

**CA HOMEOWNER PRODUCT UNDERWRITING GUIDELINES
NEW BUSINESS & RENEWALS EFFECTIVE 10/17/2024**

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General Underwriting Guidelines

Underwriting guidelines provide a general overview of appetite and risk eligibility. The guidelines are not an exhaustive list of eligibility criteria. The ultimate determination of risk acceptability resides with the underwriting department. The Company will not apply any criteria that may be in conflict with state statute or insurance regulation.

General Guidelines	
Requirement	Eligibility
Occupancy	<p>Eligible: Owner-occupant of a single-family residence. Dwellings must be built by a licensed contractor.</p> <p>Ineligible:</p> <ul style="list-style-type: none"> • Multi-family dwellings • Secondary • Seasonal • Tenant occupancy of any part of the dwelling • Homeshare or short-term rentals • Course of Construction risks • Properties vacant for more than 30 days
Insurance to Value	All risks must be insured for full replacement cost. Inflation factor applies at renewal.
Square Feet	<p>Minimum: 900 Square feet</p> <p>Maximum: 5,000 Square Feet</p> <p>Submit for approval: Less than 900 square feet or more than 5,000 square feet</p>
Heating	<p>Eligible: Centralized heating system or a thermostatically controlled electrical heating system.</p> <p>Ineligible:</p> <ul style="list-style-type: none"> • Wood burning stoves • Heating systems not supplied by utility company (e.g. propane tank on site); if not thermostatically controlled
Electrical	<p>Eligible: The electrical system must be in good condition.</p> <ul style="list-style-type: none"> • Circuit breakers are required <p>Ineligible:</p> <ul style="list-style-type: none"> • Dwellings equipped with fuse boxes • Dwellings not directly connected to utility electric grid • Knob and tube panel • Aluminum wiring

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<p>Plumbing</p>	<p>Eligible: The plumbing system must be made of PEX, PVC or Copper piping and in good condition with no leaks.</p> <p>Ineligible:</p> <ul style="list-style-type: none"> • Plumbing systems made up of galvanized pipes or any other material not listed as eligible • Systems not installed by a licensed contractor
<p>Trust</p>	<p>Eligible: Trust as a Named Insured is eligible. A Homeowners policy may be issued in the name of a trust and trustee(s) when legal title to a 1 family dwelling is held solely by the trust and:</p> <ul style="list-style-type: none"> • The trustee and/or beneficiary or grantor regularly reside in the residence held in trust; and • The residence held in trust is used exclusively for residential purposes.
<p>LLC</p>	<p>Eligible: An LLC (but not the “members” of the LLC) may be listed as an Additional Insured if all the following criteria are met:</p> <ul style="list-style-type: none"> • The owner, managing member, or partners is limited to an individual, or an individual and spouse/domestic partner and their family members. • The LLC does not participate in any commercial/business operations other than the rental of investment property <p>Ineligible: LLC as Named Insured</p>
<p>Coverage A - Replacement Cost</p>	<p>Eligible: Dwellings insured to a minimum of 100% of Replacement Cost; CSE requires that agents provide insureds with a copy of the replacement cost estimate used when quoting their dwelling.</p> <p>Ineligible:</p> <ul style="list-style-type: none"> • Dwellings not insured to 100% of Replacement Cost • Dwelling with Replacement Costs less than \$100,000 • Dwellings with Replacement Costs greater than \$1,300,000
<p>Animals</p>	<p>Ineligible:</p> <ul style="list-style-type: none"> • Any animal with a bite history • Zoo animals • Exotic animals • Households that have more than 3 dogs

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Dwelling Characteristics	
Construction Types	<p>Eligible: Dwellings constructed of</p> <ul style="list-style-type: none"> • Frame - Dwellings with structural support walls, floors, and roofs of combustible construction, and not covered with exterior masonry veneer • Masonry – Dwellings with structural support walls of brick, concrete, concrete block, stone, adobe, tile, or other non-combustible materials • Frame with Masonry Veneer – Dwellings with frame construction as described above but with non-structural or decorative masonry materials veneered to frame <p>Submit for approval: Mixed Any dwelling where the construction type is less than 90% of one of the eligible construction types described above</p> <p>Ineligible:</p> <ul style="list-style-type: none"> • Obsolete, unique, or irreplaceable construction material or components • Mobile homes, modular homes, earth homes, trailer homes, manufactured homes, tiny homes, houseboats, and house trailers, including homes with HUD stickers • Historic homes listed on Federal, State, County or City registries • Homes not built, reconstructed, remodeled, or renovated by a licensed contractor
Age of Dwelling	<p>Eligible: Homes built after 1900</p> <p>Attach: Homes built between 1900 and 1960; actual cash value for roofing (unless proof is provided that the roof is less than 25 years old) and functional replacement cost required</p> <p>Ineligible: Homes built prior to 1900</p>
Roof	<p>Eligible: Composition, asphalt, tile, slate, metal, flat, or tar and gravel; roofs older than 25 years acceptable with ACV for roof attached and \$5,000 minimum deductible applied</p> <p>Submit for approval: Dwelling with “other” type roof</p> <p>Ineligible:</p> <ul style="list-style-type: none"> • Wood shake roof • Roofs with missing shingles or cracked shingles • Roofs with visible mold, moss, or other organic material on shingles • Composition Roofs with more than two shingle layers

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<p>Foundation</p>	<p>Eligible: Continuous concrete slab or raised foundation</p> <p>Ineligible:</p> <ul style="list-style-type: none"> • Open foundation • Properties where any part of the structure is resting on piers, posts, stilts, or pilings
<p>Anchoring & Retrofitting</p>	<p>Buildings constructed prior to 1960 and with an MMI* of 8.0 or greater must meet the following criteria: †</p> <ol style="list-style-type: none"> 1. Anchored or bolted to the foundation. 2. Homes with crawl spaces or basements must have braced cripple walls. 3. Outside brick fireplaces must be reinforced, braced to the structure and roof to minimize separation and falling. 4. Water heaters must be secured to the wall with two straps <p>This requirement will be waived for dwellings that have a seismic gas shut-off (automatic shut off only. Manual does not qualify) valve installed.</p>
<p>Public Protection Class (PPC)</p>	<p>Eligible: PPC 1–6</p> <p>Ineligible:</p> <ul style="list-style-type: none"> • PPC 7-10, 1x, 1y, 2x, 2y, 3x, 3y, 4x, 4y, 5x, 5y, 6x, 6y, 7x, 7y, 8x, 8y, 8b,10w • Dwellings without a protection class
<p>Wildfire</p>	<p>Eligible: ISO FireLine Wildfire Hazard Assessment Score of Negligible to Low (0-2); and Gallagher wildfire designation Negligible to low</p> <p>Submit For Approval: ISO FireLine Wildfire Hazard Assessment Score of moderate to Extreme (3-30); or Gallagher wildfire designation of Moderate to Extreme</p> <p>An exception to Wildfire rules may be granted if the risk meets one or more of the following:</p> <ul style="list-style-type: none"> • Policy is in farmland or agricultural area • Policy is within a developed urban or suburban location • Policy is not located in a forested region • Policy is located in an area with no vegetation • Policy is separated from hillside or brush by a fire break (e.g. golf course, freeway)
<p>WaterRisk Score</p>	<p>Eligible: Risks with a Location Inc WaterRisk score less than 300. Risks with a Location Inc WaterRisk score greater than or equal to 300 automatically have a water damage and water backup exclusion applied.</p>

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<p>Swimming Pool</p>	<p>Eligible: Fenced above ground or in-ground swimming pools, hot tubs, spas, and jacuzzis accepted. Fencing must include the entire pool area. A fenced yard is acceptable fencing.</p> <p>Ineligible: Unfenced swimming pools, empty swimming pools, swimming pools with slides, diving boards, or un-restricted access.</p>
<p>Ineligible Locations</p>	<p>Ineligible:</p> <ul style="list-style-type: none"> • Risks categorized as “Wildland Urban Intermix” as designated by United States Department of Agriculture • Waterfront property directly exposed to ocean or large open bays/harbors/oceans • Risks built on or adjacent to a slope greater than 35% • Risks located on more than 5 acres of land • Risks located on islands not connected by a bridge • Risks without 100 feet of defensible space • Risks within 100 feet of a commercial or industrial property • Farms or risks with farming operations, including indoor hydroponics • Risks within a 1-mile radius of an active wildfire or within a moratorium designated by the Company
<p>Business</p>	<p>Eligible: Working from home for oneself or one’s employer, provided none of the ineligible exposures below exist.</p> <p>Ineligible: Any business conducted on premises. Including but not limited to where there is any foot traffic, storage of inventory for sale, or where meetings with employees or clients are conducted.</p>

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Unusual and increased hazards	Ineligible: <ul style="list-style-type: none">• Risks purchased through distressed financial sales (i.e. pre-foreclosure, foreclosure, REO, short-sale, auction, etc.)• Dwellings with visible debris or garbage• Dwellings with appliances installed or stored outside• Dwellings with inoperable vehicles, industrial, or farming equipment stored on premises• Dwellings primarily used as student housing, including fraternity and sorority houses• Dwellings with criminal activity on premises• Dwellings with grow-houses• Dwellings with security bars on windows (fixed or quick-release)• Dwellings with vandalism or graffiti• Dwellings not showing pride of ownership• Dwellings without dead bolts on all exterior doors• Dwellings without smoke detectors in kitchen and all bedrooms• Dwelling without carbon monoxide detectors• Dwellings without a working fire extinguisher on premises• Dwellings with garbage, debris, or excessive hoarding of personal property stored inside the dwelling• Dwellings with existing unmitigated insect or vermin damage• Dwellings with stairs without handrails• Individuals with the following occupations:<ul style="list-style-type: none">○ Reporters, authors, editors/publishers of newspapers and/or magazines,○ Broadcasters, television, and/or radio personalities○ Professional actors, athletes, entertainers, or celebrities○ Individuals who have been elected to their occupations○ Candidates for elected office <p>Note: This is not an exhaustive list of unusual and increased hazards that are ineligible. Company determines what is eligible and what is ineligible.</p>
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Prior losses	Submit for approval: <ul style="list-style-type: none">• New Business: 1 prior non-CAT loss in the last 3 years• Renewal Business: 1 prior non-CAT Loss in the last 3 years Ineligible: <ul style="list-style-type: none">• New Business: 2 or more non-CAT loss in the last 3 years• Renewal Business: 2 or more non-CAT loss in the last 3 years <p>Prior and renewal losses include claims that are paid, unpaid, denied, or withdrawn.</p>
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Submit for Approval and Non-Bound Submission Procedure

An agent may not bind an applicant who meets one or more of the “Submit for Approval” criteria in these underwriting guidelines without prior Company approval.

- The Company will not accept premium for a “Submit for Approval” risk until an underwriting review of the non-bound application is conducted.
- Agent must include with the submitted application all documentation requested by the underwriter.
- If Underwriting approves the application for binding The Company will accept premium and bind the risk.

Policy Discounts

See Rule Manual for list of available discounts. Application of discounts is subject to approval from The Company.

Optional Coverages

See Rule Manual for list of optional coverages. Application of optional coverage is subject to approval from The Company.

Valuable Item Plus

Attach appraisals or bills of sale – with color photos included – less than 3 years old for single items worth \$2,500 or more (copy is acceptable).

Schedules which total over \$35,000 or include individual items worth more than \$10,000 should be submitted for approval prior to binding.

Denial, Cancellation, Non-Renewal, and Rescission

The Company reserves the right to deny, cancel, non-renew or rescind a New or Renewal policy, including policies already in the policy term in accordance to California Law for any reason including, but not limited to the violation of these underwriting guidelines.

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