

# KENTUCKY

## Personal and Premises Liability Program

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### RULE 1 ELIGIBILITY

#### 1.1 Personal Liability Coverage

Personal Liability Coverage may be provided for a person, resident spouse or resident individuals maintaining a residence in a one-to-four family dwelling.

##### FMHGL-1 - Personal Liability Coverage

#### 1.2 The following ARE UNACCEPTABLE for binding under FMHGL-1 without prior underwriting approval:

1. Manufacturing, processing, freezing or dehydrating operations.
2. Poultry factories and commercial cattle or hog feeding operations.
3. Roadside stands if other than home grown produce sold. (No homemade or re-sale)
4. Show horse, race horse, riding academies, trail rides or boarding stables.
5. Incorporated farms, unless the corporation owns or leases the farm and is financially controlled by the insured.
6. Financially irresponsible persons.
7. Persons having poor moral habits or poor safety habits.
8. Persons cancelled and/or declined by another carrier. (not applicable in Missouri)
9. Persons known to have livestock out on a frequent basis.
10. Persons having poor claim history or who are claim conscious.
11. Persons owning exotic animals or animals known to be of a vicious nature.
12. Premises where dogs are kenneled for others or raised for sale to the public.
13. Premises in poor physical condition regarding buildings, fences or machinery.
14. Premises where commercial business activities are conducted, unless specifically excluded.
15. Premises where recreational, tourist or bed & breakfast facilities are provided.
16. Rest homes, nursing homes, or similar occupancy.
17. Business pursuits in excess of \$30,000 gross annual receipts.
18. Custom farming operations.
19. Premises on which an airport or landing strip is located.
20. Premises having unusual hazards such as quarries, gravel pits, logging or log sawing.
21. Risk with a trampoline on the premises.
22. Risk with a horse ridden in more than one local parade or non-rodeo event annually.
23. Risk with more than one milk contamination loss in last 5 years.
24. New business for persons owning any 3-wheeled ATV, Jet Ski or Wave Runner.
25. Risk with a swimming pool containing any diving board or a slide over 6 feet high.

#### 1.3 Owners or Lessees of Multiple Family Dwellings (Five or More Units)

A person who owns or leases a dwelling that consists of five or more family units and maintains a private apartment in that dwelling is eligible for Personal or Farm Personal Liability Coverage in connection with the private apartment.

##### FMHGL-1 - Personal Liability Coverage

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### RULE 2 PROGRAM DESCRIPTION

#### 2.1 Mandatory Coverage

The following is a general description of the coverage provided by Forms FMHGL-1.  
The coverage parts state the complete conditions.

##### 2.1.1 Coverage L - Liability

Coverage L pays on behalf of the insured for damages due to bodily injury or property damage caused by an occurrence arising out of the insured premises or the insured's personal activities. This coverage includes watercraft less than 26 ft. with an outboard motor of 50 h.p. or less.

##### 2.1.2 Coverage M - Medical Payments to Others

Coverage M pays medical expenses, incurred by persons who are not insureds, for bodily injury related to the insured premises or the insured's personal activities.

#### 2.2 Limits of Liability

##### 2.2.1 Per Occurrence Limit

The minimum limits for each coverage are:

Coverage L	\$100,000	Per Occurrence
Coverage M	\$ 2,000	Per Person
	\$ 25,000	Per Accident

Higher limits of liability for Coverage L and M are available and shown in the Rate Pages. All mandatory and optional coverage must be written at the same limit.

##### 2.2.2 Annual Aggregate Limit

An annual aggregate limit applies to the sum of all payments made during an annual policy term. The rates contemplate a general aggregate limit equal to twice the per occurrence limit. A higher annual aggregate limit may be provided at the additional charge shown in the Rate Pages.

### RULE 3 POLICYWRITING INSTRUCTIONS

Unless indicated otherwise, this rule applies to the Personal and Premises Only Liability Coverage.

#### 3.1 Policy Issue - Personal Liability Coverage

The Personal Liability Coverage described in this manual may be issued as monoline policies or as endorsements to fire policies.

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### 3.1.1 Monoline Policies

When Personal Liability Coverage is provided as a monoline policy, conditions that address assignment, cancellation, change, inspections and examination of books must be added by using a separate endorsement.

**Personal Liability** . . . . . **FMHGL-1 + Endorsement GL-0005**

### 3.1.2 Package Policies

When Personal Liability Coverage is used as an endorsement to a fire policy, the fire policy conditions that address assignment, cancellation, change, inspections and examination of books also govern Personal Liability Coverage.

**Fire and Personal Liability Package** . . . . . **Fire Policy + FMHGL-1**

### 3.2 Policy Issue - Premises Only Liability Coverage

The Premises Only Liability Coverage described in this manual may be issued as a monoline policy or as an endorsement to a fire policy. Refer to Rule 6 (form FMHGL-600).

#### 3.2.1 Monoline Policies

When Premises Only Liability Coverage is provided as a monoline policy, conditions that address assignment, cancellation, change, inspections and examination of books must be added by using a separate endorsement.

**Premises Only Liability** . . . . . **FMHGL-600 + Endorsement CL-100**

#### 3.2.2 Package Policies

When Premises Only Liability Coverage is used as an endorsement to a fire policy, the fire policy conditions that address assignment, cancellation, change, inspection and examination of books also govern Premises Only Liability Coverage.

**Fire and Premises Only Liability Package** . . . . . **Fire Policy + FMHGL-600**

### 3.3 Mandatory Endorsements - Monoline and Package Policies

Refer to the forms and endorsements listing in this Manual to identify any mandatory endorsements that must be used to amend the Personal and/or Premises Only Liability Coverage.

### 3.4 Policy Term

A monoline policy may be written for a period of one year. A package policy may be written for a period of more than one year and the premium paid in annual installments. ***Prior approval is required when a policy is written for a term less than one year.***

### 3.5 Additional Interests - Personal Liability Coverage

Personal Liability Coverage may be extended to include the additional interests described in 3.5.1 for a premium charge. Coverage is limited to the specific insurable interest in the premises.

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### 3.5.1 Interests Permitted

Entities that may qualify for Personal or Farm Personal Liability Coverage as an additional interest are limited to:

1. A corporation that owns or leases the premises and is financially controlled by the insured.
2. A person or organization with an interest in the insured's location, except as specified in 3.5.2.

**\*\*\* Note: This additional interest coverage applies only as the listed party's interests appear in the location indicated and is not a substitute for primary liability coverage.**

**Endorsement GL-70 - Additional Insured**

### 3.5.2 Interests Not Permitted

A tenant or lessee may not be included as an Additional Interest under the Personal Liability Coverage. ***(Must obtain their own liability coverage)***

### 3.6 Additional Interests - Premises Only Liability Coverage

Refer to Company for additional interest permitted under Premises Only Liability Coverage.

### 3.7 Cancellation or Reduction in Limits or Coverage

Mandatory coverage may not be canceled unless Personal or Premises Only Liability Coverage is canceled.

Coverage must be canceled in accordance with the terms of applicable cancellation provisions.

**Return premium, if any, is computed on a pro rata basis.**

## **RULE 4 PREMIUM DETERMINATION - PERSONAL COVERAGES**

### 4.1 Rating Basis

The rating basis shown for each classification described in Rule 5 is used to calculate the premium for the various Personal Liability exposures.

When the rating basis is "receipts", the rate for the applicable classification applies per \$100 in gross receipts charged by the insured for the covered exposure.

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### 4.2 Required Coverage

Coverage is required for the following exposures if they exist:

1. All residence premises of the named insured, including Seasonal or Secondary Residences and Residences Rented to Others. When more than four (4) rentals are owned, all are required to be rated under the Premises Only Liability Coverage.
2. All domestic employees of the named insured not covered or required to be covered by Workers' Compensation Insurance. A charge is required for domestic employees in excess of two (2).

### 4.3 Calculation of Premium

The premium is computed as follows:

**4.3.1** Use Rule 5 to determine the classifications for all required and optional coverage.

Calculate the number of rating bases for each classification.

**4.3.2** Use the Personal Coverage Rate Pages to obtain the rates, at the appropriate limit, for the classifications determined in **4.3.1**

**4.3.3** If applicable, add the charges for higher Medical Payments limits to the rates determined in 4.3.2.

**4.3.4** Determine the applicable **Cloud Package Discount** factor. Refer to the Rate Pages.

**4.3.5** Multiply the rates determined in **4.3.3** by the respective number of rating bases determined in **4.3.1**. Multiply that result by the applicable **Cloud Package Discount** factor. The sum of these products is the policy premium.

### 4.4 Minimum Premium

The total annual premium based on the sum of the final calculation shown for each classification, as described in Rule 4.3 above is subject to a \$100 Minimum Premium in this Personal Liability program.

The exception to this Minimum Premium applies when both Property & Liability coverage are written as a package with an identical policy number, as described in Rule 3.1.2 and 3.2.2. In this case, the \$100 Minimum Premium applies to the total policy premium of both policies combined.

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<b>RULE 5 CLASSIFICATIONS</b>
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### 5.1 Classifications that apply to Personal Liability (PL)

#### 5.1.1 Residences

A residence includes incidental garages and stables. Each portion of an additional residence to be insured must be individually rated.

#### Rating Basis

(PL) **Initial Residence - one family** ..... each

(PL) **Additional Charge for a Two-to-Four Family Dwelling** ..... per family unit  
 Charge is in addition to the premium for **Initial Residence – one family**. (in excess of one)

**Additional Residence Maintained by the Named Insured** ..... each  
 Also use this charge for an additional location maintained by the Named Insured.

**Additional Residence Maintained by Other Residents of the Named Insured's Household** ..... each

**Endorsement GL-72 - Additional Insureds and Additional Residences**

**Incidental Office, Professional, Private School or Studio Occupancy by an Insured on the premises** ..... each  
 This applies to all classifications shown above.

**Endorsement GL-80 - Office, Professional, Private School or Studio Occupancy**

(PL) **Private Residence for Rental or Sale, Not Occupied by an Insured, With or Without Incidental Office, Professional, Private School or Studio Occupancy** ..... each  
**Endorsement GL-73 - Additional Residences or Farms rented to Others**

**Two-to-Four Family Dwelling for Rental or Sale, Not Occupied by an Insured, With or Without Incidental Office, Professional, Private School or Studio Occupancy** ..... each

The charge is an addition to the premium for **Private Residence for Rental or Sale, Not Occupied by an Insured**.

**Endorsement GL-73 - Additional Residences or Farms Rented to Others**

**Note:** If two or more persons co-own and occupy separate portions of a two-to-four family dwelling, a single policy may be issued to cover these persons as named insureds. Compute the premium for each portion using Initial Residence – one family.

**Endorsement GL-71 - Additional Insured**

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### 5.1.2 Additional Insureds

#### Rating Basis

**Additional Insured - Other Residents of the Named Insured's Household** ..... each  
**Endorsement GL-72 - Additional Insureds and Additional Residences**

**Additional Insured** ..... each

Interests permitted are limited to a person or organization with an interest in the insured's location.

**Endorsement GL-70 - Additional Insured**

### 5.1.3 Business Activities (Business NOT OWNED by the Insured)

#### Rating Basis

**Clerical Office Employees, Salespersons, Collectors or Messengers - No Installation, Demonstration or Servicing** ..... each

**Salespersons, Collectors or Messengers - Installation, Demonstration or Servicing** ..... each

**Teachers - Athletic, Laboratory, Manual Training, Physical Training and Swimming Instructors** ..... per teacher

**Teachers - Corporal Punishment of Pupils** ..... per teacher

**Teachers - Not Otherwise Classified** ..... per teacher

Principals and administrative supervisors are not included under "Teachers".

**Endorsement GL-74 – Business Activities**

### 5.1.4 Incidental Business Pursuits (Total Receipts cannot exceed \$30,000)

#### Rating Basis

**Business Activities For the following exposures:** ..... each

**Accountant, Insurance or Real Estate Office**

**Barber or Beauty Shop (One Chair Operation)**

**Blacksmithing, Welding or Farm Machinery Repair Shops – No Employees or No Farm Implement Dealers**

**Hay, Grain , Feed, Fertilizer or Seed Dealers**

**Road Side Stands Over 250 Square Feet**

**Saw and Tool Sharpening**

**Tailoring, Dressmaking or Leather Working**

**Taxidermy**

**Endorsement FMHGL-74 – Incidental Business Pursuits**

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### 5.1.4 Incidental Business Pursuits - <continued> (Total Receipts cannot exceed \$30,000)

#### Rating Basis

Business Activities For the following exposures: ..... each

Hay Rides or Sleigh Rides

Lawn Mowing or Lawn Mower Repairs

Road Maintenance – Grading, Mowing or Snow Removal with Farm Equipment Only

Small Appliance, Radio or T.V. Repairs

Wood Working, Ceramics, Crafts or Upholstery

Incidental Retail/Services Not Otherwise Classified

Endorsement FMHGL-74 – Incidental Business Pursuits

### 5.1.5 Care Provided for Others

#### Rating Basis

Services provided at the Initial Residence for up to 3 Persons ..... per policy

Endorsement FMHGL-74 - Care Provided for Others Coverage

### 5.1.6 Employer's Liability - Domestic Employees

#### Rating Basis

Employer's Liability - Domestic Employees (in excess of two) ..... each

This applies only when employers' liability coverage for domestic employees is not provided or required to be provided by a Workers' Compensation Policy.

### 5.1.7 Personal Injury

#### Rating Basis

Personal Injury .....per policy

Endorsement GL-81 - Personal Injury Endorsement

### 5.1.8 Snowmobiles

#### Rating Basis

Snowmobiles - Owned by an Insured ..... each

Endorsement GL-83 - Snowmobile



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### 5.1.9 Uninsured Boaters Coverage

Coverage Z, Uninsured Boaters Coverage, pays for compensatory damages that an insured is legally entitled to recover because of injuries caused by an accident arising out of an uninsured boat. There is no additional premium charge for Uninsured Boaters Coverage and it applies whenever boat liability is covered in the base policy or by attachment of Watercraft Endorsement GL-82.

The limit for Coverage Z – Uninsured Boaters Coverage is \$10,000 Per Accident.

Endorsement GL-82Z – Uninsured Boaters Coverage

### 5.1.10 Watercraft (over 50 h.p.)

	Rating Basis
<b>Inboard Motor Boats</b>	
Less than 26 ft., 16-30 m.p.h. (50-100 h.p.)	per boat
Less than 26 ft., over 30 m.p.h. (over 100 h.p.)	per boat

#### **Inboard/Outboard Motor Boats & Sailboats with Auxiliary Power**

26-40 ft., under 16 m.p.h. (under 50 h.p.)	per boat
26-40 ft., 16-30 m.p.h. (50-100 h.p.)	per boat
26-40 ft., over 30 m.p.h. (over 100 h.p.)	per boat
Over 40 ft., under 16 m.p.h. (under 50 h.p.)	per boat
Over 40 ft., 16-30 m.p.h. (50-100 h.p.)	per boat
Over 40 ft., over 30 m.p.h. (over 100 h.p.)	Refer to Company

#### **Sailboats without Auxiliary Power**

26-40 ft.	per boat
Over 40 ft.	Refer to Company

#### **Outboard Motor Boats (under 50 h.p. included)**

50 h.p. and over	per boat
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For rating purposes, combine the horsepower of all outboard motors regularly used together with a single watercraft owned by the insured.

#### **Houseboats**

26 ft. or more, not self-propelled	each
26 ft. or more, motive power	each

Houseboats less than 26 feet in length that are powered by motors of 24 horsepower or less are rated as Additional Residence Maintained by the Named Insured.

The rates apply in the state of the insured's initial residence, unless the boat is principally operated in connection with a residence maintained by the insured in another state.

#### **Personal Watercraft (Unacceptable for Binding on New Business)**

Jet Skis	each
Endorsement GL-82 – Watercraft	

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## 5.1.11 Waterbed Liability

	Rating Basis
Waterbed Liability .....	per policy
Endorsement ML-209 – Waterbed Liability	

## 5.2.1 Farm

1. When the insured does not farm and the **farm premises is rented to others, (maximum 200 acres)**  
**Endorsement GL-73 – Additional Residences or Farms Rented to Others**
2. When the insured does not farm and **farm land only is rented to others, (maximum 200 acres)**  
**Endorsement GL-73 – Additional Residences or Farms Rented to Others**

	Rating Basis
Incidental Office, Professional, Private School or Studio Occupancy by an Insured on the premises .....	each
Endorsement GL-80 - Office, Professional, Private School or Studio Occupancy	

## **RULE 6 PREMISES ONLY LIABILITY COVERAGE**

Policy writing Instructions for Premises Only Liability Coverage are included under Rule 3. Refer to Company for Premises Only coverage options not described in this manual.

### 6.1 Eligibility

Premises Only Liability Coverage may be provided for a person or an organization owning or leasing a one-to-four family dwelling. Coverage may also be provided for a Town Hall, Community Building, or Rural Church up to a maximum of 2,000 square feet, that **holds no liquor license**.

**FMHGL-600 - Commercial Liability Coverage (Premises Only)**

### 6.2 Mandatory Coverage

The following is a general description of the coverage provided by Form FMHGL-600. The coverage part states the complete conditions.

#### 6.2.1 Coverage L - Bodily Injury and Property Damage Liability

Coverage L pays on behalf of the insured for damages due to bodily injury and property damage arising out of the ownership, maintenance or use of the insured premises.

#### 6.2.2 Coverage M - Medical Payments

Coverage M pays medical expenses, incurred by persons who are not insureds, for bodily injury related to the insured premises.

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## Personal and Premises Liability Program

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### 6.3 Coverage O - Fire Legal Liability

Coverage O pays for property damage to premises rented by the insured. The included each occurrence limit is \$50,000. Higher Coverage O each occurrence limits and premiums are shown in the Premises Only Rate Pages.

### 6.4 Limits of Liability

#### 6.4.1 Per Occurrence Limit

A per occurrence limit applies to the total of sums payable under all applicable coverage (Coverage L, M and O combined) for a single occurrence. The minimum per occurrence limit is \$100,000. Subject to the occurrence limit, the minimum Coverage M per person limit is \$2,000.

Higher per occurrence and per person limits are available at the charges shown in the Premises Only Rate Pages.

#### 6.4.2 Annual Aggregate Limit

An annual aggregate limit applies to the sum of all payments made during an annual policy term. Premises Only rates contemplate a general aggregate limit equal to twice the per occurrence limit. A higher annual aggregate limit may be provided at the additional charge shown in the Rate Pages.

### 6.5 Calculation of premium

The premium is calculated as follows:

- 6.5.1** Use the Premises Only Rate Pages to obtain the premium charge for **each** covered dwelling rented to others. If applicable, include the additional charge for increasing the Coverage M limit.
- 6.5.2** Adjust the premium for each covered dwelling by adding the charge for each incidental office, professional, private school, studio occupancy. Include the charge for increasing the Coverage M limit if applicable.
- 6.5.3** Add together the adjusted premium charges for all covered dwellings.
- 6.5.4** If Coverage O applies, add the appropriate premium charge to the sum of the charges determined in **6.5.3**.
- 6.5.5** If a higher annual aggregate limit is elected, apply the appropriate surcharge to the premium determined in **6.5.4**.

## **RULE 7 TERRITORIAL DEFINITIONS**

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### **Territory Description**

ALL Entire State

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### **RULE 8 PREMIUM ROUNDING RULE**

The following rules always apply to Direct Bill Policies.

#### **8.1 Premium Rounding Rule**

All premiums shown on the policy and endorsements shall be rounded to the nearest cent.

#### **8.2 Waiver of Premiums**

Additional or return premiums of less than \$7.00 that result from a mid-term policy change may be waived. However, a return premium of less than \$7.00 must be paid if requested by the insured.

### **RULE 9 PHYSICAL DAMAGE TO THE PROPERTY OF OTHERS**

Coverage is provided by the base policy for Physical Damage To The Property Of Others for a limit of \$1,000 per occurrence. This limit can be increased as displayed on the Rate Pages up to a maximum of \$5,000.

**REFER TO RATE PAGE for premium charge.**

### **RULE 10 LOSS ASSESSMENT LIABILITY COVERAGE – SEE RATE PAGE**

### **RULE 11 CLOUD PACKAGE DISCOUNT RULE – SEE RATE PAGE**

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## ADDITIONAL RULES

### 5.1.12 Recreational Vehicle

	Rating Basis
Recreational Vehicles – Owned by an Insured. . . . .	each
Endorsement FU-83 – Recreational Vehicle Liability Coverage	

### 12.1 Specified Business Exclusion

This optional endorsement is used to exclude coverage for liability arising out of the operations described on the dec.

**FMHGL-101 – Specified Business Exclusion**

### 12.2 Canine & Canine Hybrid Exclusion

This optional endorsement can be used to exclude coverage for bodily injury or property damage arising out of the direct physical contact with a canine.

**FMHGL-103 – Canine & Canine Hybrid Exclusion**

### 12.3 Trampoline Exclusion

This optional endorsement can be used to exclude liability for bodily injury and property damage arising out of the ownership, maintenance, operation, supervision, or use of trampolines.

**FMHGL-104 – Trampoline Exclusion**

### 12.4 Swimming Pool Exclusion

This optional endorsement excludes coverage for bodily injury and property damage arising out of the ownership, maintenance, operation or use of any swimming pool.

**FMHGL-105 – Swimming Pool Exclusion**

### 12.5 Steps, Stairs or Porches Exclusion

This optional endorsement can be used to exclude bodily injury and property damage arising out of the use of any steps, stairs or porches owned or maintained by the insured with a known hazardous condition.

**FMHGL-106 – Steps, Stairs or Porches Exclusion**