

Maine - Effective: 1/1/2023  
Underwriting Guidelines - Homeowners

## Principles Supported

As a matter of company policy, State Farm fully supports these principles: (1) No request for Homeowners insurance will be denied and no policy canceled or non-renewed solely because of age of a residence, location of a residence (unless in an area of inadequate fire protection or an area of excessive risk of loss including losses from a catastrophic event such as a hurricane or earthquake), type of construction (brick or frame), because another insurer declined, canceled, or non-renewed insurance, or because the applicant was insured by a FAIR Plan or other residual plan; (2) In no case will Homeowners insurance be denied because of age, sex, race, color, religion, sexual orientation, handicap or disability, national origin or familial or marital status of the owner or residents of the dwelling; (3) In all cases, eligible business will be offered with terms most favorable (broadest coverage and lowest premium) to the policyholder.

To the extent that any guideline in this manual is in conflict with the applicable state law, the law of the state will apply.

Each application for insurance will be considered on its individual merits. No application for insurance will be declined due to the physical condition of the property without a timely inspection of the property and a clear explanation of the reasons for declination. If the property can be improved to prevent declination, the applicant will be told what needs to be done.

Coverage may not be bound on property located outside the state where the agent is licensed.

## Insurance Coverage Amount

The customer is responsible for selecting the insurance coverage amount. The agent's role is to assist and provide guidance, but the decisions on coverage and insurance amounts must be made by the customer. Selecting the proper coverage limit is similar to other decisions the customer needs to make regarding the size of their deductible or the need for optional coverage or endorsements.

## Use of Replacement Cost Estimates

It is our desire that our customers use an estimate that the customer feels is appropriate for their home. Since the customer will always know more about their home than an agent or agent's team member, the estimating process should be customer driven rather than tool driven.

## High Value Requirements - New Business

- Risks must have a central station reporting fire and burglar alarm system, deadbolt lock, and fire extinguisher when dwelling or contents amount is above \$4,000,000.
- HO-W only - Seasonal and Secondary Homes \$1,500,000 or greater dwelling or contents amount – A whole house water leak detection system with automatic shut off is required.

## Definition

"Unacceptable" means that if the described condition or situation exists, the entire risk or particular item will not be accepted for insurance coverage by the company.

## Applicant

Non-Tenant Homeowners (Dwelling Coverage)

- All applicants will be evaluated based on the following information:
  - Loss history
  - Credit History

### Unacceptable

- Applicant having any loss within the last three years (Renters or Condominium Unitowners only).
  - **Exceptions when applying for Renters or Condominium Unitowner coverage:**
    - One prior loss in the past 36 months will be forgiven with a deductible equal to or greater than \$1,000.
    - **Returning policyholders:** One loss will be forgiven if a new application is taken, the time out of force is no more than 6 months, and the applicant had at least 3 years of history on the prior State Farm residential policy.
- Applicant with a prior conviction for arson, fraud, or other insurance related offenses
- Application with more than four named insureds

## Application

A fully completed application is required to evaluate the risk.

## Buildings and Related Structures

### Unacceptable

- Dwelling exhibiting interior or exterior deficiencies including but not limited to:
  - Deteriorated utility systems.

- Roof, siding, or foundation in poor condition.
- Steps or stairs that are unsafe and unsupported.
- Porches and decks that are rotted, uneven, or obstructed.
- Railings that are missing, not maintained, not properly anchored or installed or with defective vertical supports.
- Construction using non-conventional building materials or methods and/or "do-it-yourself" construction not built in compliance with established building codes.
  - Such construction includes, but is not limited to, underground structures, dome structures, rammed earth construction, tiny homes and straw bale construction.
- Dwellings under construction and applicant is acting as the general contractor.
  - Exception: Consideration may be given when the applicant has a current Comprehensive General Liability policy in force.
- Dwelling with non-continuous, open foundation.
- Outbuilding or structure not in good condition.
- Basement dwelling without means of exit (ex. egress windows)
- Manufactured Home
- Houseboats and float homes
- Risk undergoing extensive remodeling including but not limited to:
  - Changing structure through partial or complete demolition
  - Dwellings being purchased and remodeled for immediate resale
  - Structural changes that increase the chance for loss
- Uncorrected physical deficiencies in construction or material
- Dwelling with unacceptable adjacent exposure that increases the risk to the insured property
  - An exception may be considered if the adjacent exposure is confined so as not to present an increased risk of loss to the dwelling insured.
- Dwelling built on landfill (i.e. waste dump)
  - An exception may be considered based on favorable information about methane gas monitoring and control.
- Vertically Stacked Unit
  - An exception may be considered when a legal document exists which clearly details ownership rights, responsibility of each owner in case of loss, and the amount of coverage each owner is required to carry.
- Dwelling with an attached barn is ineligible unless the following requirements are met:
  - The barn should be used only for the housing and storage of items found in any domestic garage, such as lawn mowers, bicycles, garden tools, etc. Coverage is not to be bound on those used for extensive storage, housing of animals, hay, junk, etc.
  - Utilities in both the house and barn should be updated and in good condition.
  - The area of the attached barn is to be 1,000 square feet or less.

## **Building Service Equipment**

### **Unacceptable**

A dwelling with any of the following characteristics:

- Unvented gas space heaters:
  - Used a primary source of heat.
  - Used in sleeping areas.
  - Not installed to the manufacture’s specifications.
  - Prohibited by local or state code requirements.
  - Does not have an Oxygen Depletion Sensor (ODS) device installed as standard equipment and listed by a recognized testing laboratory.
- An electric space heater as the only or primary source of heat.
- Portable kerosene heaters exhibiting any of the following characteristics:
  - Not listed by UL or other nationally recognized testing laboratory
  - Does not have warning labels regarding ventilation and proximity to combustibles
  - Not permitted by state or local codes
  - Not filled with a siphon pump away from living area and equipped with a fuel gauge
  - Used as the sole source of heat
- Utilities that do not comply with code requirements or are not properly maintained
- Knob & tube wiring
- Single strand (solid) aluminum wiring, unless the policyholder provides a certificate from a licensed electrician stating that all connections including fixtures, outlet switches, junction boxes and electrical panel connections have been repaired using methods approved by the U.S. Consumer Product Safety Commission.
- Two or more sewer or drain losses in the past three years
- Solid Fuel appliances exhibiting any of the following characteristics:
  - Homemade solid fuel burning appliances
  - Chimneys consisting of metal single wall stovepipe or unlisted metal chimneys
  - Unlined masonry chimneys
  - Wood burning appliances vented into the same flue or stovepipe with any other appliance (solid or fossil fuel)
  - Installed in a garage, detached structure used as a garage, or any detached structure where gasoline or any other flammable vapors or gasses are present
  - Used as the sole source of heat
    - Auger-fed and thermostatically controlled solid-fuel furnaces are acceptable as the sole source of heat.
  - Not listed by Underwriter's Laboratories (UL) or other nationally recognized testing laboratory
  - Not installed by a professional contractor or by applicant to manufacturer's specifications
    - If manufacturer allows reduced clearances, factory specifications are required.
  - Appliance and venting system are not properly maintained, including frequent cleaning of chimney.

## Catastrophes

### Binding Authority

During a period of imminent danger from a natural disaster, coverage should not be written, bound, or endorsed to existing policies in the areas involved. Policy coverage's should not be increased, decreased, endorsed and deductible decreases should not be permitted. This restriction remains in effect until the passing of the emergency is announced by the National Weather Service or State Farm leadership.

Coverage should be declined during a period of imminent danger. Underwriting will communicate additional catastrophe related binding restrictions as appropriate. This does not relieve you of the responsibility for taking independent action in declining coverage during a period of imminent danger from a disaster.

## Condominium Risks

### Unacceptable

A dwelling with any of the following characteristics:

- No master policy
- The condominium unit rented 100% of the time. (Can be considered under the Rental Condominium Unitowners Program).
- Condominiums rented on a nightly basis as a hotel room by a hotel or resort management company.

## Fire Protection

### Unacceptable

- An unprotected risk
  - An unprotected risk is any risk that does not meet the following standards:
    - Located within ten road miles of a servicing fire department
    - Has water availability for firefighting year round
    - Is accessible by fire department equipment year round.

If fire department service requires subscription to an assessment fire department, the risk may be acceptable if the applicant(s) subscribes and payments are current

## Occupancy

### Unacceptable

A dwelling with any of the following characteristics:

- Rooming/boarding houses with more than two roomers or boarders
- Fixed mounted burglar bars in dwellings occupied by more than one family or with roomers or boarders

- Risks with quick release burglar bars are acceptable.
- Unacceptable Child Care (See Child Care Liability Endorsement)
- Unacceptable Adult Family Home (See Adult Family Home Endorsement)
- Unacceptable Adult Day Care (See Adult Day Care Liability Endorsement)
- Farming activity on premises
- The extent of the business emanating from the residence alters the character of the private residence so the business occupancy increases the risk of liability or property damage loss to resemble that of a business.
- Occupied by more than one family, without a second means of exit from each unit, including basement units
- Vacant

## Roof

Risks with damaged or deteriorated roofs increase the potential for loss and are unacceptable. A visual and physical inspection, as required by Underwriting, will allow assessment of the roof condition. Dwellings with the following roof coverings installed over any living space are ineligible for Non-Tenant Homeowners:

- Asphalt composition over wood shake/shingle
- Asphalt composition roll roofing
- More than two layers of asphalt shingles
- Roofing products deemed obsolete, including but not limited to:
  - Asbestos shingles
  - T-Lock shingles

For new business and existing customers with T-lock shingles, coverage may be bound with a minimum 2% all-peril deductible (or its equivalent where percentage deductibles are not available). The roof must be otherwise well maintained and in good condition. The deductible can only be reduced if the roof is replaced with an eligible roof type. A roof replacement is not required for T-lock roofs in good condition at time of issuance. However, the 2% minimum deductible must be maintained until the roof is replaced.

## Seasonal Risks

### Unacceptable

A dwelling with any of the following characteristics:

- Beach properties
- Used primarily as rooming or boarding houses
- Not easily accessible, except for periodic heavy snow conditions
- Rented to others on a full time basis

## Coastal Consistency

## Unacceptable

Dwellings with any of the following are ineligible:

- Minimal High, Mild Low, Mild Medium, Mild High, Moderate, Substantial Low, Substantial Medium, Substantial High, Severe Low, Severe Medium, Severe High or Maximum Hurricane Wind risk exposure

This guideline does not apply to dwellings that have received the Institute for Business & Home Safety (IBHS) FORTIFIED for Safer Living® designation. To qualify, the dwelling must have been designated IBHS FORTIFIED for Safer Living® within the previous 10 years. Designations over 10 years old do not qualify. In addition, this guideline does not apply to dwellings with a FORTIFIED Home™ - Gold designation located in Minimum, Minimal Low, Minimal Medium or Minimal High Hurricane Wind risk exposure and a Storm Surge risk exposure less than Extreme. Dwellings qualifying with the IBHS FORTIFIED for Safer Living® or IBHS FORTIFIED Home™ - Gold must have an unexpired certificate. Both designations apply only to Non-tenant Homeowners and Renters, and do not apply to Condominium Unitowners.

Application requests in an ineligible area can be submitted non-bound for consideration with both of the following:

- Documentation of the IBHS FORTIFIED for Safer Living® designation or the IBHS FORTIFIED™ - Gold designation.
- Prior approval from Underwriting.

## Hail

- Dwellings with wood shake/shingle roof coverings and an extreme or highest hail exposure are ineligible for Non-Tenant Homeowners, except:
  - If the applicant is a named insured on an existing State Farm Non-Tenant Homeowners, Renters, Condo Unitowners, Manufactured Homes, or Farm/Ranch policy:
    - Coverage may then be bound with a minimum 2% all-peril deductible or its equivalent where percentage deductibles are not available.
    - Roof must be otherwise well maintained and in good condition.
    - The deductible can only be reduced if the roof is replaced with a non-wood shake/shingle roof.

## Liability

### Unacceptable

A dwelling with any of the following characteristics:

- Landscape hazards and inadequate maintenance of sidewalks
- Inoperable vehicles, appliances, trash or other debris around the exterior of the dwelling
- Outdoor fuel tanks showing evidence of deterioration, spills or leaks.
- Liability exposures which are not limited to usage by the owner, tenant, and guest.
- Swimming pools that do not have the following safety features:
  - In ground: Pool or yard fencing including self-closing and locking gates
  - Above ground: Stairs/ladders that can be removed, secured or locked to prevent access
- Trampolines, skateboard ramps and playground equipment which are not in good condition or working order or are not securely anchored or are not regularly maintained
- Uncommon recreational equipment, including but not limited to zip lines, roller coasters, and Ferris Wheels
- Dogs, if the dog:
  - Has a history of biting.
  - Is trained as an attack, guard, personal protection or fighting dog.
  - Demonstrates high levels of anxiety or temperament.
- Animals, if the animal:
  - Is a wild animal.
  - Is not kept in a secured enclosure.
  - Arrived outside the U.S. entering the country illegally absent the proper permits, inspection and quarantine period.

**Note:** Risks with approved service or assistance animals are eligible. This includes:

- Certified service animals
- Emotional support animals
- Any other animal that:
  - Works, provides assistance or performs tasks for the benefit of a person with a disability;
  - Provides emotional support that alleviates one or more identified symptoms or effects of a person's disability

## Adult Day Care Liability Endorsement

This endorsement extends coverage for bodily injury, property damage, and medical expenses arising out of adult day care services provided by or at the direction of an insured on or from the residence premises.

- Coverage may be bound if no more than six adults are cared for and if the applicant is licensed where required by law.
- The risk is unacceptable for this coverage if
  - Care is provided for more than six adults at any one time
  - The applicant is not licensed where required by law.



- Medical care is provided other than dispensing "over the counter" medication or help with physician-prescribed, self-administered medication.
- If an adult day care business that is not insured or is unacceptable for this endorsement is operated in the home, the risk is unacceptable for a policy.

## Adult Family Home Endorsement

Liability coverage for operations in the home providing 24-hour care for elderly and functionally disabled adults (not related to the named insured by blood or marriage), may be considered on a non-binding basis subject to the following underwriting criteria:

- The applicant must be licensed by the state as an adult care provider/home, if required.
- Care is provided for no more than six adults. No unusual or extraordinary modifications to the premises, other than disability accessible features, that would distinguish the home from other residential dwellings in the area.
- No medical care is provided other than dispensing "over the counter" medication or help with physician-prescribed, self-administered medication.
- The Adult Care business must be operated under a personal name (it cannot be a corporation or LLC) and it must be located in the insured's primary residence.

If an Adult Family Home business that is not insured or is unacceptable for our liability endorsement is operated in the home, the risk is unacceptable for a Homeowners policy.

The above guidelines apply in addition to the regular Homeowners underwriting requirements. Premium charges will be determined by Underwriting.

## Child Care Liability Endorsement

Natural, adopted, or foster children who are members of the household should not be counted. The care of foster children is normally not considered either a business pursuit or a child care operation.

### Coverage for this endorsement is unacceptable if:

- More than six children are cared for at any one time.
- The applicant is not licensed according to state law.

### Uninsured Child Care Exposures & Child Care Exposures Insured Elsewhere

- A risk is unacceptable for a Homeowners policy if an uninsured Child Care business is operated on premises.

- If a Child Care business is operated on premises and is **unacceptable for State Farm’s Child Care liability endorsement**, the risk is unacceptable for a Homeowners policy, unless:
  - The individual operating the Child Care business is certified as a Family Child Care Provider, by the State of Maine. (A Family Child Care Provider is a person who provides day care in that person’s home on a regular basis for 3 to 12 children under 13 years of age who are not the children of the provider or who are not residing in the provider’s home), and;
  - The Child Care business is covered by separate insurance coverage for business liability, including medical payment coverage equivalent to liability and medical payments coverages in the primary residence policy.
  
- A Homeowners policy may be acceptable in situations where a Child Care business is operated on premises and is **acceptable for State Farm’s Child Care liability endorsement**, however, the operator elects to insure the business elsewhere. For consideration, the following criteria are required to be met:
  - 3 to 6 children cared for, and;
  - the individual operating the Child Care business is certified as a Family Child Care Provider, by the State of Maine. (A Family Child Care Provider is a person who provides day care in that person’s home on a regular basis for 3 to 12 children under 13 years of age who are not the children of the provider or who are not residing in the provider’s home), and;
  - the Child Care business is covered by separate insurance coverage for business liability, including medical payment coverage equivalent to liability and medical payments coverages in the primary residence policy.

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