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MERCANTILE PACKAGE PROGRAM

**ARIZONA, NEW MEXICO, NEVADA, UTAH
EFFECTIVE OCTOBER 2007**

THIS PROGRAM IS DESIGNED TO BE COMPETITIVE AND EASY TO RATE FOR SMALL TO MEDIUM SIZED RETAIL ESTABLISHMENTS WITH GOOD LOSS EXPERIENCE. INDIVIDUAL ACCOUNTS MUST MEET THE ELIGIBILITY REQUIREMENTS TO QUALIFY FOR THE PROGRAM. THE POLICY IS WRITTEN ON A PACKAGE BASIS, WHICH REQUIRES BOTH PROPERTY AND LIABILITY COVERAGES. **Minimum Total Premium is \$750.00.**

ELIGIBILITY REQUIREMENTS

- Sales must be greater than \$50,000.
- Maximum age of building is 50 years. If over 30, roof, heating, electricity and plumbing must have been updated within the last 15 years.
- Buildings may not exceed two stories.
- Cooking operations must have an ansul system and a semi-annual service agreement.
- All structures must meet **ALL** city, county and state building codes.
- Surcharge 10% for new ventures or risks that have not been insured for the past 30 days.

SUBMIT

- Risks With Sales Over \$1 Million
- Any Risk With Two or More Losses in the Last 3 Years or Losses in Excess of \$2,000
- Any Classification Not Listed on the Program
- Any Deviation From the Program
- Pawn Shops
- Additional Insured Other Than Landlord – Send Completed Supplemental Application
- Bailee Customers (Legal Liability)
- Employee Benefits
- Doctor and Dentist Office
- Taverns/Restaurants
- Night Clubs and Dance Halls

PROHIBITED

- Contractors/Developers
- Automobile Service, Repair and Sales
- Banks, Savings and Loans, Credit Unions, Financial Institutions
- Health Institutions

COVERAGES

PROPERTY

Basic Form
Broad Form
Special Form (No Theft)
Special Form (With Theft)
 (Central Station Alarm Required
 Minimum Deductible \$1000)
Property Enhancement
Replacement Cost – Submit
Co-insurance – 90%
Deductible \$500
 (Submit for Lower Deductible)
Glass
 (No Etched, Burglar Alarm Foil,
 Stained or Mirrored)

LIABILITY

Maximum Limits
 \$1 Million Occurrence
 \$2 Million Aggregate
 \$1 Million Products & Operations
 \$1 Million Personal & Advertising
 \$50,000 Fire Legal
 \$5,000 Medical Payments
Minimum Premium \$400
Minimum Deductible \$500
(B.I./P.D./LAE)

PROPERTY RATING

Composite Rating – Per \$100 of Value (Min. Rate .55)
 Building, Contents, Loss of Income, Extra Expense
 Use the Same Composite Rate
 90% Co-Insurance

MINIMUM PREMIUM PER LOCATION - \$300.00

Adjustment Factors

Fire Protection (NBC)

1 to 5 Use Table Rate
 6 and 7 10% Increase
 8 to 10 25% Increase (\$1,000
 Minimum Deductible)

Property Deductible Credits

\$1,000	7%
\$1,500	9%
\$2,500	15%

Cause of Loss

Basic Form	Use Composite Rate
Broad Form	+ .02
Special Form (No Theft)	+ .03
Special Form (With Theft)	+ .05 Alarm Required

OPTIONAL COVERAGES

Glass

Minimum Premium - \$50.00
 Rate Per Square Foot - .50
 Deductible - \$100.00

Outside Signs

Minimum Premium - \$100.00
 Maximum Sign Value - \$5,000.00
 Rate Per \$100 - \$3.00
 Deductible - \$250.00

Property Enhancement

Flat Rate - \$200.00
 Deductible - \$250.00

**Mechanical / Systems Breakdown
Coverages**

**Power Surge – Mechanical Breakdown – Short Circuits – Motor Burnout – Boiler Cracking or Explosion –
Electrical Arcing – Operator Error – Foreign Objects – Lubrication Failure – Improper Start-Up – Vibration –
Overload Conditions.**

Premiums & Flat Rates

Premium is based on total of Bldg, BPP, Loss of Income and Extra Expense.

<u>Limits</u>	<u>Premium</u>
\$ 0 - \$ 50,000	\$ 25.00
\$ 50,001 - \$100,000	\$ 30.00
\$100,001 - \$150,000	\$ 55.00
\$150,001 - \$200,000	\$ 65.00
\$200,001 - \$300,000	\$130.00

Electronic Data Processing (EDP)

<u>Limits</u>	<u>Premium</u>
\$1,000	\$15.00
\$2,500	\$35.00
\$5,000	\$65.00

**Crime
Coverages**

**Inside/Outside Robbery (Excluding Messengers) – Safe Burglary – Premises Burglary (Must Have Alarm System)
Deductible - \$250.00**

<u>Limits</u>	<u>Premium</u>
\$1,000	\$ 75.00
\$1,500	\$100.00

Property Plus Enhancement

Deductible - \$250.00

<u>Coverage</u>	<u>Limit</u>
Accounts Receivable	\$5,000
Crime	\$2,500
Sign	\$5,000
Food Spoilage	\$7,500
EDP	\$5,000
Valuable Papers	\$7,500

PREMIUM - \$200.00

LIABILITY RATING

**LIMITS START AT \$300,000 Per Occurrence, \$300,000 Aggregate
Use Composite Rates**

<u>Increased Limits</u>		<u>Optional Coverages</u>
\$500,000	+25%	Additional Insured, Landlord Only - \$50.00
\$1,000,000	+45%	Fully Earned (Submit All Others)
Double Aggregate	+ 5%	Pools (Fenced and Posted Rules) - \$500 Each
		Spas (Fenced and Posted Rules) - \$300 Each

STATEWIDE MERCANTILE PACKAGE PROGRAM

Class Code	Classification	PROPERTY		LIABILITY	
		Frame	All Other	Rate	Premium Basis**
10204	Adult Bookstores – Excl. Products/Comp.Ops.	\$0.60	\$.055	\$2.00	Gross Sales
67512	Aerobic/Dance Studios	\$0.60	\$.055	\$14.85	Gross Sales
10026	Antique Stores	\$0.60	\$.055	\$2.65	Gross Sales
60010	Apartments – Max.24 Units, Smoke Alarms++	\$0.65	\$0.60	\$58.00	Per Unit
10113 & 10115	Barber/Beauty Shops – Professional Included	\$0.60	\$.055	\$50.00	Per Operator
10100	Bakeries	\$0.65	\$0.60	\$5.00	Gross Sales
45190	Bed 'n Breakfasts	\$0.60	\$.055	\$65.00	Per Unit
10204	Bookstores - Submit If Any Internet Activity or Sales	\$0.60	\$.055	\$1.25	Gross Sales
10368	Car Wash – Self Service	\$0.60	\$.055	\$62.75	Per Bay
41650	Churches, Temples and Other Places of Worship++	\$0.60	\$.055	\$52.50	Square Footage
11127	Clothing Stores – No Children's Clothing	\$0.60	\$.055	\$2.00	Gross Sales
41669	Clubs – Other than Night Clubs/DanceHalls++	\$0.60	\$.055	\$250.00	Square Footage
11222	Copying Service	\$.065	\$.060	\$1.25	Gross Sales
18435	Convenience Markets – Max. 4 Gas Pumps, No LPG++	\$0.60	\$.055	3.15	Gross Sales
41715	Day Care – Incl. Sexual and Physical Abuse	\$0.60	\$.055	\$16.50	Per Child
18437	Dry Goods	\$0.60	\$.055	\$1.75	Gross Sales
44311	Exercise/Health Clubs++	\$0.60	\$.055	\$22.50	Gross Sales
13351	Furniture Stores – No Infant or Children's++	\$0.60	\$.055	\$3.50	Gross Sales
13506	Gift Shops	\$0.60	\$.055	\$3.50	Gross Sales
13673	Grocery Stores – Up to Max.3,000 Sq. Ft.	\$0.60	\$.055	\$2.85	Gross Sales
13716	Hardware Stores – Without Repair++	\$0.60	\$.055	\$3.75	Gross Sales
13716	Hardware Stores – With Repair++	\$0.60	\$.055	\$7.50	Gross Sales
14101	Hobby Shops	\$0.60	\$.055	\$2.50	Gross Sales
14401	Ice Cream/Water Shops	\$0.60	\$.055	\$3.00	Gross Sales
14731	Laundries – Self Service	\$0.60	\$.055	\$10.00	Per Machine
45192	Motels – Maximum 24 Units – Smoke Alarms	\$0.75	\$0.70	\$11.50	Gross Sales
61226	Office – Excluding Professional Liability	\$0.60	\$.055	\$115.00	Square Footage
16403	Pet Stores – Excluding Professional Liability	\$0.60	\$.055	\$2.75	Gross Sales
16676	Record/Tape/CD Stores	\$0.60	\$.055	\$2.15	Gross Sales
61212	Strip Mall – Landlord	\$0.60	\$.055	\$60.00	Square Footage
48808	Tanning Salons – All Merchandise Sales Incl.	\$0.60	\$.055	\$165.00	Per Bed
18570	Tattoo Parlors – Premises Coverage Only++	\$0.60	\$.055	\$300.00	Square Footage
68606	Vacant Buildings – 50% Minimum Earned++	\$0.60	\$.055	\$20.00	Square Footage
18911	Variety Stores	\$0.60	\$.055	\$2.65	Gross Sales
18920	Video Rental Stores	\$0.60	\$.055	\$2.15	Gross Sales
14401	Water/Ice Cream Stores	\$0.60	\$.055	\$3.15	Gross Sales

****PER \$1,000 OF GROSS REVENUE**

++REFER TO CLASSIFICATIONS PAGE FOR DETAILS

CLASSIFICATIONS

Apartments

- No Elderly Care or Student Housing
- Maximum 6 Stories
- Smoke Detectors in All Units
- Pool Charge \$750 Each for General Liability Limits of \$300/\$600,000 or \$500/\$1 Million
- Pool Charge \$1,000 Each for General Liability Limits of \$1Million/\$2 Million
- Spa Charge \$250 Each at General Liability Limit
- Assisted Living Complexes Prohibited

Churches, Temples, Other Places of Worship

- Excludes Professional Liability
- Excludes Sexual and Physical Abuse
- Activities Outside the U.S. are Prohibited
- Day Care Activities Rated Separately
- Submit Off-Premises Activities, Camp Exposures, Facility Rentals, and Athletic Team Sponsorships

Clubs (Other Than Night Clubs and Dance Halls)

- Submit if Any Activities are Off Premises

Day Care Operations

- Includes Sexual and Physical Abuse Coverage (\$25,000/\$50,000 Limits)
- Pools and Spas Prohibited
- Animals on Premises Prohibited

Exercise/Health Clubs

- Includes Professional Liability
- Includes up to 4 Tanning Beds
- Includes up to 4 Courts
- Excludes Ramps
- Excludes any Type of Testing, Body Wraps or Diet Plans

Furniture Stores

- Excludes Automobile BI/PD for Delivery Vehicles.

Hardware Stores (With or Without Repair)

- Submit New Ventures
- Firearm Sales Excluded
- Feed, Seed and Fertilizer Must be Pre-Packaged
- Maximum 15% Receipts From Equipment Rental

Tattoo Parlors

- Excludes Products
- Excludes Personal/Advertising Injury
- Excludes Professional Liability

Vacant Buildings

- Submit if Renovations Contemplated or Ongoing

WORKSHEET

LIABILITY LIMITS		<input type="checkbox"/> \$300,000	<input type="checkbox"/> \$500,000	<input type="checkbox"/> \$1 MILLION
PROTECTION CLASS	CONSTRUCTION TYPE	PROPERTY DED. \$		PREMIUM
BUILDING (ACV) <input type="checkbox"/> Basic <input type="checkbox"/> Special (No Theft) <input type="checkbox"/> Special (Incl. Theft)	LIMITS OF INSURANCE \$	RATE X DED. FACTOR X TERR. ADJ =FINAL RATE _____		\$
CONTENTS(ACV) <input type="checkbox"/> Basic <input type="checkbox"/> Special (No Theft) <input type="checkbox"/> Special (Incl. Theft)	\$	RATE X DED. FACTOR X TERR. ADJ =FINAL RATE _____		\$
BUSINESS INC.(ACV) <input type="checkbox"/> Basic <input type="checkbox"/> Special (No Theft) <input type="checkbox"/> Special (Incl. Theft)	\$ %_____	RATE X DED. FACTOR X TERR. ADJ =FINAL RATE _____		\$
EXTRA EXP. (ACV) <input type="checkbox"/> Basic <input type="checkbox"/> Special (No Theft) <input type="checkbox"/> Special (Incl. Theft)	\$ %_____	RATE X DED. FACTOR X TERR. ADJ =FINAL RATE _____		\$
GENERAL LIABILITY	LIABILITY LIMITS \$	RATE X INCRE. LIMITS X AGGREGATE X LIAB. DED =FINAL RATE X PREM BASIS _____		\$
TOTAL FOR ABOVE COVERAGES				\$

OPTIONAL COVERAGES	RATE CALCULATION	PREMIUM
SWIMMING POOLS/SPAS	FLAT CHARGE \$500 x _____ (NUMBER OF POOLS)	\$
PROPERTY ENHANCEMENT	FLAT CHARGE \$200.00	
GLASS (\$50 MINIMUM PREMIUM)	NUMBER OF SQUARE FEET _____ X _____ (RATE)	\$
SIGNS (\$75 MIN. PREMIUM)	VALUE _____ X \$2.50	\$
ADDITIONAL INSURED	FLAT CHARGE \$50.00 EACH X _____ (NUMBER OF ADDI. INSURED)	\$
<u>TAX PERCENTAGES (BY STATE)</u>		
ARIZONA	3.2%	TERRORISM \$
UTAH	4.5%	POLICY FEE \$ 175.00
NEW MEXICO	3.003%	TOTAL PREMIUM (Min. \$750.00) \$
NEVADA	3.5% + \$25 stamping fee or .005 of premium, whichever is greater.	TAX/FEES (COMPUTE ON TOTAL PREMIUM) \$
		TOTAL ADVANCE PREMIUM \$

**EVANSTON INSURANCE COMPANY
POLICYHOLDER DISCLOSURE
NOTICE OF TERRORISM
INSURANCE COVERAGE**

Date _____

Dear Policyholder:

We are required to send you this notice pursuant to federal legislation concerning terrorism insurance.

You are hereby notified that under the Terrorism Risk Insurance Act of 2002 (the "Act"), effective November 26, 2002, that you now have a right to purchase insurance coverage for losses arising out of acts of terrorism, *as defined in Section 102(1) of the Act* ("Terrorism Coverage"): The term "act of terrorism" means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State, and the Attorney General of the United States – to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property; or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of an air carrier or vessel or the premises of a United States mission; and to have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

YOU SHOULD KNOW THAT TERRORISM COVERAGE IS REQUIRED TO BE OFFERED BY THE ACT FOR LOSSES CAUSED BY CERTIFIED ACTS OF TERRORISM IS PARTIALLY REIMBURSED BY THE UNITED STATES UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. UNDER THIS FORMULA, THE UNITED STATES PAY 90% OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY INSURANCE COMPANY PROVIDING THE COVERAGE. THE PREMIUM CHARGED FOR THIS TERRORISM COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

SELECTION OR REJECTION OF TERRORISM INSURANCE COVERAGE

WHAT YOU NEED TO DO NOW:

PLEASE "X" ONE OF THE BOXES BELOW AND TAKE THE ACTION INDICATED.

	<p>I hereby elect to purchase the Terrorism Coverage required to be offered under the ACT for a premium of \$_____.</p> <p>Action: Please sign and return this form with your payment for premium to your insurance agent.</p>
	<p>I decline to purchase the Terrorism Coverage required to be offered under the Act.</p> <p>Action: Please sign and return this form to your insurance agent.</p>

Policyholder/Applicant Signature

Print Name

Date