50% of total revenue from Photography or Videography must be classified as Store Pac - Photography - Portrait, including Videotaping (76B). • Products/Completed Operations coverage is subject to the General Aggregate Limit. • CG T3 57 - Exclusion – Publishers and Printers Liability is mandatory unless Printers Errors and Omissions coverage is added. • None of the following: <ul style="list-style-type: none"> - Film processing; media duplication or editing via the internet sales in excess of 50% of total revenues. - Publishing. 	372	B68	7334
<p>Nail Salons</p> <ul style="list-style-type: none"> • None of the following: <ul style="list-style-type: none"> - Aesthetists (staff certified to administer skin treatments). - Barber or beauty schools. - Body piercing (other than ear piercing). - Body waxing (other than facial services). - Botox treatments. - Chiropody (medical treatment of the feet). - Chemical peels. - Cosmetic surgery (including application of permanent makeup). - Electrolysis or laser hair removal. - Hair implants. - Massage services (other than facial services) exceeding 25% of revenues. - Mixing, blending, repackaging, re-labeling, or sale of products by the insured under its own label. - Physical fitness classes or counseling. - Tanning services (including tanning beds and spray-on applications). - Weight reduction counseling. • Products/Completed Operations coverage is subject to the General Aggregate Limit. • CG T3 55 – Barber or Beauty Shop Endorsement is mandatory. 	34C	B69	7231
<p>Office Machine Repair – Shop only</p> <ul style="list-style-type: none"> • Sales and or distribution of cell or satellite phones not to exceed 25% of total receipts. • No computer repair. • An alarm system connected to a U.L. listed central station or police station is recommended. MP T3 08 – Protective Safeguards Endorsement should be attached describing the system. • Products/Completed Operations coverage is subject to the General Aggregate Limit. • Bailees Customers Goods is available. • CG D1 63 – Exclusion-Electromagnetic Fields, is mandatory. 	355	B70	7629
<p>Packaging and Mailing Services</p> <ul style="list-style-type: none"> • None of the following: <ul style="list-style-type: none"> - Courier or package delivery services. - Freight forwarders. - Providing of e-mail direct advertising services or lists. • Products/Completed Operations coverage is subject to the General Aggregate Limit. 	34D	B71	7389

Description	Pac Program Code	Pac Plus Program Code	Eligible SIC
<p>Pet Day Care – No overnight boarding – No kennels</p> <ul style="list-style-type: none"> Contemplates day care for pets at the insured’s premises. None of the following: <ul style="list-style-type: none"> Kennels. Overnight boarding of pets. Hired and Non-Owned Auto should be covered under a Business Auto policy. CM T4 75 - Animal Floater Amendatory Provisions is mandatory when the CM T1 18 - Animal Floater is selected. 	378	B82	0752
<p>Pet Sitters</p> <ul style="list-style-type: none"> Contemplates pet sitting at premises of the pet owner. None of the following: <ul style="list-style-type: none"> Kennels. Overnight boarding of pets. CM T4 75 - Animal Floater Amendatory Provisions is mandatory when the CM T1 18 - Animal Floater is selected. 	381	B85	7299
<p>Printers</p> <ul style="list-style-type: none"> Assess any high-valued or single-source production equipment for valuation and business income exposures. Those primarily engaged in computer digital printing on t-shirts and other garments (referred to as DTG- Direct to Garment Printing) are eligible. None of the following: <ul style="list-style-type: none"> Publishing. Silk screening, other than computer generated. Equipment Breakdown coverage for production equipment is limited to \$100,000 with the option to increase. See Equipment Breakdown – Increased Sub-limit for Specific Equipment. Products/Completed Operations coverage is subject to the General Aggregate Limit. CG T3 57 - Exclusion – Publishers and Printers Liability is mandatory unless Printers Errors and Omissions coverage is added. 	358	B72	2759
<p>Recording Studios – Music</p> <ul style="list-style-type: none"> With proper authorization, includes incidental duplication of recorded media. None of the following: <ul style="list-style-type: none"> Integrated production/distribution. Motion picture or national recording studios. Music distribution services. Music publishers. Music recording producer. Overnight boarding of visitors or clients. Radio broadcasting music checkers. Radio transcription service. 24-hour operations. CG D2 45 - Exclusion – Personal and Advertising Injury is mandatory. 	382	B86	7389
<p>Sewing Machine Repair</p> <ul style="list-style-type: none"> No businesses offering appliance repair advice online. Contemplates sales of sewing machine supplies such as belts, bobbins and needles. Bailees Customers Goods is available. 	373	B73	7699


Description	Pac Program Code	Pac Plus Program Code	Eligible SIC
<p>Shoe Repair</p> <ul style="list-style-type: none"> Bailees Customers Goods is available. 	353	B74	7251
<p>Small Appliance Repair – Shop only</p> <ul style="list-style-type: none"> Sales and or distribution of cell or satellite phones not to exceed 25% of total receipts. Applies to businesses repairing or servicing household appliances, including service calls to customers’ homes. Contemplates sales of parts and supplies. Classification does not apply to businesses offering repair advice online. None of the following: <ul style="list-style-type: none"> Lawn mower, power tool or engine repairs. An alarm system connected to a U.L. listed central station or police station is recommended. MP T3 08 – Protective Safeguards Endorsement should be attached describing the system. Bailees Customers Goods is available. CG D1 63 – Exclusion-Electromagnetic Fields, is mandatory. 	359	B75	7629
<p>Tailor Shops – Men’s and Women’s</p> <ul style="list-style-type: none"> No clothing manufacturers or garment contractors. Bailees Customers Goods is available. 	360	B76	7219
<p>Taxidermist Services – Shop only</p> <ul style="list-style-type: none"> For tanning operations, classify as <i>Business Pac Plus</i>. None of the following: <ul style="list-style-type: none"> Firearm or ammunition sales. Tanning operations. Products/Completed Operations coverage is subject to the General Aggregate Limit. Bailees Customers Goods is available. 	34E	B77	7699
<p>Television, Stereo and VCR Repair – Shop only</p> <ul style="list-style-type: none"> Sales and or distribution of cell or satellite phones not to exceed 25% of total receipts. An alarm system connected to a U.L. listed central station or police station is recommended. MP T3 08 – Protective Safeguards Endorsement should be attached describing the system. Bailees Customers Goods is available. CG D1 63 – Exclusion-Electromagnetic Fields, is mandatory. 	356	B78	7622
<p>Typewriter Sales and Service</p>	376	B79	7699
<p>Videotape Editing Service</p> <ul style="list-style-type: none"> None of the following: <ul style="list-style-type: none"> Commercial television or broadcasting services. Recording studios. Products/Completed Operations coverage is subject to the General Aggregate Limit. 	375	B80	7384

Ineligible Operations, Products or Services for Business

Risks with the following operations should not be written as **Business Pac** or **Business Pac Plus** accounts:

- Armed security guards.
- Alarm system design, service or installation.
- Businesses open past 2 am.
- Day spas.
- Freight forwarders.
- Employee leasing or temporary help services.
- Massage parlors or massage services (other than facial massages) producing more than 25% of total revenues.
- Operating, hiring, leasing or owning aircraft or watercraft for business use.
- Processing, handling or distribution of Marijuana.
- Security system design, service or installation.
- Software design – see **Technology Office PacSM**.
- Schools (excluding Barber and Beauty).

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