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# HOMEOWNERS UNDERWRITING GUIDE

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California  
HO-3 Homeowners Policy

12/2020

# CONTENTS

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1	GENERAL .....	4
2	POLICY FORMS AND DWELLING LIMITS .....	4
2.1	Homeowners: FORM HO-3 .....	4
3	ELIGIBILITY .....	4
3.1	HOMEOWNERS POLICY .....	4
4	POLICY TERM .....	4
5	OTHER INSURANCE .....	4
6	RESERVED FOR FUTURE USE .....	4
7	APPLICATION AND BINDING PROCEDURES.....	4
8	BOOK TRANSFERS .....	5
9	CATASTROPHE MANAGEMENT .....	5
9.1	SUSPENSION OF BINDING AUTHORITY .....	5
9.2	GENERAL (NON-EARTHQUAKE RELATED) EMERGENCY RESTRICTIONS .....	5
9.3	EARTHQUAKE-RELATED EMERGENCY RESTRICTIONS .....	5
9.4	MISCELLANEOUS RESTRICTIONS.....	6
10	PAYMENT PLANS and FEES .....	6
10.1	PAYMENT PLANS.....	6
10.2	FEES.....	7
11	COVERAGES AND AMOUNTS .....	7
11.1	HOMEOWNERS .....	7
11.2	REPLACEMENT COST ESTIMATE.....	8
11.3	AUTOMATIC ADJUSTMENT OF LIMITS .....	8
12	LOSSES INSURED .....	9
12.1	SECTION I – PROPERTY COVERAGES .....	9
12.2	SECTION II – LIABILITY COVERAGES .....	9
13	LOSS SETTLEMENT – SECTION I.....	10
13.1	DWELLING .....	10
13.2	PERSONAL PROPERTY .....	10
14	SUBMIT FOR APPROVAL.....	10
14.1	HOMEOWNERS .....	10
15	UNACCEPTABLE RISKS.....	10
16	OPTIONAL COVERAGES AND LIMITS .....	12
16.1	DEDUCTIBLES .....	12
16.2	PREMIER PACKAGE .....	12

16.3	EXTENDED REPLACEMENT COST COVERAGE FOR DWELLING (COVERAGE A) .....	13
16.4	INCREASED OTHER STRUCTURES (COVERAGE B) .....	13
16.5	INCREASED LOSS OF USE (COVERAGE D) .....	13
16.6	UNSCHEDULED PERSONAL PROPERTY (COVERAGE C) - ACV .....	13
16.7	INCREASED UNSCHEDULED PERSONAL PROPERTY (COVERAGE C) .....	13
16.8	INCREASED UNSCHEDULED JEWELRY & SILVERWARE .....	14
16.9	MEDICAL PAYMENTS TO OTHERS .....	14
16.10	INCREASED UNSCHEDULED PROPERTY USED IN BUSINESS (ON PREMISES) .....	14
16.11	PERSONAL LIABILITY LIMITS .....	14
16.12	OPTIONAL ANIMAL LIABILITY LIMITS FOR ACCEPTABLE ANIMALS .....	15
16.13	OPTIONAL PERSONAL INJURY COVERAGE .....	15
16.14	OTHER INSURED LOCATION OCCUPIED BY INSURED – COVERAGE E .....	15
16.15	ENHANCED MORTGAGEE CLAUSE – 438BFU .....	15
16.16	EARTHQUAKE .....	15
16.17	SUPERIOR HOME PROTECTION PACKAGE .....	16
16.18	TRUSTS, LLC’S AND ADDITIONAL INSUREDS .....	16
16.19	OPTIONAL LIMITED SEWER OR DRAIN BACKUP COVERAGE .....	16
16.20	ORDINANCE OR LAW COVERAGE (COVERAGE A) .....	17
16.21	EQUIPMENT BREAKDOWN COVERAGE .....	17
16.22	INCREASED LOSS ASSESSMENT COVERAGE .....	17
16.23	SERVICE LINE COVERAGE .....	17
17	PREMIUM CREDITS AND SURCHARGES .....	18
17.1	MULTI-POLICY DISCOUNT .....	18
17.2	GATED COMMUNITY DISCOUNT .....	18
17.3	NEWLY ACQUIRED HOME DISCOUNT .....	18
17.4	PRIOR LOSS SURCHARGE .....	18
17.5	PROTECTION CLASS 9 AND 10 SURCHARGE .....	19
17.6	WILDFIRE RISK SURCHARGE .....	19
17.7	AGE OF HOME RATING PLAN .....	19
17.8	TILE ROOF CREDIT .....	20
17.9	DIFFERENCE IN CONDITIONS ENDORSEMENT .....	20
17.10	AGE OF PLUMBING SURCHARGE .....	21
17.11	CENTRAL ALARM SERVICE DISCOUNT .....	21
17.12	UNFENCED SWIMMING POOL SURCHARGE .....	21
17.13	OCCUPANCY SURCHARGE .....	21
18	SCHEDULED PERSONAL PROPERTY .....	22

18.1	GENERAL UNDERWRITING GUIDELINES:.....	22
18.2	JEWELRY (LIMIT PER ITEM: \$30,000; TOTAL LIMIT: \$100,000) .....	22
18.3	FURS (LIMIT PER ITEM: \$7,500; TOTAL LIMIT: \$15,000) .....	23
18.4	CAMERAS (LIMIT PER ITEM: \$2,500; TOTAL LIMIT: \$15,000).....	23
18.5	MUSICAL INSTRUMENTS (LIMIT PER ITEM: \$7,500; TOTAL LIMIT: \$15,000) .....	23
18.6	SILVERWARE (LIMIT PER ITEM: \$2,500; TOTAL LIMIT: \$15,000) .....	23
18.7	GOLFER’S EQUIPMENT (LIMIT PER ITEM: \$2,000; TOTAL LIMIT: \$5,000) .....	24
18.8	FINE ARTS (LIMIT PER ITEM: \$10,000; TOTAL LIMIT: \$50,000) .....	24
18.9	POSTAGE STAMPS (LIMIT PER ITEM: \$1,000; TOTAL LIMIT: \$5,000) .....	24
18.10	RARE AND CURRENT COINS (LIMIT PER ITEM: \$1,000; TOTAL LIMIT: \$5,000).....	24
18.11	FIREARMS (LIMIT PER ITEM: \$2,000; TOTAL LIMIT: \$5,000) .....	25
19	CHANGES TO POLICY LIMITS AND PREMIUM.....	25
20	CANCELLATION OF INSURANCE .....	25
21	TRANSFER OR ASSIGNMENT .....	25
22	CONSTRUCTION CLASSIFICATIONS .....	25
22.1	FRAME.....	25
22.2	MASONRY / VENEER .....	25
22.3	MIXED CONSTRUCTION.....	26
23	FIRE PROTECTION DEFINITIONS .....	26
24	RATES AND PREMIUM CALCULATION .....	<b>Error! Bookmark not defined.</b>
24.1	BASE RATES .....	<b>Error! Bookmark not defined.</b>
24.2	TERRITORY FACTORS.....	<b>Error! Bookmark not defined.</b>
24.3	TOWNHOUSE OR ROW HOUSE RATING FACTORS .....	<b>Error! Bookmark not defined.</b>
24.4	premium calculation .....	<b>Error! Bookmark not defined.</b>
25	FORMS .....	27

# 1 GENERAL

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The Homeowners Policy Program is Issued by Sutton National Insurance Company (hereinafter "The Company").

## 2 POLICY FORMS AND DWELLING LIMITS

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2.1 HOMEOWNERS:  
Dwelling Limits:  
Maximum: \$1,500,000

FORM HO-3  
Minimum: \$70,000

## 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 HOMEOWNERS POLICY

A single-family dwelling occupied by the titled owner and used principally for private residential purposes. The dwelling must have only one family and cannot have more than two roomers or boarders.

NOTE: 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. 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.

## 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

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## 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 at (833) 922-6266 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-Catlin Insurance 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, we may from time to time establish, at our discretion, restrictions on binding authority. Whenever binding authority is restricted by operation of our Catastrophe Management procedures, no applications for new coverage will be accepted. In addition, no endorsements of existing policies which will have the effect of increasing The Company's exposure will be accepted.

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 and/or the carrier issuing the earthquake policy (or its representative) may impose binding authority restrictions 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 above restrictions also 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 percent of the total insured value (TIV) for the program. Additionally, any 2.5 km radius area will be restricted to a maximum of \$150 million in TIV.

# 10 PAYMENT PLANS AND FEES

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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”), 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 to 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 and not re-written with The Company will be charged a \$25 processing fee.

# 11 COVERAGES AND AMOUNTS

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## 11.1 HOMEOWNERS

This policy contains two sections: Section I – Property Coverages and Section II – Liability 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.



<b>Section I - Property Coverages</b>			
<b>Coverage A:</b> Dwelling	The Residence Premises listed in the Declarations		Limit stated in the Declarations
<b>Coverage B:</b> Other Structures	Unattached Private Structures on the Residence Premises		10% of the Coverage 'A' Amount
<b>Coverage C:</b> Personal Property	Unscheduled Personal Property		50% of Coverage 'A' Amount
	<b>Summary of Some Types of Property Subject to Special Limits of Liability</b>		<b>Special Limits</b>
	Money, Bank Notes, Coins		\$500
	Property used in business (on premises)		\$5,000
	Securities, Accounts, Deeds		\$5,000
	Trailers not used with Watercraft		\$5,000
	Grave Markers		\$5,000
	Jewelry, Watches, Furs, Precious and Semi-Precious Stones (Theft)		\$5,000
	Silverware, Goldware and Pewterware (Theft)		\$5,000
	Firearms (Theft)		\$5,000
	Computer Equipment		\$5,000
	Antiques and Fine Arts		\$5,000
	Rugs (Theft)		\$5,000
	Photographic and Video Equipment		\$5,000
Glassware and Crystal		\$5,000	
<b>Coverage D:</b> Loss of Use			20% of Coverage 'A' Amount
Additional Coverages	- Debris Removal	- Credit Card, Fund Transfer Card, Forgery and Counterfeit Money	Refer to Policy for Details
	- Reasonable Repairs	- Collapse	
	- Trees, Shrubs and Other Plants	- Loss Assessment	
	- Fire Department Service Charge		
	- Property Removed		
<b>Section II - Liability Coverages</b>			
<b>Coverage E:</b> Personal Liability			\$100,000 included
<b>Coverage F:</b> Medical Payment to Others			\$1,000 (Per Person) Included
Additional Coverage:	- Claim Expenses	- Damage to Property of Others	Refer to Policy for Details
	- First Aid Expenses	- Loss Assessment	

## 11.2 REPLACEMENT COST ESTIMATE

The Company uses the ISO 360 Value Replacement Cost Estimator and inspection reports as a guide for each dwelling's estimated replacement cost.

Please note, The Company's evaluation is not a substitute for the insured's determination of the actual replacement cost of their dwelling.

## 11.3 AUTOMATIC ADJUSTMENT OF LIMITS

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

- A replacement cost 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. 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 ADJLIM, 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 SECTION I – PROPERTY COVERAGES

Damage to insured's property is covered under the Property Coverages section of the policy. For the following coverages, coverage is provided for direct physical loss with certain exceptions, exclusions and/or conditions to coverage:

- Coverage A – Dwelling
- Coverage B – Other Structures
- Coverage D – Loss of Use

Coverage C (Personal Property) provides for direct physical loss caused by the following Named Perils, unless excluded and/or excepted in the policy:

- Fire or Lightning
- Windstorm or Hail
- Explosion
- Riot or Civil Commotion
- Aircraft, including self-propelled missiles and spacecraft
- Vehicles
- Smoke
- Vandalism or Malicious Mischief
- Theft
- 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

### 12.2 SECTION II – LIABILITY COVERAGES

Section II Liability includes coverage for bodily injury or property damage caused by an occurrence and defense costs associated with a suit brought against an insured for a covered claim. Animal Liability coverage is excluded in all policies. However, limited animal liability coverage can be purchased for additional premium. If Limited Animal Liability coverage is purchased, Endorsement ANMLIB will be added to the policy.

## 13 LOSS SETTLEMENT – SECTION I

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

### 13.1 DWELLING

The loss settlement provision for the Dwelling is on a replacement cost basis without a deduction for depreciation subject to the terms of the Loss Settlement Section in the policy.

### 13.2 PERSONAL PROPERTY

The loss settlement provision for Personal Property is on a replacement cost basis without a deduction for depreciation. However, optional actual cash value basis loss settlement provisions can be selected for a premium credit.

## 14 SUBMIT FOR APPROVAL

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

### 14.1 HOMEOWNERS

1. Dwellings with Coverage A limit of liability above \$1,000,000.
2. 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).
3. 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.
4. Seasonal or secondary properties or any property where the insured states they maintain two or more primary residences. If the insured dwelling is not the sole primary home, a surcharge will apply.
5. Any applicant or dwelling that has had a loss within the past 12 months with a payment of \$100,000 or more.
6. Risks where requested Coverage A limit is less than the replacement cost provided at quote. Risks where requested Coverage A limit is greater than 35% above the replacement cost estimate provided at quote.
7. Risks where insured provides roof age that differs from roof age provided at quote may require underwriting approval.
8. Risks that have been fully remodeled (i.e., all major systems have been remodeled, including plumbing, electrical and roof).
9. 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.
10. 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 with a Fireline score higher than 3, or any property which, in the underwriter's judgment, presents an excessive wildfire risk, unless the policy is endorsed with form DIC (Difference in Conditions Endorsement) and has a California FAIR Plan or equivalent policy concurrently in-force for the same premises.
2. Properties that are isolated or inaccessible to firefighting or other emergency equipment or services.

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. Any risk with a pool, hot tub, spa or similar structure unless in compliance with municipal ordinances.
6. 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.
7. Dwellings built prior to 1900 (except qualifying renewals).
8. Mobile homes, trailers (including recreational and utility), modular homes, boats, houseboats, automobiles, basement homes, portable buildings, or any structure made of cloth or canvas.
9. Dwellings of unusual or irreplaceable construction or cantilevered construction.
10. Dwellings that are not of sound structure and are not maintained in an insurable condition showing pride of ownership.
11. Dwellings not on a permanent or solid foundation.
12. Dwellings on posts, stilts or pilings. This does not include dwellings on a solid foundation with post and pier construction that creates a small enclosed crawl space under the dwelling.
13. Dwellings with tin, foam (except polyurethane foam systems), corrugated, wood (other than cedar shake) roofing, regardless of condition, or metal or copper roofs in poor condition.
14. Dwellings with flat tar and/or gravel roofs are acceptable; however, the dwelling will be subject to Endorsement RFAL, which limits coverage to the perils of fire and lightning for roof and ensuing damage due to roof failure.
15. Dwellings with roofs 25 years of age and older, or in poor condition (regardless of age), are subject to Endorsement BTV – RFALHO3 which limits coverage for roof and interior damage due to roof condition to perils of fire or lightning. Dwellings with roofs 20 to 25 years of age, or close to the end of their useful life, will be limited to Actual Cash Value coverage (ATTACH: Endorsement ACVROOF). 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. Insureds can also upload roof photos of their own in the event of a dispute.
16. Dwellings with trees that overhang the roof of the Residence Premises.
17. Dwellings with wood, coal, pellet, or kerosene stoves or space heaters that are the main source of heat, whether or not permanently installed and whether or not thermostatically controlled.
18. Dwellings with any remodeling or construction performed without permits.
19. Dwellings undergoing extensive remodeling, renovation or construction affecting habitability.
20. Dwellings with unrepaired damage (including earthquake damage) and/or open or pending claims, and/or known potential (a) defects, (b) claims disputes, (c) property disputes, and/or (d) lawsuits.
21. Dwellings that do not have a fully functional fire extinguisher located on the premises.
22. Dwellings without 100% copper wiring.
23. Dwellings with any aluminum wiring.
24. Dwellings with any fuse(s) providing power to any portion of the dwelling.
25. Dwellings that do not have deadbolts on all doors that provide access to the dwelling and/or garage.
26. Dwellings without local, functioning smoke detectors.
27. Risks with pressurized polybutylene pipes.
28. Any building not constructed specifically to be a single-family dwelling, or any dwelling sharing common walls with other properties. 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 as a HO-3 risk. 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 and Row House rating factors will be applied.

29. Risks not occupied within fifteen 15 days of the requested effective date.
30. Any applicant or dwelling that has had any of the following chargeable losses in the past 36 months: a) 2 or more theft losses; b) 1 theft loss and any other property and/or liability loss(es); c) more than 1 non-weather water losses, d) 3 or more property and/or liability losses of any kind. (Refer to the Prior Loss Surcharge for definition of chargeable losses).
31. Risks participating in any State FAIR Plan or residual market pool, unless endorsement form BTV – DICH03 (Difference in Conditions Endorsement) is attached to the HO-3 policy.
32. Risks with any business or illegal activity.
33. Risks with more than two non-pay cancellations with The Company in a three-year period.
34. Risks with properties owned by a well-known personality (i.e.: political, entertainer, sports, etc.)
35. Corporate or Business owned dwelling or any dwelling titled in a corporate or business name (this includes a Land Trust), except that the Named Insured can be a Limited Liability Corporation (LLC) if the Managing Member is listed as an Additional Insured.

## 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
\$500	5%
\$1,000	Base
\$1,500	-11%
\$2,500	-16%
\$5,000	-27%

Note: The policy deductible shown on the declarations page will be doubled in the event of a loss occurring within the first 90 days of the inception date of the policy (attach PTF, Dwelling Purchased Through Foreclosure).

### 16.2 PREMIER PACKAGE

For a 10% surcharge to the Base Premium the additional coverages listed below are added to the policy:

- 25% Extended Replacement Cost for the Dwelling
- \$300,000 Personal Liability Limits
- \$2,500 Limited Sewer or Drain Backup Coverage

When the Premier Package is purchased, the following additional enhancements can be purchased at a discounted rate:

- \$500,000 Personal Liability for \$15
- \$5,000 Limited Sewer or Drain Backup Coverage for \$35
- \$10,000 Limited Sewer or Drain Backup Coverage for \$75

ATTACH:

- Endorsement 125ERC, Extended Replacement Cost Coverage – 125%
- Endorsement LIMSDB, Limited Sewer or Drain Backup Coverage

### 16.3 EXTENDED REPLACEMENT COST COVERAGE FOR DWELLING (COVERAGE A)

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
125%	5%
150%	8%

NOTE: This coverage is included when the Premier Package is purchased (125% limit). Fireline scores 2 and 3 may not be eligible for 150% replacement cost, subject to underwriting review.

ATTACH:

- Endorsement 125ERC, Extended Replacement Cost Coverage – 125%
- Endorsement 150ERC, Extended Replacement Cost Coverage – 150%

### 16.4 INCREASED OTHER STRUCTURES (COVERAGE B)

The policy provides a limit of liability for Other Structures (Coverage B) equal to 10% of Coverage A. The Coverage B amount for other structures can be increased (up to a maximum of 70% of Coverage A) for the following additional premium:

Premium per Thousand
\$2.50

### 16.5 INCREASED LOSS OF USE (COVERAGE D)

The policy provides a limit of liability for Loss of Use (Coverage D) equal to 20% of Coverage A. The Coverage D amount can be increased (up to a maximum of 40% of Coverage A) for the following additional premium:

Premium per Thousand
\$5.00

### 16.6 UNSCHEDULED PERSONAL PROPERTY (COVERAGE C) - ACV

To reduce personal property coverage to Actual Cash Value (ACV) from replacement cost, reduce basic premium by 5%.

REMOVE: Endorsement RCVPP, Replacement Cost Coverage for Personal Property

### 16.7 INCREASED UNSCHEDULED PERSONAL PROPERTY (COVERAGE C)

The policy provides a limit of liability for personal property (Coverage C) equal to 50% of Coverage A. The Coverage C amount for personal property can be increased (up to a maximum of 80% of Coverage A) for the following additional premium:

<b>Premium per Thousand</b>
\$1.00

## 16.8 INCREASED UNSCHEDULED JEWELRY & SILVERWARE

The policy includes:

- \$5,000 sublimit for theft of jewelry, watches, furs, and precious and semi-precious stones; and
- \$5,000 sublimit for theft of silverware, silver-plated ware, goldware, gold-plated ware and pewterware.

For an additional charge of \$80, these limits, found in Section I – Coverage C – Special Limits of Liability items 5 and 7 of the policy, can be increased to \$10,000 for unscheduled jewelry, and \$10,000 for unscheduled silverware.

When increased special limits for Jewelry and Silverware are purchased, the policy Declarations page will show that these limits have been enhanced. However, these new limits do not increase the Coverage C limit of the policy.

ATTACH: Endorsement INCUJS, Increased Unscheduled Jewelry and Silverware Limits

## 16.9 MEDICAL PAYMENTS TO OTHERS

\$1,000 in Medical Payments to Others coverage is included in the liability portion (Section 2) of the HO-3 policy. For an additional charge, the coverage can be increased.

Limit	Premium
\$1,000	Included
\$2,000	\$3
\$3,000	\$5
\$4,000	\$7
\$5,000	\$9

## 16.10 INCREASED UNSCHEDULED PROPERTY USED IN BUSINESS (ON PREMISES)

The policy includes a sublimit of \$5,000 for loss of Business Property. For an additional charge of \$25, this limit, found in Section I – Coverage C – Special Limits of Liability item 8 can be increased to \$7,500.

When increased special limits for Business Property are purchased, the policy Declarations page will show that this limit has been enhanced. However, this new limit does not increase the Coverage C limit of the policy.

ATTACH: Endorsement IUPUB, Increased Unscheduled Property Used in Business (On Premises)

## 16.11 PERSONAL LIABILITY LIMITS

The basic policy provides \$100,000 Personal Liability limits. Higher limits are available for the following additional premium amounts:

Limit	Premium
\$100,000	Included
\$200,000	\$15
\$300,000	\$25
\$500,000	\$40

NOTE: Personal Liability Limit of \$300,000 is included when the Premier Package is purchased.

## 16.12 OPTIONAL ANIMAL LIABILITY LIMITS FOR ACCEPTABLE ANIMALS

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 ANMLIB for coverage details and limitations.

Limit	Premium
\$100,000	\$13
\$200,000	\$18
\$300,000	\$26
\$500,000	\$37

NOTE: Selected limit must match Personal Liability Limit

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

## 16.13 OPTIONAL PERSONAL INJURY COVERAGE

Personal Injury Coverage is available for the following additional premium amounts:

Limit	Premium
\$100,000	\$15
\$200,000	\$20
\$300,000	\$30
\$500,000	\$40

NOTE: Selected limit must match Personal Liability Limit

ATTACH: Endorsement PERINJ, Personal Injury Coverage

## 16.14 OTHER INSURED LOCATION OCCUPIED BY INSURED – COVERAGE E

Coverage E (Personal Liability) can be extended to another location occupied by the Named Insured, for the following additional premium:

Limit per Occurrence	Premium
\$100,000	\$8
\$200,000	\$9
\$300,000	\$10
\$500,000	\$12

NOTE: Selected limit must match Personal Liability Limit

## 16.15 ENHANCED MORTGAGEE CLAUSE – 438BFU

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

ATTACH: Endorsement 438BFU, Lender's Loss Payable Endorsement

## 16.16 EARTHQUAKE

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



## 16.17 SUPERIOR HOME PROTECTION PACKAGE

The Superior Home Protection Package broadens and adds several coverages. Specifically, this endorsement packages the following:

- Coverage D (Loss of Use) is extended to cover power interruption caused by an insured peril which makes the residence premises uninhabitable;
- Broadened tree debris removal coverage;
- The Fire Department Service Charge is increased to \$750;
- Credit Card, Fund Transfer Card, Forgery and Counterfeit Money coverage is increased from \$500 to \$3,000;
- A limit of \$5,000 of the policy's Coverage C (Personal Property) coverage is extended to cover damage to property while away from the residence premises due to flood, earthquake, landslide, or collision or overturn of the conveyance in which your property is carried; and
- Lock Replacement Coverage with a limit of \$250 is added.

This coverage can be added to any policy for an additional charge of: \$29.

ATTACH: Endorsement SUPHPP, Superior Home Protection Package

## 16.18 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 ADDINS, Additional Insured – Residence Premises
- Endorsement PHBLEG, Property Held By Legal Entity

## 16.19 OPTIONAL LIMITED SEWER OR DRAIN BACKUP COVERAGE

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. This coverage cannot be purchased when Inland Flood is purchased with Water/Sewer Backup (See 16.25).

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

NOTE: \$2,500 Optional Limited Sewer or Drain Backup Limit is included when the Premier Package is purchased.

ATTACH: Endorsement LIMSDB, Limited Sewer or Drain Backup Coverage

## 16.20 ORDINANCE OR LAW COVERAGE (COVERAGE A)

All policy forms include 10% Ordinance or Law Coverage. This percentage of coverage can be increased to 25% or 50% by payment of the following:

Coverage Amount	Premium Adjustment
25%	4%
50%	6%

This provides coverage for loss for damage by a covered peril insured against to the insured dwelling, and will be settled on the basis of any ordinance or law that regulates the construction, repair or demolition of this property.

ATTACH: Endorsement ORDLAW, Ordinance or Law Coverage

## 16.21 EQUIPMENT BREAKDOWN COVERAGE

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 EBC, Equipment Breakdown Coverage

## 16.22 INCREASED LOSS ASSESSMENT COVERAGE

Under Sections I and II, Additional Coverages, the policy provides a limit of \$1,000 in coverage for any loss assessment charged during the policy period. This limit can be increased up to a maximum of \$15,000 for the following additional premium:

Premium per Thousand
\$5.00

## 16.23 SERVICE LINE COVERAGE

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 SLC, 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 60%.

### 17.1 MULTI-POLICY DISCOUNT

If the insured has another in force personal or commercial lines policy with The Company 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 other policy with The Company	12%

### 17.2 GATED COMMUNITY DISCOUNT

If the risk is located in a gated community or neighborhood where access is restricted and controlled for residents by operational, powered gates, a 5% discount is applied to the basic premium.

### 17.3 NEWLY ACQUIRED HOME DISCOUNT

If the insured dwelling has been newly purchased by the Named Insured, a 9% discount will be applied to the basic premium for the first year of the policy. This discount will be reduced to 6% 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 policy must be within 60 days of the closing date of the insured's purchase of the dwelling. We will apply the discount upon proof that the insured dwelling qualifies.

### 17.4 PRIOR LOSS SURCHARGE

The Prior Loss Surcharge recognizes the loss history of an insured, applicant or property 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

Risks with losses will be surcharged as follows:

Type and Number of Losses	Premium Adjustment
1 Non-theft/non-water related claim in last 36 months	10%
1 Theft or 2 non-theft/non-water related claims in last 36 months*	15%
1 Water related claim in last 36 months	20%

\*Increase basic premium by 15% - risk not eligible for \$500 deductible for all perils (excluding earthquake).

### 17.5 PROTECTION CLASS 9 AND 10 SURCHARGE

Risks in protection class 9 or higher are subject to surcharge as set forth in the factors below:

Protection Class	Rating Factor
8 or less	1.00
9	1.15
10	1.30

### 17.6 WILDFIRE RISK SURCHARGE

Risks with higher wildfire risk are subject to surcharge as set forth in the factors below. Wildfire discounts and surcharges will not apply to policies with the DIC endorsement attached.:

Fireline Score	SHIA Factor No	SHIA Factor Yes
True 0	0.900	n/a
0	1.000	1.125
1	1.130	1.170
2	1.180	1.210
3	1.220	1.250

### 17.7 AGE OF HOME RATING PLAN

The following credits or surcharges are applied to the basic premium based on the age of home to be insured.

Age of Home (Years)	Premium Adjustment
0	-35%
1	-31%
2	-29%
3-4	-24%
5-6	-22%
7-8	-20%
9-10	-17%
11-12	-15%
13-14	-13%

15	-12%
16	-10%
17	-8%
18	-5%
19	-3%
20	0%
21	2%
22	4%
23	6%
24	8%
25-30	10%
31-41	8%
42-54	5%
55-62	7%
63-90	10%
91-100	15%
101+	25%

### 17.8 TILE ROOF CREDIT

If the insured dwelling has a tile roof in good condition, a 5% credit to the basic premium will be applied.

### 17.9 DIFFERENCE IN CONDITIONS ENDORSEMENT

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 and Lightning
- Wind and Hail
- Explosion
- Riot and Civil Commotion
- Vandalism and Malicious Mischief
- Aircraft
- Smoke
- Removal (loss as a result of the above-mentioned perils)

<b>Premium Adjustment</b>
-30%

\*Adjustment applies to the basic premium

ATTACH: Endorsement DIC, Difference in Conditions Endorsement

### 17.10 AGE OF PLUMBING SURCHARGE

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

### 17.11 CENTRAL ALARM SERVICE DISCOUNT

Central Alarm Service	Premium Adjustment
Burglary Only	5%
Fire Only	5%
Burglary and Fire	10%

\*Adjustment applies to the basic premium

To qualify for this credit, the alarm must be a full perimeter or motion detecting system connected to a remote 24-hour central station service, or police and fire department. The credit is applied to the total premium for Coverages A (Dwelling), B (Other Structures) and C (Unscheduled Personal Property).

ATTACH: Endorsement BGFRAM (4/2020) Premises Burglary and/or Fire Alarm Systems

### 17.12 UNFENCED SWIMMING POOL SURCHARGE

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

Personal Liability	Premium
\$100,000	\$30
\$200,000	\$39
\$300,000	\$48
\$500,000	\$60

Medical Payments	Premium
\$1,000	\$8
\$2,000	\$10
\$3,000	\$12
\$4,000	\$14
\$5,000	\$15

NOTE: Selected limit must match Personal Liability Limit and Medical Payment Limit.

### 17.13 OCCUPANCY SURCHARGE

If the insured dwelling is not the sole primary home, a 20% surcharge to the basic premium will be applied.

# 18 SCHEDULED PERSONAL PROPERTY

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Coverage for Scheduled Personal Property can be provided against all risks of direct physical loss, with certain exceptions or exclusions. Complete descriptions must be given.

ATTACH: Endorsement SPP, Scheduled Personal Property

## 18.1 GENERAL UNDERWRITING GUIDELINES:

- This coverage can be added mid-term, as long as any appraisal of the property required by the binding requirements below is conducted within 3 years of binding coverage, or a receipt is provided showing the property was acquired within 90 days of binding coverage.
- Evidence of the property being insured without lapse by another admitted insurer (ie: scheduled on a residential property insurance policy or insured on personal property floater) during the last 3-months is sufficient evidence to satisfy appraisal and receipt requirements except as otherwise provided in the following sections.
- Total agency binding limit (per schedule): \$100,000
- Any scheduled item exceeding the reference Limit Per Item must be submitted for underwriter approval.
- Any total schedule exceeding \$100,000 must be submitted for underwriter approval.
- Property which is not eligible for coverage:
  1. Property held by merchants or dealers.
  2. Property held by or on loan to museums, art galleries, or art institutions
  3. Items used in the insured’s business(es) or profession(s).

## 18.2 JEWELRY (LIMIT PER ITEM: \$30,000; TOTAL LIMIT: \$100,000)

Individually owned personal jewelry, defined as articles of personal adornment composed in whole or part of silver, gold, platinum, or other precious metals and alloys, whether or not containing pearls, jewels, precious or semi-precious stones.

Premium per \$100	
Los Angeles County and Palm Springs	\$2.25
Remainder of State	\$1.75

### BINDING REQUIREMENTS:

- We do not insure loose stones as they are easily lost or misplaced. We will not write damaged or chipped stones.
- An “adequate description” must contain information typically found on an appraisal (i.e. weight, mounting, distinguishing characteristics, characteristics of the stones, serial numbers, etc.)
- An “adequate appraisal” must be dated and signed by a licensed or certified appraiser and show the “Four C’s” (Carat, Cut, Color, Clarity) by scale. Appraisals are required for all items valued over \$2,500.
- For any single item valued at over \$10,000, we will require a photo (.jpeg or other date stamped format) dated within 10 days of binding
- For any single item valued at over \$20,000, we will require an appraisal within 3 years or an invoice within 90 days of binding. A prior declarations page alone will not be acceptable.
- Verification of where the item is kept when not worn and how often the item is worn is required.
- If jewelry contains “soft stones”, before binding you must determine that they are being properly maintained. Soft stones are defined as gemstones rated on the hardness scale 8 or less; Amethyst, Opal, Turquoise and Pearl.

### 18.3 FURS (LIMIT PER ITEM: \$7,500; TOTAL LIMIT: \$15,000)

Premium per \$100	
Los Angeles County and Palm Springs	\$1.94
Remainder of State	\$0.86

#### BINDING REQUIREMENTS:

- We will not schedule damaged or deteriorating furs.
- A “descriptive appraisal” which must include the type of fur, length, color, origin and value. Appraisals on furs are often inflated. We require a sales slip noting the purchase price, if the item was purchased within the last three years. If the item was purchased over three years ago, we will accept an appraisal from a qualified appraiser.
- Verification of where the item is stored.

### 18.4 CAMERAS (LIMIT PER ITEM: \$2,500; TOTAL LIMIT: \$15,000)

Cameras, projection machines, films, sound equipment, binoculars, telescopes, microscopes, etc., not utilized for professional purposes:

Premium per \$100
\$1.75

#### BINDING REQUIREMENTS:

- Description of camera items must include make, model numbers and serial numbers.
- Lens descriptions must include make, “F” stop and focal length.

### 18.5 MUSICAL INSTRUMENTS (LIMIT PER ITEM: \$7,500; TOTAL LIMIT: \$15,000)

Musical instruments not utilized for professional purposes:

Premium per \$100
\$0.50

#### BINDING REQUIREMENTS:

- Description of musical instruments must include make, model numbers and serial numbers, if any.
- We prefer a sales slip noting the purchase price if the item was purchased within last three years.
- If the item was purchased over three years ago, we will accept an appraisal from a qualified appraiser.

### 18.6 SILVERWARE (LIMIT PER ITEM: \$2,500; TOTAL LIMIT: \$15,000)

Silverware, silver-plated ware, goldware, gold-plated ware and pewterware.

Premium per \$100
\$0.50

BINDING REQUIREMENTS: We require sales receipts or documentation of value within the last three years or an itemized manufacturer’s listing showing brand, pattern, price and description.



### 18.7 GOLFER'S EQUIPMENT (LIMIT PER ITEM: \$2,000; TOTAL LIMIT: \$5,000)

<b>Premium per \$100</b>
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\$1.40
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#### BINDING REQUIREMENTS:

- Documentation of value within the last three years.
- Description of items must include make, model numbers and serial numbers, if any, as well as distinguishing characteristics.
- We prefer a sales slip noting the purchase prices.

### 18.8 FINE ARTS (LIMIT PER ITEM: \$10,000; TOTAL LIMIT: \$50,000)

Paintings, etchings, pictures, tapestries, art glass windows, fine china and other bonafide works of art (such as valuable rugs and statuary) or rarity, historical value or artistic merit.

<b>Premium per \$100</b>
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\$0.30
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NOTE: Breakage coverage is not available.

#### BINDING REQUIREMENTS:

- Documentation of value within last three years.
- We do not provide breakage coverage.
- Appraisals on Oriental rugs and tapestries are often inflated. We prefer a sales slip noting the purchase price if the item was purchased within the last three years.
- If the item was purchased over three years ago, we will accept a current (not more than 30 days old) appraisal from a licensed or certified appraiser.
- For any individual piece of fine art valued at \$20,000 or more, verification is required on where the item is kept and that an alarm is connected to the item or the premises where the item is stored.

### 18.9 POSTAGE STAMPS (LIMIT PER ITEM: \$1,000; TOTAL LIMIT: \$5,000)

<b>Premium per \$100</b>
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\$0.50
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#### BINDING REQUIREMENTS:

- Description of items must include year of issue, condition, denomination and place or origin.
- We prefer sales slip noting the purchase price.

### 18.10 RARE AND CURRENT COINS (LIMIT PER ITEM: \$1,000; TOTAL LIMIT: \$5,000)

Rare and current coins, medals, paper money, bank notes, tokens of money and other numismatic property including albums, containers and display cabinets in use with collections.

<b>Premium per \$100</b>
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\$2.69
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#### BINDING REQUIREMENTS:

- Description of item must include year of issue, condition, denomination and place of origin.
- We prefer a sales slip noting the purchase price.

## 18.11 FIREARMS (LIMIT PER ITEM: \$2,000; TOTAL LIMIT: \$5,000)

<b>Premium per \$100</b>
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\$4.50
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### BINDING REQUIREMENTS:

- We require complete Underwriting information on the insured, including occupation, place of employment, where item is kept, and who in the household has access and training.
- A description must include year manufactured, make, model, serial number, caliber, barrel length, etc.

### PROPERTY WHICH IS NOT ELIGIBLE FOR COVERAGE:

- Property held by merchants or dealers.
- Property on loan.
- Items used in the insured's business(es) or profession(s).

## 19 CHANGES TO POLICY LIMITS AND PREMIUM

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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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It is not permissible to cancel any of the mandatory coverages provided unless the entire policy is canceled. For a homeowners policy, Coverage A, B, C, D, E and F 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.

# 25 FORMS

## COVERAGE FORMS

Policy Name	Edition	Title	Mandatory (M) or Dynamic (D)
SN-CAHO3	April-20	HO-3	M

## ENDORSEMENTS

Endorsement Name	Edition	Title	Mandatory (M) or Dynamic (D)
ACVROOF	4/2020	Actual Cash Value Roof Endorsement	D
ADINSD	4/2020	Additional Insured - Residence Premises	D
ADJLIM	4/2020	Adjustment of Limit	M
DIC	4/2020	Difference in Conditions Endorsement	D
PTF	4/2020	Dwelling Purchased Through Foreclosure	D
EBC	4/2020	Equipment Breakdown Coverage	D
125ERC	4/2020	Extended Replacement Cost Coverage - 125%	D
150ERC	4/2020	Extended Replacement Cost Coverage - 150%	D
INCUJS	4/2020	Increased Unscheduled Jewelry and Silverware Limits	D
IUPUB	4/2020	Increased Unscheduled Property Used in Business (On Premises)	D
438BFU	4/2020	Lender's Loss Payable Endorsement	D
ANMLIB	4/2020	Limited Animal Liability Coverage	D
LIMSDB	4/2020	Limited Sewer Drain or Backup Coverage	D
MTGCLS	4/2020	Mortgage Clause	M
ORDLAW	4/2020	Ordinance or Law Coverage	M
PERINJ	4/2020	Personal Injury Coverage	D
BGFRAM	4/2020	Premises Burglary and/or Fire Alarm System	D
PHBLEG	4/2020	Property Held By Legal Entity	D
RCVPP	4/2020	Replacement Cost Coverage for Personal Property	M
RFAL	4/2020	Roof for Fire and Lightning Only	D
SPP	4/2020	Scheduled Personal Property	D
SUHPP	4/2020	Superior Home Protection Package	D
TERWAR	4/2020	Terrorism and War Exclusion	M
WKCOMP	4/2020	Workers' Compensation for Residence Employees	M
SLC	11/2020	Service Line Coverage	D