



PAWNSHOP INSURANCE APPLICATION

1. Applicant's Name: _____

2. Proposed First Named Insured: _____
 (First Named Insured is responsible for premium payment, cancellation and changes—refer to policy wording.)

3. Other Insureds: _____
 (Relationship to the first Named Insured)

4. Mailing Address: _____

5. Inspection/Audit Contact Name: _____ Contact Phone: _____

6. Business Phone: _____ Business Fax: _____

7. E-mail: _____ Web site Address: _____

8. Principal Business Address: _____
 City: _____ State: _____ Zip: _____

9. Form of Business: Individual Partnership Corporation
 LLC Other: _____

10. Years in business: _____
 Proposed Effective Date: From: _____ To: _____

11. Additional Interests:
 Type: Mortgagor (M) Additional Insured (AI) Loss Payee (LP)

Type	Name	Address	City	State	Zip Code

12. Pawnshop Location Information

Loc No.	Street Address	City	County	State	Zip code

13. Loss Information—(Loss Information for the past three years is required. If no insurance—state no insurance.)

Year	Carrier	Policy No.	Incurred Losses	Description of Loss

14. Coverage Requested

Limits of Insurance: Property

Loc. No.	Building Limit	BPP Limit (incl. TI)	Pledged (OTFJ)	Unpledged (OTFJ)	All Other (OTFJ)	Pledged (FJ)	Unpledged (FJ)	All Other (FJ)	Constr.	PC

(OTFJ=Other than Firearms and Jewelry FJ=Firearms and Jewelry)

Loc. No.	Business Income Limit	1/3, 1/4 or 1/6 (Monthly limit of indemnity)	Ext. Period Of Indemnity	Deductibles Building: _____ BPP/OTFJ: _____ Firearms/Jewelry: _____ \$1,000 Min.

Optional Coverage Limits:

Money and Securities	Inside: \$	Outside: \$
Show Windows—Protected	Open: \$	Closed: \$
Show Windows—Unprotected	Open: \$	Closed: \$
Shipments No. per year _____	Registered: \$	Parcel Post: \$ Armored: \$
Inventory with Other Dealers (memoing)	\$	
Ordinance of Law	Coverage B: \$	Coverage C: \$
Property Off Premises	\$	
Increased Per Items Jewelry Theft Limit	\$ (\$25,000 Included)	
Bullion <input type="checkbox"/> Include <input type="checkbox"/> Exclude	\$	

General Liability Limits

Per Occurrence	\$
Aggregate	\$
Fire Damage Legal Liability	\$
Medical Payments	\$
Firearms Products Liability	<input type="checkbox"/> Exclude <input type="checkbox"/> Include—Limit <input type="checkbox"/> \$100,000 <input type="checkbox"/> \$300,000
Hired and Non-Owned Auto Liability	<input type="checkbox"/> Exclude <input type="checkbox"/> Include
Employee Benefits Liability	<input type="checkbox"/> Exclude <input type="checkbox"/> Include

Coverage Extensions:

The following coverages are provided without additional charge at the limit indicated. For higher limits, please indicate desired limit in space below.

Coverage	Limit Provided	Desired Limit	Coverage	Limit Provided	Desired Limit
Accounts Receivable	\$ 25,000		MO & Counterfeit Paper	\$ 1,000	
Animal Damage	\$ 5,000		Newly Acquired Building	\$500,000	
Auto Fire System Recharge	\$ 5,000		Newly Acquired BPP	\$500,000	

Computer Equipment	\$ 25,000		Off Premises Utility Failure	\$ 25,000	
Coverage	Limit Provided	Desired Limit	Coverage	Limit Provided	Desired Limit
Computer Software	\$ 15,000		Outdoor Property	\$ 10,000	
Computer Extra Expense	\$ 10,000		Outdoor Signs	\$ 2,500	
Debris Removal	\$ 25,000		Personal Effects	\$ 5,000	
Fine Arts	\$ 5,000		Property Off Premises	\$ 10,000	
FD Service Charge	\$ 25,000		Pollution Cleanup	\$ 25,000	
Fire Extinguisher Recharge	\$ 2,500		Reward	\$ 5,000	
Forgery and Alteration	\$ 5,000		Sewer Back-Up	\$ 5,000	
Key Replacement	\$ 2,500		Valuable Papers	\$ 25,000	

Premises Protection (Check all that Apply)

- Burglar Alarm: None Local (rings at premises) Police Connected Central Station
- Exterior Protections—Contacts on all:
 - All Doors All Windows Floor Ceiling
 - All Walls Battery Backup Infrared Motion Detectors
 - Premises Line Security: Cell Backup Other: _____
- Maximum Response Time: _____ Monitoring Co.: _____ Install Date: _____
- Hold-Up Alarm: None Local Police Connected Central Station
No. of Signal Buttons: _____
- Safe/Vault: Number of Safes/Vaults: _____

Describe Each below:

Safe No.	Prem.	Mfg.	UL No.	Type (e.g., TRTL—30)	Timelock	Relock	Alarm
1					<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
2					<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
3					<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
4					<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No

- Safe/Vault Alarm: None Local Police Connected Central Station Motion Detectors Only
- Extent of Protection: Door All Safe Walls Contact
- Other Security Protections:
 - Guard on Premises Armed Guard Guard Dogs Bullet Proof Glass
 - Bars on Windows Roll-down Gate Surveillance Camera with Recorder
 - Surveillance Camera without Recorder Other: _____

ANSWER ALL QUESTIONS—IF THEY DO NOT APPLY, INDICATE “NOT APPLICABLE” OR “N/A”

UNDERWRITING INFORMATION

General Section

- Enter percentage of business from:
 - Pawn brokering.....%
 - Retail Sales.....%
 - Other: _____%

2. Pawned items include (check all that apply):

- Jewelry Guns Tools Motorcycles
 Automobiles Boats Recreational Vehicles

3. Operations (check all that apply and indicate percent of total sales):

- Auto Pawn.....% Title Pawn.....%
 Rent to Own.....% Check Cashing.....%

4. Gross Sales: \$ _____ Interest from Pawns \$ _____
 Gun Sales \$ _____ Payroll \$ _____

5. Management Personnel

Name	Age	Job Description	Years Employed	Percent of Ownership
				%
				%
				%
				%

6. Bonding:

Are you bonded?..... Yes No
 Are your employees bonded?..... Yes No

7. Do you perform criminal background checks on all employees?..... Yes No

8. List any State and/or National Association Pawnbroker membership number: _____

9. Business Hours: From: _____ To: _____

10. Total Employees: _____ Minimum Number of Employees at One Time: _____

11. All Firearms kept on the premises are (check all that apply):

- Cabled Locked Stored in Locked Cases

12. Has your license been revoked or suspended within the past five years?..... Yes No N/A

13. Has any employee or owner ever had any prior convictions for illegal activities?..... Yes No N/A

14. Are all employees handling firearms properly trained?..... Yes No N/A

15. Are firearms test fired on the premises?..... Yes No N/A

16. Do you have the proper state and local license to sell firearms?..... Yes No N/A

17. Do you offer warranties on goods sold?..... Yes No N/A

18. Have any of your operations been sold, acquired, or discontinued within the past five years?..... Yes No N/A

19. Are your parking facilities in common areas free from defects and adequately lighted?..... Yes No N/A

20. Are any products of others sold or repackaged under your own label?..... Yes No N/A

21. Do you have any other operations, other than Pawn brokering not described above?..... Yes No N/A
 If yes, please describe: _____

22. Do you have any owned autos (if yes, ineligible for HNOA coverage)?..... Yes No N/A

Property Section

1. Building Information (indicate year of updates)

Prem.	Bldg. Age	Roof	HVAC	Plumbing	Electrical	Sprinklered	Fire Alarm*
						<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> L <input type="checkbox"/> P <input type="checkbox"/> CS
						<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> L <input type="checkbox"/> P <input type="checkbox"/> CS

*(L=local, P=Police Connected, CS= Central Station)

2. Building Ownership

Prem. No.	Own or Lease	List All Other Occupancies	List Adjacent Operations

3. Do you lease space to others in any of the above locations?..... Yes No
If yes, which premises? _____

4. Do you restore, repair, service or refinish any inventory?..... Yes No
If yes, what? _____

5. If ammunition or gunpowder is sold, how is it stored? _____

6. How do you establish the value of items (i.e., Blue Book, Orion, Other)? _____

7. How were property values determined for pledged items:
 Loan plus Interest Multiplies of Loan (indicate times): _____
 Wholesale Replacement Other: _____

8. How were property values determined for unpledged (previously pawned items):
 Loan plus Interest Multiplies of Loan (indicate times): _____
 Wholesale Replacement Other: _____

9. How were property values determined for non-pledged items (items purchased from wholesalers or direct from public):
 Wholesale Replacement Other: _____

10. How is the stock inventory kept? Computer Printout Manual Other: _____

11. How often are your inventory records updated? _____

12. Where is data/media and records stored when not in use? Safe/Vault Computer Other: _____

13. Is key data duplicated and stored elsewhere?..... Yes No
If yes, where: _____

14. What is the maximum dollar amount of loose gems and diamonds you have on the premise at any one time?..... \$_____

WARRANTIES AS TO PROPERTY INSURED WHEN PREMISES ARE CLOSED:

While the business is closed, stock consisting of firearms and jewelry will be stored as follows:

Storage	Percent of Jewelry	Percent of Firearms
Safe No. 1	%	%
Safe No. 2	%	%
Safe No. 3	%	%
Safe No. 4	%	%
Not in Safe	%	%
Off Premises	%	%
Cabled (applies to long guns)	N/A	%
Total (must be 100%)	%	%

In the event a policy is issued by the company based on this application, this application shall become a part of the policy and shall constitute a warranty. Included in the policy is an agreement that I/We will maintain the security and safeguards at my premises as I/We have indicated in this application. In the event, the protection is not maintained and a loss occurs, coverage may not be provided. I/We have read the above and agree that to the best of my knowledge and belief it represents a true and complete statement.

FRAUD WARNINGS:

FRAUD WARNING: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties. **Not applicable in Nebraska, Oregon and Vermont.**

NOTICE TO COLORADO APPLICANTS: It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance, and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policy holder or claimant for the purpose of defrauding or attempting to defraud the policy holder or claimant with regard to a settlement or award payable from insurance proceeds shall be reported to the Colorado Division of Insurance within the Department of Regulatory Agencies.

WARNING TO DISTRICT OF COLUMBIA APPLICANTS: It is a crime to provide false or misleading information to an insurer for the purpose of defrauding the insurer or any other person. Penalties include imprisonment and/or fines. In addition, an insurer may deny insurance benefits if false information materially related to a claim was provided by the applicant.

NOTICE TO FLORIDA APPLICANTS: Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete, or misleading information is guilty of a felony in the third degree.

NOTICE TO LOUISIANA APPLICANTS: Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

NOTICE TO OHIO APPLICANTS: Any person who knowingly and with intent to defraud any insurance company files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.

NOTICE TO OKLAHOMA APPLICANTS: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.

NOTICE TO MAINE APPLICANTS: It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines or a denial of insurance benefits.

NOTICE TO MARYLAND APPLICANTS: Any person who knowingly and willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly and willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

NOTICE TO MINNESOTA APPLICANTS: A person who files a claim with intent to defraud or helps commit a fraud against an insurer is guilty of a crime.

NOTICE TO RHODE ISLAND APPLICANTS: Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

FRAUD WARNING (Applicable in Tennessee, Virginia and Washington): It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

NOTICE TO NEW YORK APPLICANTS (Other than automobile): Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.

I/WE DECLARE THAT THE STATEMENTS MADE IN THIS APPLICATION ARE COMPLETE AND TRUE.

Applicant's Name and Title: _____

Applicant's Signature: _____ Date: _____
(Must be signed by an active owner, partner or officer)

Producer's Signature: _____ Date: _____

Agent Name and Address: _____ Phone Number: _____



STONEBRIDGE
UNDERWRITERS

PRODUCING AGENT'S GUIDE TO THE PAWNSHOP INDUSTRY



SECTION I - UNDERSTANDING THE PAWNSHOP INDUSTRY

What is a Pawnbroker or Pawnshop?

A Pawnbroker or Pawnshop is a retail establishment that loans money to individuals that do not have the ability and/or time to go through the more standard loan processing procedures. As part of the loan process, the pawnbroker will collect collateral from the individual seeking a loan. The most common items taken in on collateral are Jewelry and Guns. Other items include musical instruments, audio equipments, contracting tools and almost anything else with a value of at least \$10. A loan will be provided to the individual for an allotted amount of time (usually 30 or 60 days) with extensions possible. Extensions require that a certain additional amount be paid on or before a specific date in order to continue the loan.

How does the Pawnbroker determine how much to loan?

A Pawnbroker will typically loan 25 to 30% of the market value of the pawned item or “pledged” item. For example, if an individual comes in with a \$1,000 diamond wedding ring, the pawnbroker will provide a loan to the individual of \$250 or \$300. Pawnbrokers usually have greater expertise than Jewelers in dealing with Jewelry as they see significantly more and different kinds of Jewelry. They will also use Blue Books, Orion Books and other means of valuation if necessary to determine the value. In most states, Pawnshops are only responsible to the owner of the pawned item for the loan value. **NOTE: IT IS IMPORTANT TO UNDERSTAND HOW THEY VALUE THEIR INVENTORY AS OUR POLICY PAYS BASED ON LOAN VALUE PLUS ACCRUED INTEREST. IN SOME STATES, THEY ARE REQUIRED BY LAW TO REIMBURSE THE OWNER OF ITEM TO FULL MARKET VALUE – AN ENDORSEMENT IS AVAILABLE TO ACCOMPLISH THIS MODIFICATION.**

What Happens to Items held in Collateral if the loan is not redeemed?

Many times, the individual will not have the means or the desire to pay the loan off when the loan becomes due and collect their items held as collateral. When this occurs, the item moves from being a “pledged” item to “unpledged” inventory. As such, inventories are fluctuating day by day from “pledged” to “unpledged.” The pawnbroker will now sell these items to the general public at a retail or market value. **NOTE: IT IS IMPORTANT TO DETERMINE THE HIGHEST AVERAGE VALUE OF BOTH “PLEDGED” and “UNPLEDGED” ITEMS DURING A GIVEN YEAR PERIOD AS OUR POLICY HAS AN 80% COINSURANCE CLAUSE.**

Do Pawnshops only obtain items for resale from loan defaults?

No, most pawnshops will purchase both new and used items for resale. Pawnshops purchase items from manufacturers and wholesale distributors similar to other retail establishments for resale in their stores?

Do Pawnshops commonly take stolen (fenced) items in on “pledge?”

Although Pawnshops have been known in the past from movies and other sources, as the place that thieves take stolen items for money, this has changed dramatically over the past twenty or thirty years. Most jurisdictions now require that pawnshops provide local law enforcement with daily or weekly updated list of their inventories of “pledged” items. This has made fencing at pawnshops almost non-existent. Most fencing now occurs at flea markets, guns shows and other unregulated open markets.

SECTION II – UNDERSTANDING SECURITY SYSTEMS

The most common loss (70%) affecting pawnshops is loss resulting from theft, which includes burglary or robbery. Therefore, the security system that protects from theft is the most critical element to the profitability of the account. The rate charged for Jewelry and Guns (the most common items) stolen is directly based on the security system. Therefore, it is important that you understand the security systems installed by the pawnshop and can provide them with the most competitive rate possible.

Premises Alarm Systems

Types of Equipment

Local

The alarm sounds only at the installed location. These alarms will scare off 80% of all burglars. However, since these alarms do not include a system to notify the police, risks with local alarms do not qualify for this program.

Police Connect

System is directly connected to a police station. When the alarm is activated at the premises, a signal is transmitted to the police station. The local alarm may sound immediately, or it may be delayed to allow the police time to arrive. This system is only acceptable for risks with inventory of guns and jewelry less than \$250,000.

Central Station

This is the preferred system from an underwriting standpoint. The alarm is connected to a central location that monitors it. If the alarm is activated, a signal is transmitted to a central station that contacts the police and also dispatches its own guards to the premises. A combination central station and local alarm includes both a local alarm and a system to transmit the signal to the central station.

1. Extent of Protection

a. Interior Protection

Protection applies at the building's walls, ceilings, floors and points of entry. This equipment sounds when doors are opened or walls, ceilings or floors are touched.

b. Area

Provides protection for specific areas within the building. These systems, which include motion detectors, are usually used with an interior perimeter protection system to provide depth of protection. They can also be used as an alternative to the high cost of complete perimeter protection.

2. Installation Type

a. Installation #1

Complete Interior Protection - walls, ceilings, floors, and all points of entry are alarmed. This type of system is usually found in banks.

b. Installation #2

Limited Interior Protection - protection is directed at point of entry with some interior protection, such as motion detectors.

c. Installation #3

Point of Entry - only points of entry are protected.

3. Alarm Grade

This grade is based on two factors; guard response time and the presence of line security.

a. Guard Response Time

Maximum amount of time between the alarm sound and arrival of the guard on the scene.

- 1) 15 Minutes
- 2) 20 Minutes
- 3) 30 Minutes

b. Line Security

Refers to an electrical device that monitors the signal being transmitted from the risk to the monitoring location. If the alarm is tampered with, the transmission along the line is changed and the station is alerted. There are four transmission systems, two of which have line security.

- (1) Systems Without Security - Digital and Transmitter.
- (2) Systems With Security - Direct Wire and Multiplex.

When an alarm grade has two letters, the system has line security. (i.e., "AA")

Type of Safes

Safe Alarm

- 1. Type of Alarm is graded in the same manner as premises alarms.
- 2. Extent of Protection refers to how the safe is protected.
 - a. Complete - top, bottom, all sides, and the outer doors of the safe or vault are protected.
 - b. Partial - only the outer doors of the safe are protected.

Types of Safes

Fire Resistive	These safes are not suitable for protection of jewelry or guns because they are not resistant to burglary attempts - these are graded as A, B or C. Walls and doors need to be a minimum of 4" thick to resist burglary.
TL-15	This safe protects against common hand tools for 15 minutes. It will resist entry for a total working time of 15 minutes when attacked on the door only with common hand tools, picking tools, mechanical or portable electric tools, grinding tools, carbide drills and pressure-applying devices or mechanisms.
TL-30	This safe protects against expert burglary by common burglary mechanical tools for 30 minutes. It will resist entry for a total working time of 30 minutes when attacked on the door only with common hand tools, picking tools, mechanical or portable electric tools, grinding tools, carbide drills and pressure-applying devices or mechanisms.

TL-30X6	A relatively new rating. It indicates the safe will resist entry for a total working time of 30 minutes when attacked on any of its six sides with common hand tools, picking tools, mechanical or portable electric tools, grinding tools, carbide drills and pressure-applying devices or mechanisms.
TRTL-30	This safe protects against expert burglary by common mechanical tools and cutting torches for 30 minutes. It will resist entry for a total working time of 30 minutes when attacked on the door only with common hand tools, picking tools, mechanical or portable electric tools, grinding tools, carbide drills and pressure-applying devices or mechanisms, abrasive cutting wheels and power saws, oxy-fuel gas cutting or welding torches (quantity of gas consumed in one test limited to 1,000 cubic feet, combined total oxygen and fuel gas).
TRTL-15X6	The safe will resist entry for a total working time of 15 minutes when attacked on any of its six sides with common hand tools, picking tools, mechanical or portable electric tools, grinding tools, carbide drills and pressure-applying devices or mechanisms, abrasive cutting wheels and power saws, oxy-fuel gas cutting or welding torches (quantity of gas consumed in one test limited to 1,000 cubic feet, combined total oxygen and fuel gas).
TRTL-30X6	The safe will resist entry for a total working time of 30 minutes when attacked on any of its six sides with common hand tools, picking tools, mechanical or portable electric tools, grinding tools, carbide drills and pressure-applying devices or mechanisms, abrasive cutting wheels and power saws, oxy-fuel gas cutting or welding torches (quantity of gas consumed in one test limited to 1,000 cubic feet, combined total oxygen and fuel gas).
TRTL-60	This safe protects against expert burglary by common mechanical tools and cutting torches for 60 minutes. It will resist entry for a total working time of 60 minutes when attacked on the door only with common hand tools, picking tools, mechanical or portable electric tools, grinding tools, carbide drills and pressure-applying devices or mechanisms, abrasive cutting wheels and power saws, oxy-fuel gas cutting or welding torches (quantity of gas consumed in one test limited to 1,000 cubic feet, combined total oxygen and fuel gas).
TXTL-60	This safe protects against expert burglary by common mechanical tools, cutting torches and high explosives for 60 minutes. It will resist entry for a total working time of 60 minutes when attacked on the door only with common hand tools, picking tools, mechanical or portable electric tools, grinding tools, carbide drills and pressure-applying devices or mechanisms, abrasive cutting wheels and power saws, oxy-fuel gas cutting or welding torches (quantity of gas consumed in one test limited to 1,000 cubic feet, combined total oxygen and fuel gas), and nitroglycerin or other high explosives.

There are three methods of rating safe types - U.L, SMNA and ISO. Following is a cross reference:

U.L.	SMNA	ISO
TL-15	Group U6	ER
TL-30	Group U5	F
TRTL-30	Group U4	H
TRTL-60	Group U2	I
TXTL-60	Group U1	I

Testing Procedures

The bulk of U.L. testing involves physical attack on walls and doors. Penetration is recorded when a two-inch square hole has been created with cutting torches and tools.

Other Tests Performed

1. A jamb test, focuses the attack on the gap on the hinge side of the door which is generally considered the weakest point of a safe.
2. A mechanical check on the safe's bolt work. Including the dead bolts - non-moving hardware on the hinge side of the door - and the live bolts, which move when the safe handle is turned.
3. Tests involving specific attempts to pick and release the lock mechanism are performed separately and may be contracted out to specialists. The locks are usually Group 2 listed and have undergone a series of picking tests.

Specialized equipment is not used during testing; all the tools used are readily available to the public. U.L tests only prototype models, not every safe produced. A comprehensive follow-up program includes field representatives who make unannounced factory inspections to ensure that every product is built to the specifications of the test model. These spot checks can be daily and are performed at least four times a year per manufacturer.

Fire Ratings

Fire ratings are based on the maximum allowable temperature in the safe interior. A Class 350 safe means the interior cannot exceed 350 degrees Fahrenheit during the fire exposure test. Class 350 safes are designed to protect paper documents. Class 150 safes protect magnetic tape and photographic film. Class 125 safes protect floppy disks. In addition to the class rating, the safes are given an hourly rating (e.g. 30 minutes to four hours) indicating the time the device can withstand a typical fire of controlled extent and severity.

SECTION III – UNDERSTANDING THE COVERAGE

The Pawnshop industry is very unique and no standard insurance policy adequately provides the necessary coverage. Therefore, it should be much easier to sell our policy that provides all of the necessary coverages.

PROPERTY

“Pledged” Valuation – The provisions within our policy values “pledged” property on the basis of the loan value plus legally accrued interest. In a standard insurance policy, the value of “pledged” items would be valued at market value. This would require the pawnbroker to insure to a limit of 3 to 4 times the limit needed in our policy. Since the insured is not required in most states to provide more than the loan value back to the customer, their exposure is only the loan value and their legally accrued interest. However, if state law or the insured desires to have a multiple of the loan value this is possible through attachment of an endorsement. If a standard policy tries to match limits, the problem will come when a loss occurs and a coinsurance provision is applied and the pawnbroker receives only a small portion of their loss amount. **Please note we do not have a coinsurance clause for Pledged and Unpledged Inventory, however we expect that the insured make a best effort to insure to value.**

Coverage Extensions – Our policy provides the coverage extensions listed below **free of charge** at the limit indicated below. If the insured seeks higher limits for these coverages, these are available for an additional charge. Although some of these extensions may be provided by a standard insurance policy, most policies will not provide all of these extensions nor will higher limits be available for an additional charge.

Coverage	Limit of Insurance
Accounts Receivable	\$25,000
Animal Damage	\$5,000
Automatic Fire Suppression System Recharge	\$5,000
Business Computer – Electronic Data Processing Equipment	\$25,000
Business Computer – Electronic Media Records	\$15,000
Business Computer – Extra Expense	\$10,000
Debris Removal	\$25,000
Fine Arts	\$5,000
Fire Department Service Charge	\$25,000
Fire Extinguishers Recharge	\$2,500
Forgery and Alteration	\$5,000
Key Replacement / Lock Repair	\$2,500
Loss Settlement Expense	\$5,000
Money Orders and Counterfeit Paper Currency	\$1,000
Newly Acquired or Constructed Property - Building	\$500,000
Newly Acquired or Constructed Property - BPP	\$500,000
Off Premises – Utility Failure	\$25,000
Outdoor Property	\$10,000
Outdoor Signs	\$2,500
Personal Effects	\$5,000
Property Off Premises – other than Inventory	\$10,000
Pollution Clean Up and Removal	\$25,000
Reward	\$5,000 OR 10%
Sewer – Back Up	\$5,000
Valuable Papers and Records	\$25,000

Optional Coverages – The following coverages are available for the pawnbroker for additional charges:

Money and Securities – This covers the loss of money and securities due to any covered cause of loss including theft while either inside the premises or outside the premises. There are separate limits for inside or outside.

Employee Dishonesty - This covers the loss of money or property due to the theft by employees. It does not cover the insured and their partners.

Memoing Coverage – This coverage is unique to the Pawnshop industry and provides coverage while the pawnbroker has “unpledged” property held for sale at a different pawnshop not owned by them. This is common in the pawnshop industry as certain items may sell better at a different locale than in their own neighborhood store.

Property in Show Windows – protected or unprotected – As this is a significant exposure, our policy does not provide automatic coverage for theft or attempted theft of Property in Show windows unless this optional coverage is purchased. This applies only to “unpledged.”

Property in Transit - This is also a significant exposure in the pawnshop industry. Many times, pawnbrokers will ship jewelry to customers or other dealers and to storage locations such as banks. This coverage applies to items shipped by US postal service registered mail, Merchant Parcel Delivery Service and Armored Car Service. Coverage is provided on a per shipment basis.

Property Off Premises - This optional coverage only applies to inventory (“pledged” and “unpledged”) while it is in the course of transit or temporarily at a premises not owned by the insured. The covered property must be in the insured’s control, or deposited in safe of a bank, savings institution or hotel/motel.

Ordinance or Law Coverage - provides coverage for Loss to the undamaged portion of the building; Demolition cost coverage; and/or Increased cost of construction coverage.

Pledged Auto Physical Damage Coverage: This covers “pledged” autos while in the insured’s car, custody and control. It does not cover owned vehicles. If vehicles move from “pledged” to “unpledged” it is necessary for the insured to purchase a separate garage policy, not available through us.

GENERAL LIABILITY

Firearms, Guns and Ammunition (Products- Completed Operations) - Our standard policy only provides coverage for Firearms, Guns and Ammunition while on the premises, but does not provide for coverage after the firearm, gun or ammunition leaves the premises. The insured can purchase optional coverage for firearm, gun or ammunition after they leave the premises (Products-Completed Operations). This coverage is available at the following limits: \$100,000 or \$300,000 per occurrence. Special exceptions can be made for up limits up to \$1,000,000 on larger risks with lower than average volume of gun sales.

Hired and Non-Owned Auto Liability – This coverage will protect the pawnshop if an employee uses their own automobiles for business purposes (e.g., to put money into the bank or pickup mail). It also provides coverage if the pawnshop needs to rent a vehicle. Coverage is provided on an excess basis.