



**PACIFIC SPECIALTY INSURANCE COMPANY
STATE OF CALIFORNIA**

**Guidelines
Standard Homeowners Program**

Homeowners Policy (HO-3)

Edition 5.1

California Standard Homeowners Program

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1. POLICY FORMS AND DWELLING / PROPERTY LIMITS

A. Homeowners:	Form 3
<i>Dwelling Limits:</i>	<i>Minimum: \$70,000</i>
	<i>Maximum: \$1,000,000 (\$1,100,000 Renewal)</i>

2. ELIGIBILITY

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

A. 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, cannot have more than two roomers or boarders, and may not have any space rented to others for any purpose.

Any risk with no losses in the past 36 months with a roof that has been replaced within the last 15 years shall be placed in Pacific Specialty's Preferred HO-3 Homeowners Program, provided all underwriting guidelines and eligibility requirements of the Preferred Program are satisfied. (NOTE: If a dwelling was built in excess of 15 years prior to the effective date of the policy, a copy of evidence showing that the roof has been replaced within the aforementioned 15 year period must accompany application.)

NOTE: *The term "owner" includes persons purchasing a dwelling, such as under a mortgage agreement or contract of sale.*

3. POLICY TERM

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. Any minimum premium applicable to this program still applies.

Direct bill premium invoicing is available, unless the initial term is less than 6-months. A premium invoice will be mailed directly to the insured 30-40 days prior to the installment due date. A \$10 service fee is added to all installments, but not the initial down payment.

Current payment options include 3-Pay and 5-Pay direct bill options:

- The **3-Pay** plan requires 1/3 of the premium, plus policy and inspection fees, as the down payment. The two remaining installments are billed by the company in 60 and 120 days. If the down payment is by check, the installments are billed. If the down payment is by credit card, the installments are automatically billed to the same credit card.
- The **5-Pay** plan requires 20% of the premium, plus policy and inspection fees, as the down payment. The four remaining installments are billed by the company in 30, 60, 90 and 120 days. If the down payment is by check, the installments are billed. If the down payment is by credit card, the installments are automatically billed to the same credit card.

4. OTHER INSURANCE

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.)

5. RESTRICTION OF COVERAGE

The named insured can request a restriction on an individual policy. The circumstances or exposure must be so unusual that without the restriction the policy would not be issued. No reduction from the prescribed rate and minimum premium is allowed. Refer each request to PSIC (or its representative).

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6. APPLICATION AND BINDING PROCEDURES

A Pacific Specialty Insurance Company ("PSIC") homeowners application must be fully completed and mailed to PSIC (or its representative). Binding is subject to acceptance of the risk by PSIC. The following provisions must be satisfied when the application is submitted:

- A. All underwriting rules are followed; and
- B. A PSIC application (including any/all necessary disclosures) is fully completed and signed by both the applicant and producer; and
- C. Required premium (or minimum required down payment) accompanies application; and
- D. All of the above referenced items are mailed to PSIC (or its representative) within the following number of days from the requested effective date:
 - If premium paid in full, 15 days
 - If direct bill payment option is requested, 5 days

An automatically populated application can be printed to sign and submit for policies that are quoted and bound online through our website facility at www.psic-onespot.com.

If the dwelling has a woodstove, submit the application with a completed woodstove questionnaire and one photograph. Submit basis only – no binding (see Section 12. Submit for Approval, in this manual for details).

7. CATASTROPHE MANAGEMENT

A. Suspension of Binding Authority

All binding authority is automatically suspended whenever the following conditions exist in a given area:

- Impending severe local weather conditions or bulletin(s);
- When any designated* hurricane or tropical storm is forecast to affect any portion of the state within 5 days; or
- Civil unrest.

No applications for new coverage will be accepted. 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.

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

**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.*

B. General (Non-Earthquake Related) Emergency Restrictions

Pacific Specialty Insurance Company may also establish discretionary restrictions on binding authority during emergency periods of potential floods, mudslides, fires, or other natural or manmade disaster emergencies. Agents 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 PSIC.

C. Earthquake-Related Emergency Restrictions

When a major earthquake occurs, PSIC (or its representative) may impose binding authority restriction on all agents in the affected area:

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1. Binding authority will be restricted when an earthquake reading 5.0 or greater on the Richter Scale occurs.
2. Binding authority will be restricted for the day of the earthquake and for the 30-day period following the earthquake.
3. 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.
4. The restrictions will apply to all counties located within 150 miles of the earthquake's epicenter.
5. The same above restrictions apply to any requests to increase coverage limits.
6. Renewals are not affected by these restrictions.

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D. Miscellaneous Restrictions

Pacific Specialty Insurance Company, as part of its Catastrophe Management Program, may also establish (at its discretion) temporary and/or permanent restrictions on binding authority to properly control and maintain appropriate geographic concentration levels.

8. **INSPECTION FEE, POLICY FEE AND MINIMUM PREMIUMS**

An independent inspection firm will be hired to inspect each property on HO-3 new and renewal business. The inspection fee is \$40 per policy. The new and renewal policy fee is \$25 per policy. The inspection fee and policy fee are non-refundable (fully retained).

The annual minimum written premium (excluding fees) is:

- Homeowners: \$100

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9. COVERAGES AND AMOUNTS

A. Homeowners (Policy Form 3)

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.

Section I – Property Coverages			
Coverage A: Dwelling	The Described Residence		100% of Replacement Cost
Coverage B: Other Structures	Unattached Private Structures on Insured Premises		10% of Coverage 'A' Amount
Coverage C: Personal Property	Unscheduled Personal Property		50% of Coverage A
	Summary of Types of Property Subject to Special Limits of Liability:		Special Limits
	Money, Bank Notes, Coins		\$100
	Property used in business (on premises)		\$200
	Securities, Accounts, Deeds		\$500
	Trailers not used with Watercraft		\$500
	Grave Markers		\$500
	Jewelry, Watches, Furs, Precious and Semi-Precious Stones (Theft)		\$500
	Silverware, Goldware and Pewterware (Theft)		\$500
	Firearms (Theft)		\$500
	Computer Equipment		\$500
	Antiques and Fine Arts		\$500
Rugs and Carpets (Theft)		\$500	
Photographic and Video Equipment		\$500	
Glassware and Crystal		\$500	
Coverage D: Loss of Use			20% of Coverage A
Additional Coverages:	<ul style="list-style-type: none"> ○ Debris Removal ○ Reasonable Repairs ○ Trees, Shrubs and Other Plants ○ Fire Department Service Charge ○ Property Removed 	<ul style="list-style-type: none"> ○ Credit Card, Fund Transfer Card, Forgery and Counterfeit Money ○ Collapse ○ Inflation Guard ○ Loss Assessment ○ Limited Section 1 – Property Coverages for Home Day Care Business 	Refer to Policy for Details
Section II – Liability Coverages			
Coverage E: Personal Liability			\$100,000 Included
Coverage F: Medical Payments To Others			\$1,000 (Per Person) Included
Additional Coverages:	<ul style="list-style-type: none"> ○ Claim Expenses ○ First Aid Expenses 	<ul style="list-style-type: none"> ○ Damage to Property of Others ○ Loss Assessment 	Refer to Policy for Details

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10. LOSSES INSURED

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

A. 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 exclusions:

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

Listed below are the losses that are insured for Coverage C – Personal Property:

1. Fire or Lightning
2. Windstorm or Hail
3. Explosion
4. Riot or Civil Commotion
5. Aircraft, Including Self Propelled Missiles and Spacecraft
6. Vehicles
7. Sudden and Accidental Damage from Smoke
8. Vandalism or Malicious Mischief
9. Theft
10. Falling Objects
11. Weight of Ice, Snow or Sleet
12. Accidental Discharge or Overflow of Liquids or Steam of Water Heater, Domestic Appliance, etc.
13. Sudden and Accidental Tearing Apart, Cracking, Burning or Bulging of Water Heater, etc.
14. Freezing of a Water Heater, Domestic Appliance, etc.
15. Sudden and Accidental Damage from Artificially Generated Electrical Current
16. Volcanic Eruption

B. Section II – Liability Coverages

Section II Liability includes coverage for bodily injury or property damage and defense costs associated with a suit brought against an insured. Mandatory endorsements apply to all policies that exclude animal liability coverage. However, optional limited animal liability coverage is available for an additional premium charge.

11. LOSS SETTLEMENT – SECTION I

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):

A. Dwelling

The loss settlement provision for the Dwelling is on a replacement cost basis without a deduction for depreciation.

B. Personal Property

The loss settlement provision for Personal Property is on an actual cash value basis with a deduction for depreciation. However, optional replacement cost loss settlement provisions can be purchased for an additional premium.

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12. **SUBMIT FOR APPROVAL**

The following risks require prior approval and applications must be submitted unbound:

A. Homeowners

1. Dwellings with replacement costs above \$1,000,000 for new business and \$1,100,000 for renewals. Acceptable replacement cost limit may be reduced for all risks subject to reinsurance placement and restrictions.
2. Dwellings with professionally installed (by a licensed contractor) commercially-made wood burning stoves that do not violate any of the unacceptable provisions detailed in this underwriting rule, however, require prior approval and therefore must (a) be submitted unbound and (b) must include a fully completed Wood Burning Stove Inspection Report (ATTACH Form PU1) along with one photograph of applicable woodstove. A Wood Burning Stove Surcharge will be applicable (see Section 15 – Premium Credits and Surcharges).
3. Dwellings 76 years of age or older, except for qualifying renewals, are unacceptable unless the electrical system of the dwelling has been properly updated within the last 15 years to conform with any building standards, such as building codes or zoning laws required by government agencies and in effect at that time, and provided that all underwriting guidelines and eligibility requirements of this program are satisfied. Prior approval is required on all new business, and applications must be submitted unbound and must include a fully completed *Older Home Questionnaire* (ATTACH Form No. PU2).

13. **UNACCEPTABLE RISKS**

PACIFIC SPECIALTY INSURANCE COMPANY will not accept the following risks:

A. Unacceptable Locations:

1. Dwellings located in or near brush areas, forested areas, or any area of increased fire hazard (native brush must be cleared 500 feet from premises), unless all of the following conditions exist:
 - a. The policy is endorsed with form NG017 (Difference in Conditions Endorsement)
 - b. Brush is cleared at least 200 feet from the premises
 - c. No trees overhang the roof of the premises; and
 - d. A California FAIR Plan or equivalent policy is concurrently in-force for the same premises.
2. Dwellings in commercial, industrial or deteriorating locations.
3. Properties that are isolated or inaccessible to fire fighting equipment, or located in protection classes 9 or 10.
4. Properties located in landslide or mudslide areas.
5. Properties located in a neighborhood with 3 or more vacant or condemned dwellings.

B. Unacceptable Properties:

6. Properties with pools, hot tubs, spas or similar structures not completely fenced and fully complying with all city and/or county ordinances.
7. Properties with a pool with slide(s) and/or diving board(s) are acceptable, however coverage for these items is excluded for all policies.
8. Any risk with a swimming pool where pool is not completely filled and properly maintained.
9. Properties with a trampoline on the premises are acceptable, however liability for trampolines is excluded for all policies.
10. Risks with abandoned, not operational, not regularly used vehicles, or where company vehicles are stored.
11. Risks with barns and/or extensive farming/ranching equipment, hobby farms.

C. Unacceptable Dwellings:

12. Dwellings 76 years of age and older, except qualifying renewals.
13. Mobile homes, trailers (including recreational and utility), modular homes, boats, houseboats, automobiles, basement homes, portable buildings, prefabricated homes (or similar dwellings) or any structure made of cloth or canvas.
14. Dwellings where the current market value is less than replacement cost.
15. Dwellings of unusual or irreplaceable construction or cantilevered construction.
16. Dwellings not maintained in an insurable condition (must show pride of ownership).

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17. Dwellings not on a permanent or solid foundation.
18. Dwellings with roofs which have not been replaced within the last 25 years or dwellings with roofs in poor condition, will be subject to endorsement limiting perils to fire and lightning only for roof and ensuing damage due to roof failure. If the dwelling was built in excess of 25 years prior to the requested effective date, a copy of evidence (e.g. – copy of roof manufacturer’s warranty indicating replacement date, copy of roof age disclosure statement from real estate transaction, etc.) or a fully completed and signed *Age of Roof Disclosure – 25 Years* form showing roof has been replaced must accompany application, or the signed application must specifically disclose the age of the roof, or policy will be issued with endorsement limiting perils to fire and lightning only for roof and ensuing damage due to roof failure (ATTACH: Form PM5, *Roof for Fire and Lightning Only Endorsement*). This underwriting rule does not apply to dwellings with tile or hail resistant roofs in excellent condition.
19. Dwellings that have a main source of heat that is not thermostatically controlled.
20. Dwellings undergoing extensive remodeling, renovation or construction effecting habitability.
21. Dwellings/Units 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.
22. Dwellings that do not have a fully functional fire extinguisher located on the premises.
23. Dwellings without copper wiring or with any fuse(s) providing power to any portion of the dwelling.
24. Dwellings that do not have deadbolts on all standard doors that provide access to the dwelling and/or garage.
25. Dwellings without copper, galvanized steel or polyvinyl chloride (PVC) piping in good condition. For risks with PVC, the entire plumbing system utilizing PVC must meet ASTM or ANSI standards (usually stamped directly on the pipe), or be certified by Underwriters Laboratories, Inc. (UL). Risks with plastic pipes other than PVC or PVC-C, in whole or in part, including without limitation, polybutylene (PB) plumbing are unacceptable. Risks with copper plumbing systems must utilize copper plumbing for 100 percent of the pressurized portion of the plumbing system, with the exception of drainage systems (such as under a sink) or exterior landscape irrigation, or the non-copper plumbing surcharge will be applied.
26. Dwellings not insured to 100% of replacement cost. A 3% annual inflation guard adjustment will be made to the Coverage A limit at each annual policy renewal if no other adjustment is indicated, however it remains the insured’s responsibility to ensure that the dwelling remains insured to 100% of its replacement cost.
27. Townhomes, condominiums, or any building not constructed specifically to be a single family dwelling, or any dwelling sharing common walls with other properties.
28. EARTHQUAKE Coverage – To qualify, dwelling must be frame construction and bolted to full concrete foundation.
29. Dwellings with less than 750 square feet of living area.

D. Unacceptable Risks:

30. Dwellings with trampoline on premises, unless excluded by endorsement.
31. Animal Liability coverage is optional. If purchased, coverage for the following dogs and animals is excluded:
 - a. Pit Bulls, Doberman Pincers, Rottweilers, German Shepherds, Chows, Akitas, Bull Mastiffs, Stafford Shire Terriers (including a mixed breed which includes any of the above); or
 - b. Any dog known by breed to be vicious or any risk where previous dog bite history exists; or
 - c. Farm animals, or exotic or unusual pets, including but not limited to horses, cows, sheep, goats, chickens, snakes, etc.
32. Vacant dwellings. Risk must be occupied within 10 days of requested effective date. Please note that Occupancy Endorsement (form PM3) will be attached to all policies.
33. Any applicant or dwelling that has had in the past 36 months: a) 2 or more theft losses; b) 1 theft loss and any other loss(es); c) 3 or more losses of any kind.
34. Risks participating in any State FAIR Plan or residual market pool, unless endorsement form NG017 (Difference in Conditions Endorsement) is attached to the Standard HO-3 policy.
35. Seasonal or secondary properties or any property where the insured states they maintain two or more primary residences
36. Property with any type of business or illegal activity on the premises.
37. Dwellings held for rent, in whole or in part.
38. Dwellings where space is rented in exchange for money, goods, or services to any other person for any purpose.

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39. Risks with more than two non-pay cancellations with PSIC in a three-year period.
40. Risks with properties owned by well-known personality (i.e.: political, entertainer, sports, etc.).
41. Risks financed by private parties or trustees.
42. Corporate or Business owned dwelling or any dwelling titled in a corporate or business name.
43. Dwellings that have more than two mortgagees, or dwelling where mortgagee is an individual.
44. Risks with more than two unrelated individuals on the deed of trust. (If more than two related individuals are on the deed of trust, the risk may be submitted on an approval basis only. Complete details as the relationship and reason for the multiple names must be submitted.)
45. Properties in foreclosure.
46. Risks who employ full-time servants or out servants, unless workers' compensation coverage is rated correctly.
47. Any applicant or dwelling with repetitive similar cause losses in the past 5 years.

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14. OPTIONAL COVERAGES AND LIMITS

The following optional coverages and limits are available:

A. Deductibles

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

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

B. Extended Replacement Cost Coverage for Dwelling (Coverage A)

An additional coverage amount equal to 20% of the Coverage A limit will be provided for loss payments above the stated limits for the following charge:

Extended Replacement Cost Coverage Charge
8% of base premium

When this coverage is purchased, the insured must notify the company within 90 days of any additions or other physical changes that increase the value of either the dwelling or other buildings on the premises by \$5,000 or more and pay the appropriate premium.

ATTACH: Form NGPREF011, Extended Replacement Cost Coverage

C. Increased Other Structures (Coverage B)

The basic 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, or \$110,000 whichever is less) for the following additional premium:

Rate per Thousand
\$2.50

D. Ordinance or Law Coverage (Coverage A)

For the Standard Program this coverage is not included in your policy unless it is purchased for an additional premium of 3% of your Basic Coverage A premium and shown as Coverage A2 (Ordinance or Law) on the Declarations with the associated premium charge. If this coverage is purchased, loss for damage by a covered peril insured against to the insured dwelling will be settled on the basis of any ordinance or law that regulates the construction, repair or demolition of this property.

E. Unscheduled Personal Property (Coverage C) – Replacement Cost

Replacement Cost Coverage for personal property is included with Preferred HO-3 policies. For Standard HO-3 policies, personal property coverage can be increased to Replacement Cost from Actual Cash Value (ACV), for the following additional premium:

Rate per Thousand
\$1.00

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F. Increase Unscheduled Personal Property (Coverage C)

The basic 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 70% of Coverage A) for the following additional premium:

Rate per Thousand
\$1.00

G. Increased Unscheduled Jewelry & Silverware

Increase sublimits for loss by theft of jewelry, silverware, goldware, pewterware, platinumware and crystal to \$1,000 for the following additional premium:

Premium
\$27.00

ATTACH: Form NGO13, Increased Unscheduled Jewelry and Silverware Limits

H. Increased Unscheduled Computer Equipment

Increase sublimits for loss by theft of computer hardware (excluding software) to \$2,500 for the following additional premium:

Premium
\$33.00

ATTACH: Form NGO14, Increased Unscheduled Computer Equipment Limit

I. Optional Personal Liability Limits

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

HO-3 Standard	
<i>Limit</i>	<i>Premium</i>
\$100,000	Base
\$200,000	\$25
\$300,000	\$50
\$500,000	\$72

J. Optional Animal Liability Limits For Acceptable Animals

Animal liability coverage is automatically excluded on all policies with the attachment of endorsement Form NYM16, Animal Liability Exclusion. However, optional animal liability coverage can be purchased, as indicated in the table below.

Limit	Premium
\$50,000	\$10
\$100,000	\$13
\$200,000	\$18
\$300,000	\$26
\$500,000	\$37

REMOVE: Form NYM16, Animal Liability Exclusion, if animal liability coverage is selected.

ATTACH: Form PO14, Limited Animal Liability Coverage. Selected limit will appear on policy declarations page.

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K. Optional Personal Injury Coverage

Personal Injury Coverage can be added to the policy for a \$13.00 premium charge.

L. 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	\$8.00
\$300,000	\$10.00
\$500,000	\$12.00

*Note: Selected limit cannot exceed Coverage E limit.

M. Enhanced Mortgagee Clause (438BFU)

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

ATTACH: Form 438BFU, Lender’s Loss Payable Endorsement

N. Workers Compensation and Employers’ Liability

- OUTSERVANT (each) – \$137.00
An employee whose principal duties occur outside the insured’s residence, over 10 hours per week.
- INSERVANT (each) – \$170.00
An employee whose principal duties occur inside the insured’s residence, over 20 hours per week.

ATTACH: Form HO 24 90 01 93, Workers Compensation Coverage

O. Optional Earthquake Coverage (Coverage H)

Earthquake coverage can be added for the following additional premium:

Coverage H - Earthquake		
	Zone 1	Zone 2
Wood Frame/ Stucco	\$8 per \$1k	\$6 per \$1k
Masonry	\$12 per \$1k	\$10 per \$1k

Earthquake Zones are as follows:

Counties	
Zone 1	All counties not listed in Zone 2
Zone 2	Amador, Butte, Calaveras, Colusa, El Dorado, Fresno, Glenn, Kings, Lassen, Madera, Merced, Modco, Nevada, Placer, Plumas, Sacramento, San Joaquin, Shasta, Sikiyou, Stanislaus, Sutter, Tehema, Trinity, Toulumne, Tulare, Yolo, Yuba

A 10% deductible applies separately to damage to dwelling, other structures, and personal property. There is no deductible for loss of use. The amount of coverage purchased must exceed \$10,000.

ATTACH: Form NY05, Homeowners Earthquake Endorsement

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15. PREMIUM CREDITS AND SURCHARGES

The maximum total premium credit that can be applied to any policy is 50%. All credits and surcharges must be computed from basic premium only, unless stated otherwise.

A. Multi-Policy Discount

If the insured has another in force personal lines policy with Pacific Specialty Insurance Company, or any affiliate, a 15% premium credit will be allowed. This credit will apply to the basic premium for the policy and is available for all programs. This credit will be discontinued if/when the other policy(ies) lapse.

B. 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. There is no discount for the second and all subsequent years of the policy. To qualify for the discount, the effective date of the PSIC policy must be within 60 days from the closing date of the insured's purchase of the dwelling.

C. Age of Dwelling Surcharge

The following surcharges are applied, based on the age of the home to be insured.

Age of Dwelling (Years)	Surcharge
0 thru 1	0%
2 thru 5	5%
6 thru 10	10%
11 thru 20	20%
21 thru 30	30%
31 thru 45	25%
46 thru 50	30%
51 thru 65	35%
66 thru 75	40%
76 thru 80	50%
81 thru 99	75%
100 & Above	100%

D. Claim Free Discount

If the insured has not filed and PSIC has not paid any amount for a claim under the policy during the previous 12-month term, the policy will receive a 5% discount to the basic premium for the subsequent 12-month policy term.

E. 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:

- a. Fire and Lightning
- b. Wind and Hail
- c. Explosion
- d. Riot and Civil Commotion
- e. Vandalism and Malicious Mischief
- f. Aircraft
- g. Smoke
- h. Removal (loss as a result of the above mentioned perils)
- i. Debris Removal

Reduce Base Premium
20%

ATTACH: Form NG017, Difference In Conditions

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F. Non-Copper Plumbing Surcharge

Age of Plumbing	Surcharge
1 – 10 years	20%
11 – 20 years	23%
21 – 30 years	27%
31 – 40 years	35%
41 – 50 years	55%
51+ years	105%

G. No Smoke Alarm Surcharge

Homes without local smoke detectors will have a 5% surcharge applied to the basic premium.

H. Loss Surcharge Schedule

Risks with losses are not eligible for the Preferred Homeowners program. For the Standard Program policies, risks with losses will be surcharged as follows:

<u>Type and Number of Losses</u>	<u>Surcharge to Basic Premium</u>
1 Non-theft related claim in last 5 years	10%
*1 Theft or 2 Non-Theft related claims last 5 years	15%

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

I. Central Alarm Service

Central Alarm Service*:

- Burglary Only: 5% Credit
- Fire Only: 5% Credit
- BOTH: 10% Credit

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).

J. Homes With Less Than A 3-Foot Setback From Property Line (Row Houses included)

20% surcharge applied to the basic premium.

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16. RESERVED FOR FUTURE USE

17. 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.

18. CANCELLATION OF INSURANCE

- A. 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.
- B. 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.

19. TRANSFER OR ASSIGNMENT

- A. 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.
- B. Assignment of insurance under the policy is not allowed.

Transfers are subject to any necessary adjustment(s) of premium.

20. TERRITORIAL ZONES

In Supplementary Manual.

21. CONSTRUCTION CLASSIFICATIONS

A. 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.

B. Masonry / Veneer

A dwelling with walls of masonry or masonry veneered construction including face brick.

C. 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.

22. FIRE PROTECTION DEFINITIONS

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

- A. 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.
- B. 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.
 - 1. 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).
 - 2. For properties located five road miles or less from a responding fire station and beyond 1,000 feet of a fire hydrant, use class 9.
 - 3. For properties located more than 5 road miles from a responding fire station, use class 10.
- C. In a classified area serviced by a subscription-type fire department, use class 10 for properties that do not subscribe.
- D. Use class 10 for all properties not classified.

23. RATES AND PREMIUM CALCULATION

A. **Base Rates**

In Supplementary Manual.

B. **Territorial Factors**

In Supplementary Manual.

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24. FORMS

COVERAGE FORMS

Form Number	Edition	Title	Source	Program Applicability	(M)andatory / (O)ptional	(D)ynamic / (S)tatic	Program Code
NGSHO3POL		California Standard Homeowners Policy	PSIC	HO-3	M	S	G

ENDORSEMENTS

Form Number	Edition	Title	Source	Program Applicability	(M)andatory / (O)ptional	(D)ynamic / (S)tatic	Coverage Code
HO-90	(9-84)	Workers' Compensation	PSIC	HO-3	M	S	
HO 04 77 04 91		Ordinance or Law Coverage	PSIC	HO-3	O	S	A2
HO 24 82 04 91		Personal Injury	PSIC	HO-3	O	S	E2
NYM1		Your Privacy and Its Protection	PSIC	HO-3	M	S	
NYM2		Satellite Dish Exclusion	PSIC	HO-3	M	S	
NYM3		Occupancy Endorsement	PSIC	HO-3	M	S	
NYM16		Animal Liability Exclusion Endorsement	PSIC	HO-3	O	S	E1E
438BFU	Ed. 2	Lender's Loss Payable Endorsement	PSIC	HO-3	O	S	U
CAM1	Ed. 1	Registered Domestic Partner Coverage	PSIC	HO-3	M	S	
NM-CA-PO1	(11/01)	Pathogenic Organisms Exclusion	PSIC	HO-3	M	S	
NM-CA-MEPL	(04/02)	Mold Exclusion	PSIC	HO-3	M	S	
NM-CA-TW1	(05/02)	Terrorism & War Exclusion	PSIC	HO-3	M	S	
PM11	Ed. 2	Increased Deductible for Loss or Damage Caused by Tenants	PSIC	HO-3	M	S	
PM17	Ed. 1	Loss Settlement Provisions for California Residential Property Policies	PSIC	HO-3	M	S	
PM18	Ed. 1	Trampoline Exclusion	PSIC	HO-3	M	S	
PM19	Ed. 1	Swimming Pool Diving Board and Slide Exclusion	PSIC	HO-3	M	S	
NGPREF011		Extended Replacement Cost Coverage	PSIC	HO-3	O	S	A1
NY04		Roof for Fire and Lightning Only Endorsement	PSIC	HO-3	O	S	X
NY05		Homeowners Earthquake Endorsement	PSIC	HO-3	O	S	H
NY07		Mortgage Clause	PSIC	HO-3	M	S	
NY08		Personal Property Replacement Cost	PSIC	HO-3	O	S	C1
NY09		Premises Burglary or Fire Alarm System	PSIC	HO-3	O	S	CR1 / CR2
NY010		Additional Insured	PSIC	HO-3	M	S	
NY015		Water Damage Exclusion for Home Without Copper Plumbing	PSIC	HO-3	O	S	P1
PO14	Ed. 1	Limited Animal Liability Coverage	PSIC	HO-3	O	S	E1
NG013		Increase Sublimit for loss by Theft of Jewelry, Watches, Furs, Precious & Semi Precious Stones, Silverware, Goldware, Pewterware and Platinum	PSIC	HO-3	O	D	
NG014		Increase Sublimit for loss by theft of Computers and Data Processing Equipment	PSIC	HO-3	O	D	
NG017		Difference In Conditions Endorsement	PSIC	HO-3	O	D	DIC

UNDERWRITING FORMS

Form Number	Edition	Title	Source	Program Applicability	(M)andatory / (O)ptional	(D)ynamic / (S)tatic	Condition
PU1	Ed. 1	Wood Burning Stove Inspection Report	PSIC	HO-3	O	D	Cvg = N
PU4	Ed. 1	Age of Roof Disclosure - 15 Years	PSIC	HO-3	O	D	Age > 15
PU6	Ed. 1	Older Home Questionnaire - 76 Years	PSIC	HO-3	O	D	Age > 75