

HOMEOWNERS MANUAL

UNDERWRITING GUIDELINES

1. GENERAL UNDERWRITING REQUIREMENTS

- We will provide an HO-A Basic form for applicants that meet all underwriting requirements regardless of insurance score. Optional coverages are available under the HO-A Custom, HO-A Plus or HO3 to applicants with an acceptable combination of prior insurance, prior losses and insurance score.
- Dwellings under \$75,000 or condos under \$40,000 should be submitted to underwriting for approval prior to binding.
- Dwellings should be insured to 100% of Replacement Cost.
- Dwellings with roofs that are over 15 years old may only be written with Actual Cash Value loss settlement on the roof, and must be submitted to underwriting for approval **prior to binding**.
- 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.

2. INELIGIBLE RISKS

A. Property Type and Characteristics

- Any dwelling, or personal property located in any dwelling, apartment or condominium unit not used solely as a private residence, except for the incidental office occupancies.
- Dwellings containing more than 2 units, or more than 1 family in a unit.
- Dwellings that are in the course of construction.
- Dwellings not originally constructed for residential purposes.
- Any dwelling constructed with synthetic stucco (E.I.F.S.)
- Mobile, modular, pre-fabricated, log, geodesic homes, motor and trailer homes or houseboats.
- Dwellings built on pilings, stilts, or with open foundations.
- Dwellings built by individuals who are not licensed contractors. Licensed contractor cannot be the insured.
- Town Houses or Row Houses constructed without firewalls that separate units or more than 8 units per building.
- Dwellings with unrepaired damage.
- Dwellings older than 40 years and Condos older than 20 years should be submitted unbound and will be subject to inspection for condition and maintenance prior to binding coverage.
- Properties older than 30 years on which an HO BT tenant's policy is written should be submitted unbound and will be subject to inspection for condition and maintenance prior to binding coverage.
- Dwellings with unapproved roofs, including wood shingle roofs or roof replacements that have been over-layered over wood shingles or more than one overlay of composition shingles. Approval **prior to binding** is needed on any tin, aluminum or flat roof.
- Dwellings heated in whole or in part by solid fuel heating devices, such as wood burning stoves; or 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.
- 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.

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- Dwellings with a Lapse in coverage over 90 days (Forced Placed Coverage by Mortgagee is not acceptable prior coverage) – **Exception:** On HO-CON-B, a signed No Prior Insurance Form must be submitted to waive this requirement.

B. Location

- Dwellings located entirely or in part over any body of water.
- Dwellings within 1,000 feet of mean high tide
- Dwellings located in Protection Class 10, or more than 5 road miles from first responding fire department.
- 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 firefighting 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 on HO-A and HO-A Plus or matching personal property limits on HO-BT or HO-CON-B (or the maximum available). A flood policy is not required for condos or apartments on second floor or above.
- Properties built on landfills previously used for refuse.

C. Occupancies

- Dwellings that are part of a “working farm”. “Working farms” are defined as properties 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 is moving into the building within 60 days after the effective date of the policy (Explain in Remarks).
- Dwellings primarily used for business or with incidental business occupancies, other than an office. Model homes when used as a builder’s display.
- Rental property with student occupancy.

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.
- Applicants who have had any liability loss within the last 3 years.
- Risks with more than 2 mortgages.
- Applicants who have experienced any Fire, Water, Theft, or Liability 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**. Also ineligible are risks with an excessive frequency of prior losses.

E. Liability Exposures

- Dwellings with home day care exposures.
- 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,

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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. Any unfenced swimming pool, pond or similar water exposure on the premises. Pools and hot tubs must be protected by a fence at least 4 feet high with a self locking gate, or a screened enclosure.
- Any swimming pool with a diving board or water slide on the premises.
- Any trampolines, skateboard or bicycle ramps on premises.

3. 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 Underwriting Team for approval **prior to binding.**~~

~~Binding authority for new business, increases 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.~~

~~Binding may also be suspended in any part of the state by the company in the event of wildfire, earthquake, or other catastrophies.~~

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4. COVERAGES, FORMS & LIMITS

- HO-A Basic – TX HO A policy with no additional endorsements
- HO-A Custom – TX HO A policy with a variety of optional endorsements
- HO-A Plus – TX HO A with a package of popular coverage enhancements
- HO-3 – ISO HO-3, 2000 Program
- HO-BT – Tenant Homeowners Package Policy
- HO-CON-B – Condominium Unit Owners Package Policy

The limits available under these programs are:

COVERAGE	HO- A Basic	HO-A Custom	HO-A PLUS	HO3	HO-BT & ConB
Dwelling	\$250,000 Maximum	\$500,000 Maximum	\$500,000 Maximum	\$500,000 Maximum	N/A
Other Structures	10% of Dwelling	10% of Dwelling	10% of Dwelling	10% of Dwelling	N/A
Personal Property	40% of Dwelling only	40% of Dwelling (can be increased to 75%)	40% of Dwelling (can be increased to 75%)	40% of Dwelling (can be increased to 75%)	HO BT = \$50,000 Maximum HO ConB = \$300,000 Maximum
Loss of Use	10% of Dwelling	10% of Dwelling	20% of Dwelling	10% of Dwelling	20% of Personal Property
Personal Liability	\$25,000	\$25,000, \$50,000, \$100,000, \$300,000			
Medical Payments	\$500	\$500, \$1,000, \$3000, \$5,000			