

**RLI INSURANCE COMPANY**

**All States**

(except Alaska, California, Delaware, Florida, Georgia, Hawaii, Iowa, Louisiana, Michigan, Mississippi, New Hampshire, New Mexico, New York, North Dakota, Pennsylvania, Virginia, Washington and West Virginia)

**HOME BUSINESS INSURANCE PROGRAM  
RATING GUIDE**

Premium Calculation Instructions

- Step 1. Determine the rating territory using the first three digits of the zip code as listed under Rating Territories located on page 5.
- Step 2. Determine the rate group by referring to the Eligible Businesses list located on pages 2 and 3.
- Step 3. Using this combination of factors, locate the base rate on the Rate Sheet located on page 3. If optional coverages are desired, add additional premiums located on pages 3 and 4 to the base rate to calculate the premium total.

Note: Amounts should be rounded to the nearest dollar.

	<b>RLI Insurance Company</b>	
<i>SAMPLE</i>	<b>Home Business Insurance Program Rating Worksheet</b>	<i>SAMPLE</i>
Applicant's Name: <u>Country Crafts</u>	Effective Date: <u>01-01-2009</u>	
LOCATION DATA: State Code <u>TX</u>	Zip Code <u>77803</u>	<b>Base Rate</b>
Territory: <b>(1)</b> 2 or 3	Rate Group: <b>(A)</b> or B or Z =	<u>\$239</u>
The Basic Plan (base rate) includes: \$5,000 Business Personal Property on premises or temporarily off premises, \$300,000 Business Liability, Business Income and \$250 Deductible.		
Total Business Personal Property (BPP) Amount: \$ <u>12,500</u>		
Business Liability Limits: <input type="checkbox"/> \$300,000 <input checked="" type="checkbox"/> \$500,000 <input type="checkbox"/> \$1,000,000		
<b>OPTIONAL COVERAGES:</b>	<b>LIMIT or EXPOSURE BASE</b>	<b>RATE PER \$100 or FLAT RATE</b>
LOCATION ONE BUSINESS PERSONAL PROPERTY (BPP) COVERAGE (in excess of \$5,000 included in base rate)	<u>2,500</u>	x <u>2.90</u> = <u>\$ 73</u>
LOCATION TWO BUSINESS PERSONAL PROPERTY (BPP) COVERAGE (total BPP coverage limits may not exceed the maximum limit of \$100,000)	<u>5,000</u>	x <u>3.48</u> = <u>\$174</u>
ADDITIONAL INSURED (charge per each additional insured)	<u>2</u>	x <u>\$20</u> = <u>\$ 40</u>
INCREASED LIMIT OF LIABILITY	<u>X</u> \$500,000 \$1,000,000	<u>\$25</u> = <u>\$ 25</u>
MONEY & SECURITIES	<u>\$1,000/\$1,000</u>	<u>\$30</u> = <u>\$ 30</u>
<b>PREMIUM TOTAL (Base Rate + Additional Premiums)</b>		= <u>\$581</u>
COVERAGE FOR CERTIFIED ACTS OF TERRORISM		= <u>\$116</u>
<b>FINAL TOTAL (Premium Total + Terrorism Charge)</b>		= <u>\$697</u>

## ELIGIBLE BUSINESSES FOR HOME BUSINESS INSURANCE PROGRAM (HBI)

The list of eligible businesses shown below are the ONLY businesses eligible. The application is self-underwriting. You and your customer know immediately whether we will accept the business. If the risk isn't eligible or doesn't qualify, you can save your customer the inconvenience of being declined. There's no reason to submit an ineligible application, because there are no exceptions. If you can answer the questions on the application "NO" and the business is listed as being eligible, the policy will be issued promptly.

Eligibility Class Number	Type of Business	Rate Group	Eligibility Class Number	Type of Business	Rate Group
63	Abstracting and Indexing Service	B	28	Food Supplements/Vitamins (5)	Z
1	Accounting Service	B	126	Furniture Refinishers	A
2	Adjuster (Public or Independent Claim Adjuster)	A	123	Games/Puzzles Vendor (5)	A
71	Advertising Specialty Items Sales (3)	B	133	Genealogists (3)	B
3	Antique Gallery/Shop (1)	A	30	Gift Delivery Service (5) (balloons, gift baskets, etc.)	B
4	Appraisal Service	B	31	Gift Shop, <b>excluding manufacturing/distribution of candles made by individuals</b>	A
5	Art Gallery/Art Studio (1)	A	32	Glassware	A
6	Artist Supplies	A	33	Graphic Artist/Designer	B
72	Auctioneer (3)	A	34	Handicrafts, <b>excluding manufacturing/distribution of candles made by individuals</b>	A
106	Auditor	B	75	Hearing Aid Sales	A
7	Bakeries	Z	35	Hobby & Model Supplies, <b>excluding explosives and propellants</b>	A
107	Balloon Art	B	36	Household Products (Amway, Fuller Brush, etc.)	A
130	Barbers (6)	Z	65	Information Search Retrieval (4)	B
8	Barber Supplies (5)	A	76	Insurance Agent	A
131	Beauticians (6)	Z	37	Interior Decorating	B
9	Beauty Supplies (5)	A	112	Interior Window Treatments	A
66	Billing Service	B	95	Inventory Control Specialist	B
10	Book/Magazine Distributor	A	38	Jewelry (Costume)	A
11	Bookbinding	A	39	Kitchen Supplies (Tupperware, etc.)	A
12	Bookkeeping Service	B	40	Ladies/Girls Clothing, Accessories	A
92	Calligraphy	B	41	Lingerie	A
73	Camera/Photography Sales or Repair	A	42	Leather Goods	A
108	Candle Sales, <b>excluding sales of candles made by individuals (5)</b>	A	77	Loan Origination Service	B
13	Candy/Nut Confections	A	78	Locksmith	A
93	Car Detailer	A	79	Market Research (4)	B
109	Cell Phone/Pager Sales	A	67	Medical Claims Processing	B
14	Ceramics	A	44	Mens/Boys Clothing, Accessories	A
74	Clock or Watch Repair	A	103	Models (3)	B
15	Clowns, Magicians, Entertainers <b>excluding Bands &amp; Disc Jockeys (2) (10)</b>	Z	113	Monogramming	B
16	Computer Consultants and Trainers <b>who are not involved in development of custom applications/programs</b>	A	80	Musical Instrument Sales/Repair	A
17	Computer Repair	Z	124	Newspaper/Magazine/Book Delivery	A
94	Computer Sales	A	114	Notaries	B
18	Computer Service Bureau	A	96	Office Supplies Vendor	A
19	Cosmetic Sales (Avon, Mary Kay, etc.) (3) (4)	A	116	Paper Goods	A
20	Crafts, <b>excluding manufacturing/distribution of candles made by individuals</b>	A	81	Pay Telephone Provider	B
132	Dance Instructors (9)	A	45	Personal Care Products (4) (5)	A
110	Database Management	B	97	Personal Fitness Trainer (2)	Z
21	Desktop Publishing (3) (4)	B	134	Personal Image Consultants (3)	B
22	Draftsman	B	82	Personalized Books & Gifts	B
122	Dry Food Products/Mixes Vendor	A	135	Pet Sitters (7)	Z
64	Editorial Service/Proofreaders (3) (4)	B	46	Photographer/Photography Studio	Z
111	Embroidery	B	29	Picture Framing	A
23	Engraving	B	117	Prepaid Calling Card Vendor, <b>excluding sales from vending machines</b>	A
24	Expert Witness Consultants	B	47	Printer (3) (4)	B
25	Financial Planning, <b>excluding discretionary trading authority and/or access to customer's funds</b>	B	68	Professional Organizer	B
26	Floral Arrangement	A	104	Professional Speakers (3)	B
27	Food Broker	B	48	Publisher (4)	B
			83	Real Estate Agent	B

-- ELIGIBLE BUSINESSES CONTINUED ON PAGE 3 --

## ELIGIBLE BUSINESSES FOR HOME BUSINESS INSURANCE PROGRAM (HBI) cont'd

Eligibility Class Number	Type of Business	Rate Group	Eligibility Class Number	Type of Business	Rate Group
49	Religious Goods	A	99	TV/VCR Repair	Z
136	Residential Inspection Services (8)	A	100	Upholsterer	A
84	Resume Service	B	88	Video & Music Sales/Rental	A
137	Retail Toy Sales	A	58	Videotaping, Dubbing, Editing (3)	A
69	Rubber Stamp Business	B	129	Vinyl/Leather Repair	A
127	Scrapbooking	A	121	Website Designer	B
51	Secretarial Service	B	89	Wedding & Party Planners	B
128	Seed Sales	A	59	Wedding Cake and/or Cookie Sales	Z
52	Shoe Repair	Z	90	Windshield Repair	A
118	Sign Painting	A	138	Wood Furniture Crafters (5)	Z
53	Stationery	B	60	Wood Products, <b>excluding toys and furniture manufacturing</b>	A
119	Stenciling	B	61	Word Processing	B
54	Tailoring, Alterations, Seamstresses	A	62	Writers/Authors (3) (4)	A
120	Tax Preparation	B			
98	Taxidermist	B			
70	Teachers/Tutors, <b>except sports, physical education, industrial or martial arts</b> (2) (10)	Z			
55	Telemarketing, Telephone Solicitation (3)	B			
85	Telephone Answering Service/Voicemail	B			
86	Toner Cartridge Recharging	Z			
56	Transcribing, Court Reporters (3)	B			
87	Translator (3)	B			
105	Travel Agent	B			
57	Trophy Sales	A			

- NOTES: (1) Actual Cash Value Basis Only  
 (2) Not eligible in Kansas or New Jersey  
 (3) Personal and Advertising Injury Exclusion Applies  
 (4) Intellectual Property Hazard Exclusion Applies  
 (5) Products Liability Exclusion Applies  
 (6) Includes Professional Services  
 (7) Pet Sitting Services Endorsement Applies  
 (8) Residential Inspection Services Endorsement Applies  
 (9) Medical Expenses Coverage Exclusion Applies  
 (10) Abuse/Molestation Exclusion Applies

### RATE SHEET

Business Personal Property  
 on premises or temporarily off premises ..... Limit \$5,000

Business Liability Limit ..... \$300,000

Business Loss of Income ..... ONE YEAR TIME LIMIT

Deductible (no other choice available) ..... \$250

<b>Base Rate</b>			
Territory	Rate Group Z	Rate Group A	Rate Group B
1	\$297	\$239	\$159
2	\$239	\$201	\$159
3	\$201	\$159	\$159

### Optional Coverages Available

#### I. Additional Business Personal Property (BPP) Coverage

In excess of the \$5,000 automatically provided in the Base Rate.

Maximum limit for BPP coverage is \$100,000.

Location One BPP:

Territory	Rate Group Z	Rate Group A	Rate Group B
	Rate Per 100	Rate Per 100	Rate Per 100
1	\$6.25	\$2.90	\$2.00
2	\$4.20	\$2.00	\$1.40
3	\$2.75	\$1.40	\$0.90

Location Two BPP:

Territory	Rate Group Z	Rate Group A	Rate Group B
	Rate Per 100	Rate Per 100	Rate Per 100
1	\$7.50	\$3.48	\$2.40
2	\$5.04	\$2.40	\$1.68
3	\$3.30	\$1.68	\$1.08

-- RATE SHEET CONTINUED ON PAGE 4 --

## II. Money and Securities Coverage

<u>On/Off Premises</u>	<u>All Rate Groups</u>	<u>On/Off Premises</u>	<u>All Rate Groups</u>
\$1,000/\$1,000	\$ 30	\$ 5,000/\$2,000	\$147
\$2,000/\$1,000	\$ 59	\$ 7,500/\$2,000	\$237
\$3,000/\$1,000	\$ 88	\$10,000/\$5,000	\$288
\$4,000/\$1,000	\$117		

## III. Increased Limits of Liability

\$500,000 = \$25

\$1,000,000 = \$60

## IV. Limitation – Business Personal Property – Jewelry and Watches

\$20 Charge to increase limit up to \$250 per item.

## V. Additional Insured Charge

\$20.00 charge per each additional insured. The only additional insureds we will add are as follows:

Controlling Interest, Owner or Lessor of Leased Land, Co-Owner of Insured's Premises, Manager or Lessor of Premises, Lessor of Leased Equipment, Grantor of Franchise, State or Political Subdivision (for some permits), Dispatcher or Referral Service.

## VI. \*Coverage for Certified Acts of Terrorism

(The charges outlined below are subject to change, as they have been filed under the Use and File provision of the Federal Terrorism Act.)

Territory	Territory	Charge
NJ	1	10% of the Total Premium
Remaining States	1	20% of the Total Premium
All States	2	\$1
All States	3	\$1

\*Applicable unless the coverage is rejected. Form UW 20313G must be submitted with the application to reject coverage for Certified Acts of Terrorism.

## RATING TERRITORIES

Premiums are developed by using Business Address Zip Code (first three digits) to identify the rating territory.

<b>State</b>	<b>Zip Code Sectionals</b>	<b>Territory</b>	<b>Effective Dates</b>	
			<b>New Business</b>	<b>Renewal Business</b>
Alabama	365, 366 .....	1	1/1/2008	1/1/2008
	Remainder of State .....	3		
Alaska	Use Alaska Rating Guide, HBP 117AK.			
Arizona	Entire State .....	3	1/1/2008	1/1/2008
Arkansas	Entire State .....	3	1/1/2008	1/1/2008
California	Use California Rating Guide, HBP 117CA.			
Colorado	Entire State .....	3	1/1/2008	1/1/2008
Connecticut	065 .....	1	1/1/2008	1/1/2008
	064, 066, 069 .....	3		
	Remainder of State .....	2		
District of Columbia	Entire District .....	1	1/1/2008	1/1/2008
Delaware	Use Delaware Rating Guide, HBP 117DE.			
Florida	Use Florida Rating Guide, HBP 117FL.			
Georgia	Use Georgia Rating Guide, HBP 117GA.			
Hawaii	Use Hawaii Rating Guide, HBP 117HI.			
Idaho	Entire State .....	3	1/1/2008	1/1/2008
Illinois	600-603, 605, 606 .....	1	1/1/2008	1/1/2008
	Remainder of State .....	3		
Indiana	Entire State .....	3	1/1/2008	1/1/2008
Iowa	Use Iowa Rating Guide, HBP 117IA.			
Kansas	Entire State .....	3	1/1/2008	1/1/2008
Kentucky	Entire State .....	3	1/1/2008	1/1/2008
Louisiana	Use Louisiana Rating Guide, HBP 117LA.			
Maine	Entire State .....	3	1/1/2008	1/1/2008
Maryland	Entire State .....	3	1/1/2008	1/1/2008
Massachusetts	010, 011, 016 .....	3	3/1/2008	3/1/2008
	Remainder of State .....	2		
Michigan	Use Michigan Rating Guide, HBP 117MI.			
Minnesota	Entire State .....	3	1/1/2008	1/1/2008
Mississippi	Use Mississippi Rating Guide, HBP 117MS.			
Missouri	Entire State .....	3	1/1/2008	1/1/2008
Montana	Entire State .....	3	1/1/2008	1/1/2008
Nebraska	Entire State .....	3	1/1/2008	1/1/2008
Nevada	Entire State .....	3	1/1/2008	1/1/2008
New Hampshire	Use New Hampshire Rating Guide, HBP 117NH.			
New Jersey	070, 071, 084 .....	1	1/1/2008	1/1/2008
	081, 086 .....	3		
	Remainder of State .....	2		
New Mexico	Use New Mexico Rating Guide, HBP 117NM.			
New York	Use New York Rating Guide, HBP 117NY.			
North Carolina	Entire State .....	3	1/1/2008	1/1/2008
North Dakota	Use North Dakota Rating Guide, HBP 117ND.			
Ohio	Entire State .....	3	3/1/2008	3/1/2008
Oklahoma	731, 741 .....	3	1/1/2008	1/1/2008
	Remainder of State .....	2		
Oregon	Entire State .....	3	1/1/2008	1/1/2008
Pennsylvania	Use Pennsylvania Rating Guide, HBP 117PA.			
Rhode Island	Entire State .....	2	1/1/2008	1/1/2008
South Carolina	294, 295 .....	2	1/1/2008	1/1/2008
	Remainder of State .....	3		
South Dakota	Entire State .....	3	1/1/2008	1/1/2008
Tennessee	Entire State .....	3	1/1/2008	1/1/2008
Texas	770-775, 750-753, 760, 761, 776-778 .....	1	1/1/2008	1/1/2008
	Remainder of State .....	2		
Utah	Entire State .....	3	1/1/2008	1/1/2008
Vermont	Entire State .....	3	1/1/2008	1/1/2008
Virginia	Use Virginia Rating Guide, HBP 117VA.			
Washington	Use Washington Rating Guide, HBP 117WA.			
West Virginia	Use West Virginia Rating Guide, HBP 117WV.			
Wisconsin	Entire State .....	3	1/1/2008	1/1/2008
Wyoming	Entire State .....	3	1/1/2008	1/1/2008



## PRODUCTION GUIDE

The RLI Home Business Insurance Program is designed for small businesses which are operated out of a person's home. These entrepreneurs may find it difficult to obtain appropriate and affordable insurance through a conventional commercial lines approach. Yet the homeowner's policy on the residence normally excludes any losses arising from "business pursuits."

The types of enterprises specifically targeted are individuals engaged in the retail distribution of products and/or services with operations based from their place of residence. **Professional Liability is excluded on all classes, except Barbers and Beauticians.**

**NO BINDING AUTHORITY IS EXTENDED.**

### Eligibility

A Home Business includes a retail or service business operated from the insured's place of residence and having the following characteristics. It must:

- Be operated by the insured and/or another immediate family member who resides in the insured's household.
- Employ no more than ten (10) employees, other than independent contractors or distributors.
- Be incidental to the occupancy of the building as a private residence.

### 2<sup>nd</sup> Location Eligibility

Risks may **store** BPP at a second location, but may not operate their business from a second location. The following are examples of an eligible second location:

- Insured rents or owns a second home.
- Partnership/Corporation – Two owners each working from their own home. (Note: A third location may be added by endorsement with underwriting approval.)
- Storage Units (Maximum Size: 250 Sq. Ft.)
- Outbuildings located on the insured's premises but more than 100 Ft. away from their home (Any size).

### Risk Size Limitations

Risks exceeding the size limitations listed below will be declined.

- A maximum of \$100,000 business personal property value.
- A maximum gross annual sales/receipts derived from the business activity of \$250,000 for sales of merchandise **or** \$500,000 for a service business.

### Underwriting Guidelines

All risks must meet the following Underwriting Guidelines.

- Building coverage is NOT available from RLI under this program.
- The limit of insurance for business personal property must equal 100% of the replacement value.
- The applicant does not own any business under the same legal name as this business which is operated at a different location.
- The dwelling cannot be located within 1,500 feet from the seacoast on the Gulf of Mexico or the Atlantic Ocean. (N/A in RI)
- The applicant does not repackage food or personal care products to be sold under their own label.
- The applicant is not involved in the sale or manufacturing of explosives, propellants and/or use of flammable liquids.
- The applicant does not install any products, excluding installation of computer systems, office equipment, locksmith devices or draperies.
- There have been no more than two (2) claims of any type, related to the business operation, in the previous three (3) years.
- There has been no single claim, related to the business, for more than \$25,000 in the previous three (3) years.

### Optional Coverages

- Money and Securities (up to \$10,000 on premises/\$5,000 temporarily off premises).
- Additional Business Personal Property (in excess of the \$5,000 automatically provided).
- Optional Liability Limits of \$500,000 and \$1,000,000 (\$300,000 automatically provided).
- Additional Insureds: Controlling Interest (in this business); Owner or Lessor of Leased Land; Manager or Lessor of Premises; Lessor of Leased Equipment; Co-owner of Insured Premises; Grantor of Franchise; State/Political Subdivision (for permits relating to the premises); or Dispatcher or Referral Service.
- Jewelry and Watches Increased Limit Coverage – An additional coverage that modifies the property limitation in the Businessowners Coverage Form BP 00 03 which currently limits coverage per item to \$100 or less. (BOP 429 – Limitation – Business Personal Property increases the limitation to cover items \$250 or less. A \$20 service fee is charged to add this endorsement).

### Availability

Product available in all U.S. states and the District of Columbia.

RLI Insurance Company • 9025 N. Lindbergh Drive • Peoria, IL 61615

## Forms and Endorsements:

In addition to state and class specific forms, the following Forms and Endorsements will be included in the policy at the time of issue:

- BP 00 03 BUSINESSOWNERS COVERAGE FORM
- BP 05 76 CHANGES – LIMITED FUNGI OR BACTERIA COVERAGE
- BP 05 77 FUNGI OR BACTERIA EXCLUSION (LIABILITY)
- BP 06 01 EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA
- BP 06 06 EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA (APPLICABLE TO MASSACHUSETTS ONLY)
- BP 07 04 BUSINESS LIABILITY COVERAGE – PROPERTY DAMAGE LIABILITY DEDUCTIBLE (PER OCCURRENCE BASIS)
- BOP 405 AMENDMENT TO PROFESSIONAL LIABILITY EXCLUSION
- BOP 410 PERSONAL PROPERTY OFF PREMISES
- BOP 413 EXCLUSION – WEIGHT LOSS PRODUCTS
- BOP 414 EXCLUSION – MEDICAL EXPENSES COVERAGE
- BOP 415 DEFINITION – VOLUNTEER WORKER
- BOP 425 INTERNET AND ELECTRONIC COMMUNICATIONS EXCLUSION
- BOP 426 AUTOMATIC INCREASE – BUSINESS PERSONAL PROPERTY