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# DWELLING FIRE UNDERWRITING GUIDE

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California  
Basic Dwelling Fire Policy (DP-1)  
Special Dwelling Fire Policy (DP-3)

02/2021

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# 1 GENERAL

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The Dwelling Fire Policy Program is Issued by Sutton National Insurance Company. All references to “Sutton” or “The Company” within this manual refer to Sutton National Insurance Company.

## 2 POLICY FORMS AND DWELLING LIMITS

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<b>2.1 BASIC DWELLING FIRE:</b> Dwelling Limits:	<b>FORM DP-1</b> Minimum: \$70,000 Maximum: \$2,000,000
<b>2.2 SPECIAL DWELLING FIRE:</b> Dwelling Limits:	<b>FORM DP-3</b> Minimum: \$70,000 Maximum: \$2,000,000

## 3 ELIGIBILITY

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These Eligibility Guidelines are subject to the SUBMIT FOR APPROVAL and UNACCEPTABLE RISKS sections contained herein.

The Company inspects a large percentage of insured properties. The Company reserves the right to inspect any risks as part of the underwriting process.

### 3.1 DWELLING FIRE POLICY

One to four family dwellings, occupied by the titled owner or tenant occupied, and used principally for private residential purposes. Seasonal usage and secondary dwellings (such as lake or beach homes) are acceptable. Vacant homes are acceptable only under the DP-1 program.

The dwelling must be:

- In good repair and the premises free of debris or trash (must show pride of ownership).

NOTE:

- If any portion of the dwelling is rented or leased, the entire risk must be rated as Tenant Occupied. This includes duplexes, triplexes and fourplexes where the owner occupies one unit and remaining units are rented or leased.
- The term “owner” includes persons purchasing a dwelling, such as under a mortgage agreement or contract of sale.

## 4 POLICY TERM

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Policies will be written for a maximum 12-month term only. For vacant dwellings, a policy can be written for a 3-month term only (vacant homes may only be in the vacant home program for 3-months, a home vacant for more than 3-months will not renew). For all other occupancies, an initial term less than 12-months can only be written to ensure that the policy expiration date coincides with the expiration date of another insurance policy held by the named insured. If the initial term is less than 12-months, the premium (not the fees) will be prorated. Any minimum premium applicable to this program still applies. The minimum term is three months.

## 5 OTHER INSURANCE

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Other insurance covering the same property is permitted only when the other insurance is for perils not covered by the policy. (For example, flood insurance.)

## 6 RESERVED FOR FUTURE USE

## 7 APPLICATION AND BINDING PROCEDURES

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- Producers may bind acceptable risks provided every question on the application is answered (and explained when necessary) and the application is properly signed by the applicant and producer.
- Effective date of the application can be no sooner than the date and time the application is completed, signed, down payment collected, and all binding requirements met.
- Applications where the premium is billed to the Mortgagee may be submitted without payment.

Please contact Customer Service with any questions.

## 8 BOOK TRANSFERS

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In the event that a policy offer is made as a part of a mass transfer from another company to The Company, including but not limited to situations when a new policy is issued by The Company to replace an expiring policy issued by a non-Sutton company resulting from a transfer of an agent's book or block of business, certain provisions of these guidelines may be waived.

## 9 CATASTROPHE MANAGEMENT

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### 9.1 SUSPENSION OF BINDING AUTHORITY

As part of The Company's Catastrophe Management procedures, The Company may from time to time establish, at our discretion, restrictions on binding authority. Whenever binding authority is restricted by operation of The Company's Catastrophe Management procedures, no applications for new coverage will be accepted. In addition, no endorsements of existing policies will be accepted which will have the effect of increasing The Company's exposure.

Applications with an effective date/postmark combination, which would violate the prohibition(s) listed above, will be rejected and no coverage will exist. Renewals of The Company's expiring policies will be issued provided there is no increase in coverage or exposure, other than that which would normally occur (such as Adjustment of Limit).

This temporary suspension of binding authority will remain in effect until these binding restrictions have been lifted by The Company.

### 9.2 GENERAL (NON-EARTHQUAKE RELATED) EMERGENCY RESTRICTIONS

The Company may also establish discretionary restrictions on binding authority during emergency periods of potential floods, mudslides, fires, designated\* tropical storm, depression or hurricane, or other natural or manmade disaster emergencies. Producers who are aware of such conditions SHOULD NOT BIND COVERAGE UNTIL THEY HAVE CALLED THE COMPANY TO VERIFY THAT NO BINDING RESTRICTIONS ARE IN EFFECT.

If enacted, these emergency restrictions will be identical to those detailed in the above “Suspension of Binding Authority” section.

This temporary suspension of binding authority will remain in effect until these binding restrictions have been lifted by The Company.

\*NOTE: A “designated” tropical storm or hurricane is a weather disturbance identified as a tropical storm, depression or hurricane by the United States National Weather Service.

### 9.3 EARTHQUAKE-RELATED EMERGENCY RESTRICTIONS

When an earthquake registering 5.0 or greater on the Richter scale occurs, The Company (or its representative) may impose binding authority restriction on all agents in the affected area:

- Binding authority will be restricted when an earthquake reading 5.0 or greater on the Richter Scale occurs.
- Binding authority will be restricted for the day of the earthquake and for the 30-day period following the earthquake.
- An aftershock reading 5.0 or greater on the Richter Scale will be considered a new earthquake, and will result in a new period of suspended binding authority.
- The restrictions will apply to all counties located within 150 miles of the earthquake’s epicenter.
- The same above restrictions apply to any requests to increase coverage limits.
- Renewals are not affected by these restrictions.

### 9.4 MISCELLANEOUS RESTRICTIONS

The Company may also establish temporary restrictions on binding authority for new policies to properly manage geographic concentration levels and overall portfolio exposure. Territories are defined by zip code, and no one zip code can have more than 1.5% of the total insured value (TIV) for the program. Additionally, any 2.5 km radius areas will be restricted to a maximum of \$150 million in TIV.

## 10 PAYMENT PLANS, FEES, AND MINIMUM PREMIUM

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### 10.1 PAYMENT PLANS

The total premium of any policy is due and payable at the beginning of the policy term, unless the policy is issued on an installment plan. For policies issued on an installment plan, the initial premium installment will be due on the effective date of the policy subject to the down payment requirement. Policyholders may pay their remaining balance in two (“3-Pay”), or four (“5-Pay”), or 9 (“10-Pay”) additional installments:

Payment Plan	Down Payment	Installment Payment	Installment Schedule
Full Pay	100%		
3-Pay	40%	2 @ 30% each	1 <sup>st</sup> @ 60 days 2 <sup>nd</sup> @ 120 days
5-Pay	25%	4 @ 18.75% each	1 <sup>st</sup> @ 60 days 2 <sup>nd</sup> @ 90 days 3 <sup>rd</sup> @ 120 days 4 <sup>th</sup> @ 150 days
10-Pay*	25%	8 @ 9% each Final @ 3%	1 <sup>st</sup> @ 60 days 2 <sup>nd</sup> @ 90 days 3 <sup>rd</sup> @ 120 days 4 <sup>th</sup> @ 150 days 5 <sup>th</sup> @ 180 days 6 <sup>th</sup> @ 210 days 7 <sup>th</sup> @ 240 days 8 <sup>th</sup> @ 270 days 9 <sup>th</sup> @ 300 days
Mortgage Billed	Based on Mortgagee		

\*The "10-Pay" option requires an automatic payment source such as a credit card, debit card or ACH account debit.

## 10.2 FEES

A fully earned policy fee of \$70 will apply at New Business and Renewal Business.

A \$10 service fee is added to all installments, but not the initial down payment.

An insufficient funds fee of \$25 will be assessed whenever a manual check, electronic check/funds transfer or credit card transaction is unable to be processed due to the lack of sufficient funds or credit limit.

If non-payment of premium notice is issued, but a premium payment is received before cancellation, a \$10 late fee will apply. If a policy is cancelled then reinstated, a \$10 reinstatement fee will apply. All policies cancelled at the request of the insured will be charged a \$25 processing fee.

## 11 COVERAGES AND AMOUNTS

### 11.1 BASIC DWELLING POLICY (DP-1)

The policy contains coverage for the Dwelling, Other Structures, Personal Property, Fair Rental Value and Other Coverages. Below is a brief description of the coverage provided. For a complete description, please refer to the policy.

Policy Form DP-1		
<b>Coverage A:</b> Dwelling	The Described Dwelling	100% of Actual Cash Value
<b>Coverage C:</b> Personal Property	Personal Property Coverage is <b>Optional</b>	Max. 50% of Coverage A
Other Coverages:	Other Structures	10% of Coverage A
	Debris Removal	Incl. in Limit Applied to Damaged Property
	Improvements, Alterations, and Additions	10% of Coverage C



	World-Wide Coverage	10% of Coverage C
	Rental Value	10% of Coverage A
	Reasonable Repairs	
	Property Removed	
	Fire Department Service Charge	\$500 per Occurrence

Covered losses will be settled on an Actual Cash Value basis – please refer to the Loss Settlement Section of the guidelines for additional information.

## 11.2 SPECIAL DWELLING POLICY (DP-3)

The policy contains coverage for the Dwelling, Other Structures, Personal Property, Fair Rental Value, Additional Living Expense and Other Coverages. Below is a brief description of the coverage provided. For a complete description, please refer to the policy. Please note that some coverage limits described below can be optionally increased for additional premium. Other coverage not listed below may also be available for additional premium. See Section 15, Optional Coverages and Limits, for details.

Policy Form DP-3		
<b>Coverage A:</b> Dwelling	The Described Dwelling	100% of Replacement Cost
<b>Coverage B:</b> Other Structures	Unattached Other Structures on the Described Location	10% of Coverage A
<b>Coverage C:</b> Personal Property	Personal Property Coverage is <b>Optional</b>	Max. 50% of Coverage A
<b>Coverage D:</b> Fair Rental Value	Fair Rental Value of the Rented Portion of the Described Dwelling	10% of Coverage A
<b>Coverage E:</b> Additional Living Expense	Living Expenses for Loss to Described Dwelling	10% of Coverage A
Other Coverages:	Debris Removal	Incl. in Limit Applied to Damaged Property
	Improvements, Alterations, and Additions	10% of Coverage C
	World-Wide Coverage	10% of Coverage C
	Reasonable Repairs	
	Property Removed	
	Trees, Shrubs and Other Plants	\$500 per Tree
	Fire Department Service Charge	\$500 per Occurrence
	Collapse	
	Glass or Safety Glazing Material	

Covered losses will be settled on a limited replacement cost basis – please refer to the Loss Settlement Section of the guidelines for additional information.

## 11.3 REPLACEMENT COST/ACTUAL CASH VALUE ESTIMATE

The Company uses the ISO 360 Value Replacement Cost Estimator and inspection reports as a guide for each dwelling's estimated replacement cost (DP-3)/estimated actual cash value (DP-1).

Please note, The Company's evaluation is not a substitute for the insured's determination of the replacement cost (DP-3)/actual cash value (DP-1) of their dwelling.

## 11.4 AUTOMATIC ADJUSTMENT OF LIMITS

The limits that apply to Coverage A, B, C, and D may be increased on an annual basis based on either:

- A replacement cost (DP-3)/actual cash value (DP-1) estimate from a major appraisal company using property characteristics provided by the insured.
- A 4% annual inflation guard.

However, please note that it remains the insured's responsibility to ensure that the dwelling remains insured to 100% of its replacement cost (DP-3)/actual cash value (DP-1). This includes notifying The Company within 90 days of any additions or other physical changes that increase the value of either the dwelling or other structures on the premises by \$5,000 or more.

ATTACH: Endorsement BSN-ADJLIMDP, Adjustment of Limit

## 12 LOSSES INSURED

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Below is a brief description of the losses insured (Please refer to the policy for a complete description of the coverage):

### 12.1 BASIC DWELLING POLICY (DP-1)

Damage to insured Dwelling (Coverage A), Other Structures (Coverage B) and Personal Property (Coverage C) is insured against loss caused by the following named perils, with certain conditions and exclusions:

- Fire or Lightning
- Internal Explosion
- Windstorm or Hail
- Explosion
- Riot or Civil Commotion
- Aircraft
- Vehicles
- Smoke
- Volcanic Eruption
- Vandalism or Malicious Mischief (for additional premium)

### 12.2 SPECIAL DWELLING POLICY (DP-3)

Damage to insured Dwelling (Coverage A) and Other Structures (Coverage B) is covered against direct physical loss on an open perils basis, with certain conditions and exclusions. Damage to insured's Personal Property (Coverage C) is insured against loss caused by the following named perils, with certain conditions and exclusions:

- Fire or Lightning
- Windstorm or Hail
- Explosion
- Riot or Civil Commotion
- Aircraft
- Vehicles
- Smoke
- Vandalism or Malicious Mischief
- Damage by Burglars
- Falling Objects
- Weight of Ice, Snow or Sleet

- Accidental Discharge or Overflow of Water or Steam
- Sudden and Accidental Tearing Apart, Cracking, Burning or Bulging
- Freezing
- Sudden and Accidental Damage from Artificially Generated Electrical Current
- Volcanic Eruption

## 13 LOSS SETTLEMENT

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Below is a brief description of the loss settlement provisions of each policy (Please refer to the policy for a complete description of the coverage):

### 13.1 BASIC DWELLING POLICY (DP-1)

Covered property losses are settled at actual cash value (ACV) at the time of loss, but not more than the amount required to repair or replace the damaged property. An 80% co-insurance requirement for the Dwelling and Other Structures exists.

### 13.2 SPECIAL DWELLING POLICY (DP-3)

The structures insured under Coverages A or B are settled on a limited replacement cost basis. An 80% coinsurance requirement exists and optional Extended Replacement Cost Coverage can be purchased for an additional charge. Personal Property insured under Coverage C is settled on an actual cash value basis.

## 14 SUBMIT FOR APPROVAL

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The following risks require prior approval. Applications must be submitted unbound.

1. Dwellings with Coverage A limit of liability above \$1,000,000.
2. Protection Classes 8-10. In addition, the property must have access via an all-weather road that will allow fire-fighting equipment to reach the premises.
3. Risks where any one dwelling or unit (i.e.: ½ duplex, 1/3 triplex) is rented to more than one family or three or more unrelated individuals.
4. Risks with three or more unrelated individuals on the deed of trust (must submit with details as to the relationship and reason for the multiple names).
5. Risks where the applicant believes that a prior loss bears no relation to the coverage afforded by this program must be submitted unbound with a complete explanation and all supporting documentation for prior underwriter approval.
6. Any applicant or dwelling that has had a loss within the past 12 months with a payment of \$100,000 or more.
7. Risks where requested Coverage A limit is less than the replacement cost estimate (DP-3) or actual cash value estimate (DP-1) provided at quote. Risks where requested Coverage A limit is greater than 35% above the replacement cost estimate provided at quote.
8. Risks where insured provides roof age that differs from roof age provided at quote may require underwriting approval.
9. Risks that have been fully remodeled (i.e., all major systems have been remodeled, including plumbing, electrical and roof).
10. Any risk with a pool, hot tub, spa or similar structure within a gated community that is unfenced due to HOA or other local restrictions. Surcharge will apply.
11. Dwellings purchased at, from or through foreclosure, bank or trustee sale.

## 15 UNACCEPTABLE RISKS

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The Company will not accept the following risks:

1. Properties that are isolated or inaccessible to firefighting or other emergency equipment or services.
2. Properties with a Fireline score higher than 3, or any property which an underwriter's evaluation indicates is an unacceptable wildfire risk, unless the policy is endorsed with form BSN – DICDP3 (Difference in Conditions for DP3 Policies Endorsement) and has a California FAIR Plan or equivalent policy concurrently in-force for the same premises. To ensure consistency, underwriters will review the following criteria in determining severity of wildfire risk for any risks equal to or below Fireline 3:
  - a. US Forest Service classification of Vegetated or Wildland Urban Intermix will be unacceptable without a DIC endorsement;
  - b. Aerial imagery and/or inspection will be used to determine whether a risk has less than 250 feet of clearance to any brush fuel sources, in which case the risk will be unacceptable without a DIC endorsement.

The risk evaluation will be documented within our system.

3. Properties located in historical or current landslide or mudslide areas.
4. Properties located in a neighborhood with homes on the same block that do not show pride of ownership, such as boarded up, condemned, visibly unoccupied properties or properties in disrepair. When properties are physically inspected, the inspector will note whether homes on the block with the risk in question are boarded up or visibly unoccupied and underwriters will review and determine whether that presents an unacceptable risk to the proposed insured dwelling. Underwriters may also use aerial imagery showing the risk under review and some portion of contiguous properties.
5. Properties with barns valued over \$20,000, or with extensive farming or ranching equipment.
6. Any risk with a pool, hot tub, spa or similar structure unless in compliance with municipal ordinances.
7. Any risk with a swimming pool where the pool is not completely filled and maintained. Fencing required unless in a fenced community where covenants do not allow.
8. Properties with abandoned, non-operational or not regularly used vehicles, or where company vehicles are stored.
9. Properties with discarded appliances not in use.
10. Properties used primarily for vacation rental purposes or short term rentals such as Airbnb, VRBO, etc.
11. Properties with more than four (4) dwellings, not counting unattached garages, barns, or storage sheds with no living space.
12. Properties with bars over windows, unless there is a quick release.
13. Condominiums, or townhouses or any building not constructed specifically to be a single family dwelling. However, a unit that is part of a townhouse or row house and shares common walls with other units where the structural components of the unit are owned by the Named Insured can be written. We will only accept Townhouse or Row House units within a building containing a maximum of 8 individual family units. Only one individual family unit may be insured by any one policy. Townhouse or Row House rating factors will be applied.
14. Mobile homes, trailer homes (including recreational and utility), modular homes, boats, houseboats, automobiles, basement homes, portable buildings, or any structure made of cloth or canvas.
15. Apartment buildings or dwellings with more than four (4) family units. (rental duplex, triplex or fourplex is acceptable).
16. Dwellings built prior to 1900 (except for qualifying renewals).
17. Dwellings that are not of sound structure and are not maintained in an insurable condition.
18. Dwellings without any utility services.

19. Dwellings on piers, posts, pilings or stilts. This does not include dwellings on a solid foundation with post and pier construction that creates a small enclosed crawl space under the dwelling.
20. Dwellings without a solid or permanent foundation.
21. Dwellings without a stable foundation (i.e. cinder blocks or other similar material) or foundations where the perimeter is not completely enclosed (i.e. crawlspace where the venting/holes to the outside are not covered and maintained).
22. Dwellings undergoing extensive remodeling, renovation or construction affecting habitability.
23. Dwellings with unrepaired damage (including earthquake damage) and/or open or pending property and/or liability claims, and/or known or potential (a) defects, (b) claim disputes, (c) property disputes, and/or (d) lawsuits.
24. Dwellings with tin, foam (except polyurethane foam systems), corrugated, or wood (other than cedar shake) roofing, regardless of condition, or metal or copper roofs in poor condition.
25. Dwellings with flat tar and/or gravel roofs are acceptable; however, the dwelling will be subject to Endorsement RFALDP, which limits coverage to the perils of fire and lightning only for roof and ensuing damage due to roof failure.
26. Dwellings with roofs 25 years of age and older, or in poor condition (regardless of age), are subject to Endorsement BSN-RFALDP which limits coverage for roof and interior damage due to roof condition to the perils of fire or lightning. Dwellings on DP-3 with roofs 20 years of age and older, up to 25 years of age, will be limited to Actual Cash Value coverage (ATTACH: Endorsement BSN-ACVROOFDP3). This rule does not apply to tile roofs, including clay and concrete shingle tile roofs, in good condition. Roof age is determined through an underwriting tool; however, agents can modify if the roof age provided by the tool is not accurate. Underwriters will use aerial imagery tools with photos usually dated within 6 months of the policy effective date to evaluate roof condition in the case of disputed age or condition. Insured can also upload roof photos of their own in the event of a dispute.
27. Dwellings without a main source of heat or dwellings that have a main source of heat that is not permanently installed and thermostatically controlled.
28. Dwellings with wood, coal, pellet, or kerosene stoves, and/or space heaters, that are the main source of heat, whether or not permanently installed and whether or not thermostatically controlled.
29. Dwellings without 100% copper wiring and/or with any fuse(s) providing power to any portion of the dwelling.
30. Dwellings without local, functioning smoke detectors.
31. Risks with pressurized polybutylene pipes.
32. Risks not occupied within fifteen (15) days of requested effective date (except seasonal, vacant or tenant occupied dwellings).
33. Any applicant or dwelling that has had two or more chargeable property and/or liability losses of any kind in the past 36 months that resulted in a payment of at least \$500 per claim. (Refer to the Loss Surcharge rule for definition of chargeable losses.)
34. Risks with any ongoing dispute between the applicant and tenant.
35. Risks where the insured does not have legal title to land upon which dwelling is located.
36. Risks owned by a well-known personality (political, entertainer, sports, etc.)
37. Risks where the occupant in possession is adverse to the owner.
38. Risks occupied as rooming houses, fraternities, sororities, student housing or other similar types of occupancies.
39. Risks where space is rented to others for commercial use or risks with any type of business (including childcare provided to unrelated individuals for compensation), trade or illegal activity on the premises. When a trust is listed as a Named Insured, a trustee or beneficiary of the trust that conducts or engages in any activities on or related to the insured location for monetary gain or compensation is unacceptable.
40. Risks where the tenant is behind by more than 1 rent payment.
41. Risks with repetitive similar caused property and/or liability losses.
42. Risks with 4 or more named insureds when liability coverage is desired in excess of \$300,000.

- 43. Risks with other insurance in force, except insurance that covers perils not insured by this dwelling policy.
- 44. Risks with three or more mortgagees or lenders
- 45. Dwellings with an individual listed as a lender.
- 46. Risks titled in corporate name or name of business (this includes a Land Trust), except that the Named Insured can be a Limited Liability Corporation (LLC) or Family Limited Partnership (FLP) if the Managing Member is listed as an Additional Insured.
- 47. Lenders may be named as additional interests but not as Additional Insureds.

## 16 OPTIONAL COVERAGES AND LIMITS

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The following optional coverages and limits are available:

### 16.1 DEDUCTIBLES

The following deductible options are available by adjusting the basic premium as indicated below:

Deductible	Premium Adjustment
\$250	Base
\$500	-10%
\$1,000	-15%
\$2,500	-20%
\$5,000	-25%

NOTE:

- The \$250 deductible is not available for Vacant, Seasonal or Tenant Occupied Dwellings.
- Dwellings purchased at, from or through foreclosure, bank or trustee sale will be subject to minimum deductible of \$2,500 with no premium discount for the first year. The deductible may be increased to \$5,000 for a -6% premium adjustment for the first year.

### 16.2 EXTENDED REPLACEMENT COST COVERAGE FOR DWELLING (COVERAGE A) – DP-3 ONLY

The policy may be endorsed to provide additional insurance for Coverage A when loss, to the dwelling building, exceeds the limit of liability shown on the policy. An additional coverage amount equal to 125% or 150% of the Coverage A limit will be provided for loss payments above the stated limits for the following charge:

Coverage Amount	Premium Adjustment	
	Policy without DIC	Policy with DIC
125%	7.00%	5.25%
150%	9.00%	6.75%

ATTACH:

- Endorsement BSN-125ERCDP, Extended Replacement Cost Coverage – 125%
- Endorsement BSN-150ERCDP, Extended Replacement Cost Coverage – 150%

### 16.3 PERSONAL PROPERTY (COVERAGE C)

Personal property coverage is not included with the base premium for either basic (DP-1) or special (DP-3) policies. Coverage C for personal property can be purchased, up to a maximum of 50% of the Coverage A limit for the following additional premium:

Premium per Thousand	
Policy without DIC	Policy with DIC
\$3.00	\$2.25

### 16.4 OPTIONAL LIABILITY LIMITS

The basic (DP-1) and special (DP-3) policies do not provide any liability or medical payments coverage. These coverages can be purchased for both policies at the following additional premium amounts:

Limit	Single Unit	Multi-Unit
\$50,000	\$78	\$118
\$100,000	\$85	\$132
\$300,000	\$132	\$202
\$500,000	\$182	\$273

Medical Payments coverage of \$250 per person / \$5,000 per occurrence will be included when liability coverage is purchased.

NOTE: Animal Liability is excluded on all risks.

ATTACH:

- Endorsement BSN-CPLDP, Comprehensive Personal Liability (owner occupied, tenant and seasonal risks)
- Endorsement BSN-WRKDP, Worker's Compensation (owner occupied, tenant, seasonal and vacant risks)
- Endorsement BSN-CPLTDP, CPL Endorsement for Non-Owner Occupied Dwelling (tenant occupied risks)
- Endorsement BSN-PRLIABDP – Premises Liability (vacant risks)

### 16.5 OPTIONAL ANIMAL LIABILITY LIMITS FOR ACCEPTABLE ANIMALS (OWNER & SEASONAL ONLY)

Animal liability coverage is excluded on all policies. However, optional Limited Animal Liability coverage can be purchased, as indicated in the table below. See Endorsement BSN-ANMLIBDP for coverage details and limitations.

Limit	Premium
\$50,000	\$13
\$100,000	\$17
\$300,000	\$34
\$500,000	\$60

NOTE: Selected limit must match Personal Liability Limit

ATTACH: Endorsement BSN-ANMLIBDP, Limited Animal Liability Coverage. Selected limit will appear on policy declarations page.

## 16.6 INCREASED OTHER STRUCTURES (COVERAGE B)

For DP-1 policies, 10% of the Coverage A (Dwelling) limit may be used for Coverage B (Other Structures). This included amount is not additional insurance. Additional Coverage B may be purchased for DP-1 policies up to 65% of the Coverage A limit. Any additional amount purchased is treated as additional insurance.

For DP-3 policies, Coverage B (Other Structures) is included as additional insurance with a limit equal to 10% of your Coverage A (Dwelling) limit. Additional Coverage B may be purchased up to a total of 75% of your Coverage A limit.

Premium per Thousand	Policy without DIC		Policy with DIC	
	Protection Classes 1-7	Protection Classes 8-10	Protection Classes 1-7	Protection Classes 8-10
Owner Occupied or Seasonal	\$3.30	\$6.00	\$2.48	\$4.50
Tenant Occupied or Vacant	\$4.40	\$7.70	\$3.30	\$5.78

## 16.7 INCREASED ADDITIONAL LIVING EXPENSE/FAIR RENTAL VALUE (DP-3 ONLY)

For DP-3 owner-occupied policies, Coverage E (Additional Living Expense) is included as additional insurance with a limit equal to 10% of the Coverage A (Dwelling) limit. Additional Coverage E may be purchased for DP-3 owner-occupied policies up to \$30,000.

For DP-3 tenant-occupied policies, Coverage D (Fair Rental Value) is included as additional insurance with a limit equal to 10% of the Coverage A (Dwelling) limit. Additional Coverage D may be purchased for DP-3 tenant occupied policies up to \$30,000.

Premium per Thousand	
Policy without DIC	Policy with DIC
\$3.00	\$2.25

## 16.8 ADDITION OF NAMED PERIL THEFT TO OPTIONAL PERSONAL PROPERTY COVERAGE (OWNER ONLY)

Theft can be added as a named peril insured against for optional personal property coverage (Coverage C) for full-time owner-occupied units only for the additional premium shown below. If selected, this coverage must be purchased for 100% of the Coverage C limit. This coverage is only available if the Coverage C limit of liability is greater than \$0. Theft coverage is subject to a minimum charge of \$45.00.

Premium per Thousand
\$2

ATTACH: Endorsement BSN-TFTODDP, Theft Coverage Full-Time Owner Occupied Dwellings

## 16.9 INCREASED SPECIAL LIMITS OF LIABILITY (OWNER ONLY)

For an additional charge of \$45, the Special Limits of Liability can be increased as follows (for full-time owner-occupied units only):

- Special Limits of \$100 are increased to \$500; and
- Special Limits of \$200 are increased to \$1,000; and
- Special Limits of \$500 are increased to \$2,000.

This coverage is only available if the Coverage C limit of liability is greater than \$0.

ATTACH: Endorsement BSN-STFTODDP – Superior Theft Coverage Full-Time Owner Occupied Dwellings



## 16.10 VANDALISM AND MALICIOUS MISCHIEF COVERAGE (DP-1 ONLY)

For DP-1 policies, vandalism and malicious mischief coverage can be added for the additional premium shown below:

Occupancy	Premium per Thousand
Owner, Seasonal, Tenant	\$2
Vacant	\$3

NOTE:

- Coverage must be purchased for 100% of Dwelling Limit
- On Tenant Occupied risks, the applicable deductible for damage caused by act of tenant(s) is the greater of \$2,500 or the policy deductible listed on the declarations page.

ATTACH: Endorsement BSN-VMMUOCDP – Vandalism or Malicious Mischief Coverage for Unoccupied Homes.

## 16.11 ENHANCED MORTGAGEE CLAUSE – 438BFU

The enhanced mortgagee clause can be attached to the policy for a \$10.00 premium charge.

ATTACH: Endorsement BSN-438BFUDP, Lender's Loss Payable Endorsement

## 16.12 EARTHQUAKE COVERAGE

The Company does not offer Earthquake insurance. Earthquake coverage will be offered on all bound business using Palomar Specialty.

## 16.13 RESERVED FOR FUTURE USE

## 16.14 TRUSTS, LLC'S AND ADDITIONAL INSURED

A policy may be issued in the name of a Limited Liability Corporation (LLC) or a Trust, provided that the Managing Member of the LLC or Trustee/Beneficiary is listed as an Additional Insured. No other type of business or corporation can be listed as a Named Insured.

Other persons or organizations with an insurable interest in the property can be listed as an Additional Insured, however Lenders may not be listed as Additional Insureds.

Please note the following endorsements apply to all policies and limit coverage for legal entities and persons or organization listed as an Additional Insured to the residence premises. There is no charge for either coverage.

ATTACH:

- Endorsement BSN-ADINSDDP, Additional Insured – Residence Premises
- Endorsement BSN-PHLEDP, Property Held By Legal Entity

## 16.15 OPTIONAL LIMITED SEWER OR DRAIN BACKUP COVERAGE (DP-3 ONLY)

All policies exclude coverage for water that backs up through a sewer or drain. This coverage can be added with a limit of \$2,500, \$5,000 or \$10,000 for the charge indicated below.

<b>Sewer or Drain Backup Limit</b>	<b>Premium</b>
\$2,500	\$50
\$5,000	\$85
\$10,000	\$115

ATTACH: Endorsement BSN-LIMSDBDP, Limited Sewer or Drain Backup Coverage

### 16.16 BUILDING ORDINANCE OR LAW COVERAGE (DP-3 ONLY)

Building Ordinance or Law Coverage is included through an endorsement. For an additional premium, DP-3 policies are endorsed to settle loss to the insured building or covered property in compliance with any ordinance or law that regulates the construction, repair or demolition of the building or property. The limit of liability for this coverage is 10% of the Coverage A limit. This coverage, which is required, is provided for a surcharge to the basic premium indicated below.

<b>Premium Adjustment</b>	
<b>Policy without DIC</b>	<b>Policy with DIC</b>
5.00%	3.75%

ATTACH: Endorsement BSN-ORDLAWDP, Ordinance or Law Coverage

### 16.17 OPTIONAL PERSONAL INJURY COVERAGE (DP-3 WITH CPL ONLY)

For an additional premium, DP-3 policies that have been endorsed with the BSN-CPLDP endorsement providing liability coverage may be endorsed to remove the exclusion for wrongful eviction coverage and to add personal injury coverage to the CPL, subject to the conditions and exclusions listed in the endorsement.

This coverage can be added for a flat \$30 premium to match the liability limits.

ATTACH: Endorsement BSN-PICDP3, Personal Injury Coverage

### 16.18 EQUIPMENT BREAKDOWN COVERAGE (DP-3 ONLY)

For an additional charge of \$55, Equipment Breakdown Coverage can be added to the policy.

The Equipment Breakdown component provides homeowners with Equipment Breakdown coverage in their Homeowners insurance policy, which is otherwise excluded. Examples of the type of equipment that could suffer a breakdown and will be covered by this incorporation include:

- Back-up power generators
- Boilers and hot water heaters
- Central air conditioners
- Deep well pumps
- Furnaces, heat pumps and heaters
- Home security systems & control panels
- Solar heaters
- Vacuum systems
- Desktop and laptop computers
- Exercise equipment
- Home medical equipment
- Televisions and home entertainment equipment

This coverage will include all equipment that is Covered Property under Coverage A, B and C of the Homeowner policy, with the exception of riding mowers and tractors.

A \$500 Deductible for Equipment Breakdown coverage will apply to each loss.

ATTACH: Endorsement BSN-EBCDP3, Equipment Breakdown Coverage

## 16.19 SERVICE LINE COVERAGE (DP-3 ONLY)

For an additional charge of \$65, Service Line Coverage can be added to the policy.

The Service Line component provides payment for loss or damages resulting from a service line failure. A service line constitutes underground piping and wiring that is located at the insured location and produces a service, such as delivering water or power to the building or other structure from a utility or private water supply.

Coverage applies to insured-owned exterior and underground:

- Water piping that connects from the building to a public water supply or private well
- Sewer piping that connects from the building to a public sewer system or private septic system
- Power lines that provide electrical service to the building or other structure
- Piping that connects to a heat pump

A \$500 Deductible for Service Line coverage will apply to each loss.

ATTACH: Endorsement BSN-SLCDP3, Service Line Coverage

## 17 PREMIUM CREDITS AND SURCHARGES

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The maximum total premium credit that can be applied to any policy is 50%.

### 17.1 MULTI-POLICY DISCOUNT

If the insured has another in force personal or commercial lines policy with The Company/Bamboo or a private passenger auto policy (car, truck, or SUV only) with the same producer a premium credit will be allowed. This credit will apply to the basic premium for the policy. This credit will be discontinued if/when the other policy(ies) lapse. Only one credit for the highest qualifying discount level, as identified below, can be applied to the policy at any time.

Discount Level	Other Policy Type	Premium Adjustment
Level I	Private Passenger auto with same producer	5%
Level II	Any personal or commercial lines policy with The Company/Bamboo	12%

### 17.2 NEWLY ACQUIRED HOME DISCOUNT

If the insured dwelling is newly purchased by the Named Insured, a 10% discount will be applied to the basic premium for the first year of the policy. This discount will be reduced to 7% at the first policy renewal, 3% at the second policy renewal, and will be removed thereafter. To qualify for the discount, the effective date of the Company's policy must be within 60 days from the closing date of the insured's purchase of the dwelling.

### 17.3 ACTIVE LEASE DISCOUNT (TENANT ONLY)

For tenant occupied dwellings only, a 10% credit to the basic premium will apply to the policy if the named insured on the policy has a current lease or rental agreement that is in effect on the effective date of the policy and is signed by both the named insured and tenant. This discount will apply to all future renewals.

### 17.4 PRIOR LOSS SURCHARGE

The Prior Loss Surcharge recognizes the loss history of an insured or applicant in determining the appropriate premium for a new or renewal policy.

The following types of losses are not considered chargeable:

- Catastrophe claims such as wildfires, tornados, hurricanes or earthquakes that are assigned a CAT number by ISO.
- A loss for which a payment occurred only with respect to Medical Payments to Others or Similar Coverage.
- Equipment Breakdown Coverage or Service Line Coverage.

1 or more qualified loss in the past 36 months: 15% Surcharge to the basic premium.

### 17.5 BAMBOO RETENTION DISCOUNT

When Bamboo policies are rolled over from an agency or another carrier to this product, a 5% discount will apply to the first year's premium.

### 17.6 DIFFERENCE IN CONDITIONS ENDORSEMENT (DP-3 ONLY)

When attached, this endorsement must be signed by the applicant and attached to the homeowners application. The endorsement eliminates all coverage for loss due to the following perils:

- Fire or Lightning
- Internal Explosion, meaning explosion occurring in the dwelling or other structure covered on the insured location or in a structure containing personal property covered
- Windstorm or Hail
- Explosion
- Riot or Civil Commotion
- Aircraft, including self-propelled missiles and spacecraft
- Vehicles
- Smoke, meaning sudden and accidental damage from smoke
- Volcanic Eruption
- Vandalism or Malicious Mischief

<b>Premium Adjustment</b>
-25%

\*Adjustment applies to the basic premium

ATTACH: Endorsement BSN-DICDP3, Difference In Conditions Endorsement for California Dwelling Fire Policies

## 17.7 AGE OF PLUMBING SURCHARGE (DP-3 ONLY)

Age of Plumbing (Years)	Premium Adjustment
1 - 10	0%
11- 20	2%
21 - 30	4%
31 - 40	6%
41 - 50	8%
51+	10%

\*Adjustment applies to the basic premium

## 17.8 MULTI-FAMILY UNITS SURCHARGE (MAXIMUM 4 UNITS):

Number of Units	Premium Adjustment*
2	10%
3	20%
4	20%

\*Adjustment applies to the basic premium

## 17.9 WOODSTOVE SURCHARGE

If a woodstove, coal, pellet, or kerosene stove is present, a 10% woodstove surcharge will be applied to the basic premium. Woodstove surcharge will not apply to policies with the DIC endorsement attached.

## 17.10 UNFENCED SWIMMING POOL SURCHARGE

When an unfenced swimming pool, hot tub, spa or similar structure in on the property, apply the applicable premium surcharge.

Limit	Premium
\$50,000	\$41
\$100,000	\$45
\$300,000	\$63
\$500,000	\$75

NOTE:

- This surcharge only applies when optional liability coverage has been added to the policy.
- Selected limit must match Personal Liability Limit

## 18 RESERVED FOR FUTURE USE

## 19 CHANGES ON POLICY

Coverages and limits (above the minimum) may be increased or decreased, added or deleted, during the term of the policy. Additional or return premium shall be computed on a pro rata basis.

## 20 CANCELLATION OF INSURANCE

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Both the basic (DP-1) and special (DP-3) dwelling fire policies may be canceled at the request of the insured at any time. However, it is not permissible to cancel any of the mandatory coverages provided unless the entire policy is canceled. In the basic dwelling fire policy, Coverages A, B and D are mandatory. In the special dwelling fire policy, Coverages A, B, D and E are mandatory.

If the policy is canceled at the request of either the insured or The Company, the return premium shall be 100% of the pro rata unearned premium.

## 21 TRANSFER OR ASSIGNMENT

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Transfer of the policy to another location within the state is allowed provided the new location meets eligibility requirements and there is no change in ownership. Transfers are subject to any necessary adjustment(s) of premium.

Assignment of insurance under the policy is not allowed.

## 22 CONSTRUCTION CLASSIFICATIONS

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### 22.1 FRAME

A dwelling with exterior walls of combustible construction (including walls with metal, stucco or metal lath and plaster on combustible supports) is classified as frame.

### 22.2 MASONRY/VENEER

MASONRY: A dwelling with exterior walls of brick, concrete, concrete block, adobe, tile or other masonry materials is classified as masonry.

MASONRY VENEER: A dwelling with walls of combustible construction veneered with masonry materials is classified as masonry veneer.

### 22.3 MIXED CONSTRUCTION

A dwelling shall be classified as frame construction when the wall area of frame construction (excluding gables) exceeds 51% of the total wall area.

## 23 FIRE PROTECTION DEFINITIONS

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The Protection Class listings in the Public Classification Manual apply to risks insured under this program.

- In a municipality or other classified area where a single classification number is shown, use that classification number for all properties located in that classified area.
- In a classified area where two or more classification numbers are shown (e.g. 6/9), the applicable classification number is determined based on the distance to a responding fire station and the distance to a fire hydrant.
  - For properties located five road miles or less from a responding fire station and within 1,000 feet of a fire hydrant, use the first protection class shown (e.g. 6/9, use class 6).
  - For properties located five road miles or less from a responding fire station and beyond 1,000 feet of a fire hydrant, use the second protection class shown (e.g. 6/9, use class 9).

- For properties located more than 5 road miles from a responding fire station, use class 10.
- In a classified area serviced by a subscription-type fire department, use class 10 for properties that do not subscribe.
- Use class 10 for all properties not classified.

## 24 FORMS

COVERAGE FORMS				
Policy Name	Edition	Title	Program Availability	Mandatory (M) or Dynamic (D)
BSN - CADP1	02/2021	DP-1 Dwelling Fire Policy	DP-1	M
BSN - CADP3	02/2021	DP-3 Special Dwelling Fire Policy	DP-3	M
ENDORSEMENTS				
Endorsement Name	Edition	Title	Program Availability	Mandatory (M) or Dynamic (D)
BSN - ACVROOFDP3	02/2021	Actual Cash Value Roof Endorsement	DP-3	D
BSN - ADINSDDP	02/2021	Additional Insured - Residence Premises	DP-1 & DP-3	D
BSN - ADJLIMDP	02/2021	Adjustment of Limit	DP-1 & DP-3	M
BSN - CPLDP	02/2021	Comprehensive Personal Liability Coverage	DP-1 & DP-3	D
BSN - CPLTDP	02/2021	CPL Endorsement (Tenant Occupied Dwelling or Units)	DP-1 & DP-3	D
BSN - DICDP3	02/2021	Difference in Conditions Endorsement for California Dwelling Fire (DP-3) Policies	DP-3	D
BSN - EBCDP3	02/2021	Equipment Breakdown Coverage	DP-3	D
BSN - 125ERCDP	02/2021	Extended Replacement Cost Coverage - 125%	DP-1 & DP-3	D
BSN - 150ERCDP	02/2021	Extended Replacement Cost Coverage - 150%	DP-1 & DP-3	D
BSN - INCTENDP	02/2021	Increased Deductible for Loss or Damage Caused by Tenants	DP-1 & DP-3	M
BSN - 438BFUDP	02/2021	Lender's Loss Payable Endorsement	DP-1 & DP-3	D
BSN - ANMLIBDP	02/2021	Limited Animal Liability Coverage	DP-1 & DP-3	D
BSN - LIMSDBDP3	02/2021	Limited Sewer Drain or Backup Coverage	DP-3	D
BSN - MTGCLSDP	02/2021	Mortgage Clause	DP-1 & DP-3	M
BSN - OCCENDDP	02/2021	Occupancy Endorsement (Primary Residence Only)	DP-1 & DP-3	M
BSN - ORDLAWDP3	02/2021	Ordinance or Law Coverage	DP-3	M
BSN - PICDP3	02/2021	Personal Injury Coverage	DP-3	D
BSN - PRLIABDP	02/2021	Premises Liability Coverage	DP-1 (Vacant)	D
BSN - PHBLEDP	02/2021	Property Held By Legal Entity	DP-1 & DP-3	D
BSN - RFALDP	02/2021	Roof for Fire and Lightning Only	DP-1 & DP-3	D
BSN - SLCDP3	02/2021	Service Line Coverage	DP-3	D
BSN - STFTODDP	02/2021	Superior Theft Coverage for Full Time Owner Occupied Dwellings	DP-1 & DP-3	D
BSN - TERWARDP	02/2021	Terrorism and War Exclusion	DP-1 & DP-3	M
BSN - TFTODDP	02/2021	Theft Coverage for Full Time Owner Occupied Dwellings	DP-1 & DP-3	D
BSN - VMMUOCDP	02/2021	Vandalism or Malicious Mischief Coverage for Unoccupied Homes	DP-1	D
BSN - WRKDP	02/2021	Workers' Compensation for Residence Employees	DP-1 & DP-3	M