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RLI

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November 23, 1998

Massachusetts Approved for RLI's Standard 11 Personal Umbrella. Lower Underlying Auto Limits Required, Higher Liability Limits Available, Relaxed Underwriting for Youthful Operators and Much More!

Dear RLI Personal Umbrella Producer:

I'm pleased to announce the Standard 11 Program, a new underwriting tier to accommodate a wider variety of exposures, enabling you to write more business. ***We have recently received approval from the insurance department in Massachusetts to offer this third tier, Standard 11, effective November 15, 1998 for new business and February 1, 1999 for renewal business.*** Check with your program administrator to determine the handling of outstanding quotes effective prior to this release. Please note there is still no Preferred rating tier in Massachusetts. Continue reading to learn more about enhancements to the program which will enable more insureds to qualify.

In **Massachusetts**, our definition of driver under 26 will change to "any driver with six years or less driving experience", and higher underlying auto limits will now only be required if there is an inexperienced driver. The introduction of a \$2 and \$3 million limit accompanies Standard 11. Standard 11 rates are 15% higher than the Standard tier rates which is now available in all states.

- * Underlying limits requirements for non-youthful operator risks have been decreased from the previous 500/500/50 requirement to 250/500/50.
- * The Preferred tier will now allow up to three vehicles instead of two.
- * Watercraft guidelines and coverage have been modified so that applicants with large, fast boats are not automatically disqualified; though we will not provide umbrella coverage for those type watercraft, your insureds will still be able to get an RLI umbrella for their other exposures.
- * The threshold for previous personal liability or auto bodily injury claims has been raised from \$10,000 to \$25,000.
- * The threshold for acceptable farm acreage has been raised from 500 acres to 640 acres (one square mile).

I would like to bring your attention to a few application form changes necessitated by these enhancements:

- I. Section A has been modified to include the Standard 11 tier and revisions to the number of vehicles which are allowed in each category.
2. Question #3 was changed to define watercraft -which need to be counted when determining eligibility for this product. Former question #13, the watercraft limitation question was eliminated, as larger watercraft are now excluded from coverage.
3. Question # 12 was added -- Has any *one driver* in your household had more than *three* moving violations in the last three years? A "Yes" answer makes them ineligible.
4. Question # 13, regarding acceptable farm or timberland, was revised to reflect the new 640 acre (one square mile) threshold.
5. Question # 15, regarding previous liability claims, was revised to reflect the new \$25,000 threshold.

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Keep in mind that **effective November 9, 1998** RLI announced some significant relaxing of the underwriting guidelines outlined below that apply to **ALL STATES**:

- Youthful operator will be defined as any driver under the age of 22. (In Massachusetts, any driver with six years or less driving experience.) Previously, the youthful operator definition extended to the age of 26.
- A **youthful** operator may have no more than 1 driving incident within the past 3 years. Incident means an at-fault accident or a moving violation. Previously, all youthful operators had to be completely clean.
- RLI will no longer underwrite against vehicles when there is a youthful operator in the household. The ineligible vehicle list has been eliminated altogether.
- The named insureds may be written in the names of 2 unrelated individuals as long as both individuals reside in the same household. No more than 2 individuals may be listed as the named insured.

Attached is a packet of updated PUP program materials. Included is one copy of the application form PUP276-11 (11/98) and a revised rate sheet. Please note that if you receive an ineligible submission on an old application form effective after November 15, 1998, you may still be able to write the coverage. **Check to see if the person qualifies based on the broadened underwriting criteria and the introduction of Standard 11.**

Obviously, these new guidelines involve a lot of change on our part and are a result of input from you. ***Please help us realize the production results we are striving for by communicating this to all of your production sources on a regular basis.*** By continuing to share the highlights of the program, increased production will be achieved. With the introduction of Standard 11, lowering our auto underlying limits for non-youths and now these changes--all in 1998, many of your customers will now qualify for coverage with this admitted, direct bill program. Please review this information carefully and contact your Personal Umbrella administrator to order more applications or marketing tools. Thanks for your continued support.