

Pacific Specialty Insurance Company

California Personal Umbrella – Rules

1. **OVERVIEW** – This program has been designed for the standard and preferred insured that for various personal considerations have a need or are required to purchase personal umbrella liability coverage. The coverage provided by this product allows the insured to acquire additional limits of liability to supplement the limits and coverage provided by their primary personal liability and automobile policies. The policy is written on an occurrence form. Limits of \$500,000, \$1,000,000, and \$2,000,000 are available.

2. GENERAL INFORMATION

A. **Binding Authority** – Coverage will be bound pending the underwriters' acceptance, effective one day after the United States postmark date on the envelope. In the event that the mail is meter stamped, coverage will be bound effective the date received by the general agent of record. In order for coverage to be bound, the following conditions apply:

1. The risk must meet the underwriting guidelines as set forth.
2. The application must be fully completed and signed by the insured.
3. In the event PSIC (or its representative) is unable to obtain an MVR, it will be required that a current Motor Vehicle Record is furnished to PSIC.
4. All operators residing in the household MUST be listed on the application. No liability coverage will be extended to the non-listed operator residing in the household. All operators must be included or excluded.

B. **Minimum Premium**

1. Minimum written premiums are as follows:

<u>Limit</u>	<u>Minimum</u>
\$ 500,000	\$135
\$1,000,000	165
\$2,000,000	310

2. Written premium and return premiums less than \$5 will be waived unless return premiums are requested by the insured.
3. Minimum earned premium is \$50.00.
4. Policy fees are fully earned.

C. **Self-Insured Retention**

There is a self-insured retention applicable per occurrence of \$1000. This does not apply to Uninsured/Underinsured Motorist Coverage.

D. **Endorsements**

1. All requests for endorsements must be made in writing to the Company or its general agent.
2. Endorsements are rated based on the rating plan in effect on the policy term effective date.

E. **Cancellations**

1. If cancelled by the Company, return premium will be computed on a pro-rata basis.
2. If cancelled by the Insured with proper evidence of cancellation, return premium will also be computed on a pro-rata basis.
3. Proper evidence of cancellation includes:
 - a) Return of the original policy OR
 - b) A completed "lost policy release" OR

Pacific Specialty Insurance Company California Personal Umbrella – Rules

- c) A signed, witnessed, and dated statement from the Named Insured requesting cancellation.

F. Reinstatements

1. If the policy is cancelled for non-payment of premium and the insured remits premium due prior to the cancellation effective date, the policy will be reinstated.
2. If the policy is canceled for reasons other than non-payment of premium and pertinent information is submitted by the insured prior to the cancellation effective date, reinstatement will be subject to the Company's or its General Agent's approval.

G. Policy Term – All policies are written on an annual basis.

H. Optional Monthly Installment Plan - \$10 per installment

3. ELIGIBILITY

A. Named Insured – Policy may only be written in the name of an individual and/or spouse. No corporate names.

B. Underlying Carrier – must have A.M. Best Rating of B+ or better.

C. Automobile/Motorcycle/Recreational Vehicle Exposures (First two automobiles or motorcycles are included in the basic policy):

1. All drivers must have a valid U.S. driver's license. For policies with limits greater than \$1,000,000, all drivers must have a valid resident state driver's license.
2. The maximum number of owned vehicles (PPA, motorcycles and recreational vehicles combined) is seven (7). If more than seven (7), exclude auto liability. A current MVR on all drivers is required. In the event PSIC (or its representative) is unable to obtain an MVR for all drivers, it will be required that a current MVR is furnished to PSIC.
3. Vehicles may not be corporately owned. Vehicles cannot be registered to a business, corporation, church and/or a non-profit organization.
4. The underlying liability requirement is \$500/500/100 or \$500,000 CSL unless noted otherwise.
5. Underlying limits of \$100/300/50 are acceptable for **automobiles and motorcycles** for an additional premium charge if all drivers, individually or each, qualify as Good Drivers under CIC section 1861.025. This rule does not apply to recreational vehicles.
6. Underlying limits of \$250/500/100 are acceptable for **automobiles and motorcycles** for an additional premium charge if all drivers, individually or each, qualify as Good Drivers under CIC section 1861.025. This rule does not apply to recreational vehicles.
7. Risks with operators 16-18 years of age must have underlying coverage of \$500/500/100 or \$500 CSL and are subject to an additional charge. Risks with operators 19-24 years of age who do not qualify as Good Drivers under CIC section 1861.025 must have underlying coverage of \$500/500/100 or \$500 CSL and are subject to an additional charge. If any one operator does not qualify for lower limits on the policy, no operator may obtain lower limits.
8. Risks with operators 19-24 years of age who do qualify as Good Drivers under CIC section 1861.025 may have underlying limits of \$100/300/50 or \$250/500/100 and are subject to an additional charge.
9. Recreational Vehicles – the underlying limits required are

**Pacific Specialty Insurance Company
California Personal Umbrella – Rules**

\$500,000 CSL unless a lower limit of \$300,000 CSL is selected for an additional premium charge.

10. Personal use combined with business pursuit use. A vehicle used for both personal use and business pursuits, and that is registered to the insured and not a corporate entity, is allowed. However, coverage only applies for personal use. Under no circumstances does PSIC provide liability protection for the insured while engaged in travel to business pursuits, while engaged in a business pursuit, or when returning from business pursuits. This is clearly stated on the application and in the policy.

D. Property Exposures

1. The underlying coverage must be written on a Homeowners or Comprehensive Personal Liability coverage form.
2. The underlying limit requirement is \$300,000 CPL or Homeowners. Without underlying CPL, entire umbrella is unacceptable.
3. Comprehensive General Liability is unacceptable.
4. Lessor's Risk is unacceptable if insured occupies any part of the premises.
5. Rental Units – The underlying limit requirement is \$500,000 CSL unless a lower limit of \$300,000 CSL is selected for an additional premium charge. The maximum number of owned rental buildings is eight (8). Maximum four (4) apartment house units and two (2) stories per owned rental building. A separate premium charge applies per building and per unit. Attach personal injury endorsements and Lessor's Risk exposure is required.
6. Vacant Land – A minimum underlying limit of \$500,000 CSL is required unless a lower limit of \$300,000 CSL is selected for an additional premium charge. Must have coverage under CPL portion of Homeowners Policy. Charge for all acreage combined. Risk must be submitted to Company for approval.
7. Farms - **Farmowners risk is unacceptable.**
8. Since it is not possible to make rules to cover every situation, final decisions with respect to acceptance of risk, underwriting, rates, etc. are reserved to the Company.

E. Watercraft Exposures

1. The underlying limit requirement is \$500,000 CSL or \$500/500/100. Underlying limits of \$300,000 CSL are acceptable for an additional premium charge.
2. Ski Boats/Personal Watercraft – The full liability limits must apply for watersports as well as watercraft liability.
3. Verification that the underlying carrier has no drop down cover is required.
4. The maximum speed of the watercraft is 70 mph.

F. Aircraft Exposures – UNACCEPTABLE. Aircraft liability is excluded in policy provisions.

4. INELIGIBLE RISKS

- A. Applicants who have had more than one liability claim that exceeds \$5000 in payment during the last five (5) years.
- B. Applicants whose underlying insurance provides protection for vehicles that have been modified (other than by factory).
- C. Aircraft.

Pacific Specialty Insurance Company
California Personal Umbrella – Rules

- D.** Business pursuits including policies written in corporate name or church and/or non-profit organization.
- E.** Risks with no underlying CPL.
- F.** Risks with commercial underlying policies.
- G.** Houseboats.
- H.** Target Risks (entertainment, political or sports personalities or other celebrities)
- I.** Applicant with 9 or more rental units (including units within apartment houses).
- J.** Applicant with 8 or more vehicles.
- K.** Farms.
- L.** Drivers without a valid U.S. driver's license.
- M.** Racing Boats.
- N.** Risks with open and pending claims.
- O.** Risks with more than two unrelated individuals on the trust.

5. SUBMIT TO COMPANY

- A.** Apartments with five (5) or more units.
- B.** Vacant Land (must have coverage under CPL portion of homeowners policy).
- C.** Watercraft written on P&I or Ocean Marine Form or with top speed in excess of 70 mph.
- D.** Property in brush areas or hillsides.
- E.** Applicant or other member of household who have been convicted of:
 - 1. A major traffic violation during the last three (3) years unless that conviction is the only activity on the MVR,
 - 2. More than two (2) moving convictions during the last three (3) years,
 - 3. More than one (1) at-fault accident during the last three (3) years.
- F.** Insureds whose primary automobile or homeowners policy is in a residual market.