

DWELLING POLICY MANUAL UNDERWRITING GUIDELINES

1. COVERAGES, FORMS AND LIMITS AVAILABLE

- TDP-1 – Dwelling Policy (Actual Cash Value on Dwelling)
- TDP-1/TDP-470/TDP-435 – Dwelling Policy Plus (Replacement Cost on Dwelling)

2. GENERAL UNDERWRITING REQUIREMENTS

- We will provide coverage under a TDP-1 form for applicants that meet all underwriting requirements regardless of insurance score. Optional coverages are available to applicants with an acceptable combination of prior insurance, prior losses and insurance score.
- Dwellings insured using the Dwelling Policy (TDP-1 only) must be insured for at least 100% of Actual Cash Value.
- Dwellings insured using the Dwelling Policy Plus (TDP-1/TDP-470/TDP-435) must be insured for at least 100% of replacement cost and must not be older than 30 years old.
- Dwellings must be protected by smoke detectors in good working order located close to the kitchen and all sleeping areas.
- Homes must be properly maintained in sound condition and exhibit pride of ownership.

3. ELIGIBILITY

- A policy may be issued to provide insurance under:
 - Coverage A – on a dwelling containing not more than 2 units or a townhouse/rowhouse containing not more than 8 units per building, used solely for residential purposes (certain incidental occupancies are permitted); and
 - Coverage B – when located in a dwelling insured under Coverage A.

4. INELIGIBLE RISKS

A. Property Type And Characteristics

- Any dwelling not used solely as a private residence, except for the incidental office occupancies.
- Dwellings containing more than 2 units.
- Dwellings that are in the course of construction, unless to be completed within 6 months.
- Dwellings that do not demonstrate a pride of ownership. They are in poor condition and/or have poorly maintained paint, stain, caulking, screens, windows or doors.
- Dwellings with unrepaired damage.
- Any dwelling constructed with synthetic stucco (E.I.F.S.).
- Dwellings with aluminum wiring.
- Dwellings with wood, flat, asbestos or corrugated metal roofs. Dwellings with more than one overlay of composition shingles over composition (over wood ineligible) shingles. Approval **prior to binding** is needed on any tin, aluminum or flat roof.

DWELLING POLICY MANUAL UNDERWRITING GUIDELINES

- Composition shingle roofs older than 15 years will be considered only if the application is submitted **prior to binding** with documentation from a licensed general contractor stating the type of shingle used and the remaining life expectancy is greater than 5 years.
- Dwellings older than 30 years or with Coverage A less than \$65,000 should be submitted prior to binding and will be subject to inspection for condition before coverage is bound. Properties submitted should be in very good condition with ACV of at least 80% of replacement cost.
- Mobile, modular, pre-fabricated, log, motor and trailer homes or houseboats.
- Dwellings built on pilings or stilts or with open foundations.
- Dwellings heated in whole or in part by solid fuel heating devices, such as wood burning stoves; dwellings heated by any other device that is not controlled by a wall mounted thermostat; and dwellings heated in whole or in part by a portable space heater. **Exception:** Fireplace systems that are professionally installed. Fireplace inserts (which are wood burning stoves inserted into masonry fireplaces) that are professionally installed by a licensed contractor must be submitted **prior to binding** with appropriate documentation.
- Dwellings built by individuals who are not licensed contractors. Licensed contractor cannot be the insured.
- Town Houses or Row Houses constructed without firewalls between every other unit or more than 8 units per building.
- Risks that have been previously rejected, canceled or non-renewed by any company for underwriting reasons must be submitted **prior to binding**. Acceptability of the risk is dependent upon the reason for the coverage declination, cancellation or nonrenewal.
- Dwellings also insured under another insurance policy, except NFIP or TWIA policies.
- Lapse in coverage over 90 days (Force Placed Coverage by Mortgagee is not acceptable prior coverage).
- Dwellings with underground storage tanks.

B. Location

- Dwellings located entirely or in part over any body of water.
- Dwellings located on more than 5 acres.
- Isolated properties, which are defined as those that are not visible from at least two other dwellings, not in sight of a paved road or not accessible year-round to fire fighting equipment.
- Properties subject to brush or forest fire.
- Dwellings located in an area that has been condemned for any reason, including urban renewal or highway construction.
- Dwellings located in Special Flood Hazard Areas (SFHA) Zones A or V, unless an NFIP policy has been purchased with matching building limits (or the maximum available).
- Properties built on landfills previously used for refuse.

DWELLING POLICY MANUAL UNDERWRITING GUIDELINES

- Areas within 1,000 feet of mean high tide.

C. Occupancies

- Dwellings that are part of a “working farm”. “Working farm” is defined as a property with any livestock, properties on which row crops are grown (other than a domestic garden) or properties with income producing farming operations.
- Vacant or unoccupied properties or a dwelling that is currently held for sale. A dwelling is not considered vacant or unoccupied for underwriting reasons if the new owner or tenant is moving into the building within 60 days after the effective date of the policy. Explain in Remarks on the application. .
- Dwellings occupied by more than 2 families.
- Dwellings primarily used for business or with incidental business occupancies, other than an office. Model homes when used as a builder’s display.
- Dwellings with home day care exposures.
- Rental property with student occupancy.
- Dwellings not originally constructed for residential purposes.

D. Applicant Characteristics and Loss History

- Bankruptcy, liens, judgments, foreclosures or repossessions within the last 5 years or with any conviction of insurance fraud, including arson.
- Risks with more than 2 mortgages.
- Applicants who have had a liability loss within the last 3 years.
- Applicants who have had a Fire, Water, Theft or other loss in the previous 3 years at this location unless it can be demonstrated that the cause of loss has been corrected. Such demonstration of corrective measures must be submitted for approval **prior to binding**.
- Applicants with an excessive frequency of prior losses.

Risks with prior water damage losses are evaluated in accordance with Chapter 544.353 Subchapter H , of the Texas Insurance Code and related regulations, including §21.1007 of the Texas Administrative Code.

E. Liability Exposures (Applicable only if adding Liability / Medical Payments coverage)

- Any exotic pets (e.g. pythons, rattlesnakes); livestock, farm or saddle animal exposure exists on the premises.
- Any animals with a bite history or that have caused bodily injury to any person.
- Any dangerous dogs including, but not limited to, any of the following breeds: Akita, American Bulldog, American Pit Bull Terrier, American Staffordshire Terrier, Catahoula Leopard, Chow, Doberman Pinscher, German Shepherd, Presa Canario, Pit Bull, Rottweiler, Staffordshire Bull Terrier or Wolf. **A mixed breed dog with any of the above breeds is also ineligible.**
- Any dog that has ever been trained and/or used as a guard dog or attack dog

DWELLING POLICY MANUAL UNDERWRITING GUIDELINES

- There is an unfenced swimming pool, pond or similar water exposure on the premises.
- There is a swimming pool with a diving board or water slide on the premises. Pools and hot tubs must be protected by a fence at least 4 feet high or a screened enclosure.
- There is a trampoline on the premises.
- There is a skateboard or bicycle ramp on the premises.

~~5. BINDING AUTHORITY~~

~~Agents have the authority to bind coverage on any risk that is not identified as "ineligible" in the **Ineligible Risks** section of this underwriting guide. Agent's authority is for the limits stated and the forms of coverage outlined in the various sections of this guide. Any exceptions must be referred to Cypress Home Office for approval **prior to binding**. Binding authority for new business, increases in or additions of coverage or deductible reductions are suspended when notified by the Company or, for all Tier One and Tier Two counties, when a designated tropical storm or hurricane is located west of 80 degrees West Longitude and north of 20 degrees North Latitude. Binding authority will not resume until binding restrictions have been lifted by the Company.~~