

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 PROTECTION 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 page 4 to the base rate to calculate the premium total.

Note: Amounts should be rounded to the nearest dollar.

RLI INSURANCE COMPANY

@Home Business Protection Rating Worksheet

Applicant's Name: Country Crafts Effective Date: 01-01-2008

LOCATION DATA: State Code TX Zip Code 77803 **BASE RATE**

Territory: 1, 2 or 3 Rate Group: A or B or Z = \$239

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: \$ 7,500

Business Liability Limits: \$300,000 \$500,000 \$1,000,000

OPTIONAL COVERAGES:	LIMIT or EXPOSURE BASE	RATE PER \$100 or FLAT RATE	ADDITIONAL PREMIUM
ADDITIONAL BUSINESS PERSONAL PROPERTY (BPP) COVERAGE (in excess of \$5,000 included in base rate, not to exceed \$100,000)	<u>2,500</u>	x <u>2.90</u>	= <u>\$ 73</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	<u>\$25</u>	= <u>\$ 25</u>
	<u>_____</u> \$1,000,000	<u>_____</u>	<u>_____</u>
MONEY & SECURITIES	<u>\$1,000/\$1,000</u>	<u>\$30</u>	= <u>\$ 30</u>
PREMIUM TOTAL (Base Rate + Additional Premiums)			= <u>\$407</u>
COVERAGE FOR CERTIFIED ACTS OF TERRORISM			= <u>\$ 81</u>
FINAL TOTAL (Premium Total + Terrorism Charge)			= <u>\$488</u>

ELIGIBLE BUSINESSES FOR @HOME BUSINESS PROTECTION PROGRAM (HBP)

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 all 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	122	Dry Food Products/Mixes Vendor	A
1	Accounting Service	B	64	Editorial Service/Proofreaders (3) (4)	B
2	Adjuster (Public or Independent Claim Adjuster)	A	111	Embroidery	B
71	Advertising Specialty Items Sales (3)	B	23	Engraving	B
3	Antique Gallery/Shop (1)	A	24	Expert Witness Consultants	B
4	Appraisal Service	B	25	Financial Planning, excluding discretionary trading authority and/or access to customer's funds	B
5	Art Gallery/Art Studio (1)	A	26	Floral Arrangement	A
6	Artist Supplies	A	27	Food Broker	B
72	Auctioneer (3)	A	28	Food Supplements/Vitamins (5)	Z
106	Auditor	B	126	Furniture Refinishers	A
7	Bakeries	Z	123	Games/Puzzles Vendor (5)	A
107	Balloon Art	B	133	Geneologists (3)	B
130	Barbers (6)	Z	30	Gift Delivery Service (5) (balloons, gift baskets, etc.)	B
8	Barber Supplies (5)	A	31	Gift Shop, excluding manufacturing/distribution of candles made by individuals	A
131	Beauticians (6)	Z	32	Glassware	A
9	Beauty Supplies (5)	A	33	Graphic Artist/Designer	B
66	Billing Service	B	34	Handicrafts, excluding manufacturing/distribution of candles made by individuals	A
10	Book/Magazine Distributor	A	75	Hearing Aid Sales	A
11	Bookbinding	A	35	Hobby & Model Supplies, excluding explosives and propellants	A
12	Bookkeeping Service	B	36	Household Products (Amway, Fuller Brush, etc.)	A
92	Calligraphy	B	65	Information Search Retrieval (4)	B
73	Camera/Photography Sales or Repair	A	76	Insurance Agent	A
108	Candle Sales, excluding sales of candles made by individuals (5)	A	37	Interior Decorating	B
13	Candy/Nut Confections	A	112	Interior Window Treatments	A
93	Car Detailer	A	95	Inventory Control Specialist	B
109	Cell Phone/Pager Sales	A	38	Jewelry (Costume)	A
14	Ceramics	A	39	Kitchen Supplies (Tupperware, etc.)	A
74	Clock or Watch Repair	A	40	Ladies/Girls Clothing, Accessories	A
15	Clowns, Magicians, Entertainers excluding Bands & Disc Jockeys (2) (10)	Z	41	Lingerie	A
16	Computer Consultants and Trainers who are not involved in development of custom applications/programs	A	42	Leather Goods	A
17	Computer Repair	Z	77	Loan Origination Service	B
94	Computer Sales	A	78	Locksmith	A
18	Computer Service Bureau	A	79	Market Research (4)	B
19	Cosmetics Sales (Avon, Mary Kay, etc.) (3) (4)	A	67	Medical Claims Processing	B
20	Crafts, excluding manufacturing/distribution of candles made by individuals	A	44	Mens/Boys Clothing, Accessories	A
132	Dance Instructors (9)	A	103	Models (3)	B
110	Database Management	B	113	Monogramming	B
21	Desktop Publishing (3) (4)	B	80	Musical Instrument Sales/Repair	A
22	Draftsman	B			

- ELIGIBLE BUSINESSES CONTINUED ON PAGE 3 -

ELIGIBLE BUSINESSES FOR @HOME BUSINESS PROTECTION PROGRAM (HBP) cont'd

Eligibility Class Number	Type of Business	Rate Group	Eligibility Class Number	Type of Business	Rate Group
124	Newspaper/Magazine/Book Delivery	A	70	Teachers/Tutors except sports, physical education, industrial or martial arts (2) (10)	Z
114	Notaries	B	55	Telemarketing, Telephone Solicitation (3)	B
96	Office Supplies Vendor	A	85	Telephone Answering Service/Voicemail	B
116	Paper Goods	A	86	Toner Cartridge Recharging	Z
81	Pay Telephone Provider	B	56	Transcribing, Court Reporters (3)	B
45	Personal Care Products (4) (5)	A	87	Translator (3)	B
97	Personal Fitness Trainer (2)	Z	105	Travel Agent	B
134	Personal Image Consultants (3)	B	57	Trophy Sales	A
82	Personalized Books & Gifts	B	99	TV/VCR Repair	Z
135	Pet Sitters (7)	Z	100	Upholsterer	A
46	Photographer/Photography Studio	Z	88	Video & Music Sales/Rental	A
29	Picture Framing	A	58	Videotaping, Dubbing, Editing (3)	A
117	Prepaid Calling Card Vendor, excluding sales from vending machines	A	129	Vinyl/Leather Repair	A
47	Printer (3) (4)	B	121	Website Designer	B
68	Professional Organizer	B	89	Wedding & Party Planners	B
104	Professional Speakers (3)	B	59	Wedding Cake and/or Cookie Sales	Z
48	Publisher (4)	B	90	Windshield Repair	A
83	Real Estate Agent	B	138	Wood Furniture Crafters (5)	Z
49	Religious Goods	A	60	Wood Products excluding toys and furniture manufacturing	A
136	Residential Inspection Services (5) (8)	A	61	Word Processing	B
84	Resume Service	B	62	Writers/Authors (3) (4)	A
137	Retail Toy Sales	A			
69	Rubber Stamp Business	B			
127	Scrapbooking	A			
51	Secretarial Service	B			
128	Seed Sales	A			
52	Shoe Repair	Z			
118	Sign Painting	A			
53	Stationery	B			
119	Stenciling	B			
54	Tailoring, Alterations, Seamstresses	A			
120	Tax Preparation	B			
98	Taxidermist	B			

- NOTES: (1) Actual Cash Value Basis Only
 (2) Not eligible in California, 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

Territory	BASE RATE		
	Rate Group Z	Rate Group A	Rate Group B
1	\$297	\$239	\$159
2	\$239	\$201	\$159
3	\$201	\$159	\$159

- RATE SHEET CONTINUED ON PAGE 4 -

OPTIONAL COVERAGES AVAILABLE

I. ADDITIONAL BUSINESS PERSONAL PROPERTY (BPP) COVERAGE

IN EXCESS OF \$5,000 AUTOMATICALLY PROVIDED IN BASE RATE.
MAXIMUM LIMIT FOR BPP COVERAGE IS \$100,000.

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

II. MONEY AND SECURITIES COVERAGE

ON/OFF PREMISES	ALL RATE GROUPS	ON/OFF PREMISES	ALL RATE GROUPS
\$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 INSURED 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.

State	Zip Code Sectionals	Territory	Effective Dates	
			New Business	Renewal Business
Alabama	365, 366	1	1/1/2008	1/1/2008
	Remainder of State	3		
Alaska	Use Alaska Rating Guide, HBP 117AK.	3	1/1/2008	1/1/2008
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.		3/1/2008	3/1/2008
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..		3/1/2008	3/1/2008
Florida	Use Florida Rating Guide, HBP 117FL.		3/1/2008	3/1/2008
Georgia	Use Georgia Rating Guide, HBP 117GA.		1/1/2008	1/1/2008
Hawaii	Use Hawaii Rating Guide, HBP 117HI.		1/1/2008	1/1/2008
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.		1/1/2008	1/1/2008
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.		1/1/2008	1/1/2008
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.		1/1/2008	1/1/2008
Minnesota	Entire State	3	1/1/2008	1/1/2008
Mississippi	Use Mississippi Rating Guide, HBP 117MS.		3/1/2008	3/1/2008
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.		1/1/2008	1/1/2008
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.		1/1/2008	1/1/2008
New York	Use New York Rating Guide, HBP 117NY.		3/1/2008	3/1/2008
North Carolina	Entire State	3	1/1/2008	1/1/2008
North Dakota	Use North Dakota Rating Guide, HBP 117ND.		1/1/2008	1/1/2008
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.		1/1/2008	1/1/2008
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.		1/1/2008	1/1/2008
Washington	Use Washington Rating Guide, HBP 117WA.		1/1/2008	1/1/2008
West Virginia	Use West Virginia Rating Guide, HBP 117WV.		1/1/2008	1/1/2008
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 Protection 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

An @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 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.

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, security 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.

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)
- BP 07 07 BUSINESS LIABILITY COVERAGE - AMENDMENT OF LIABILITY AND MEDICAL EXPENSES LIMITS OF INSURANCE
- BP 08 01 BARBERS AND BEAUTICIANS PROFESSIONAL LIABILITY
- BP 08 50 ILLINOIS - BARBERS AND BEAUTICIANS PROFESSIONAL LIABILITY
- BOP 405 AMENDMENT TO PROFESSIONAL LIABILITY EXCLUSION
- 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