

**UNDERWRITING GUIDELINES****COVERAGE LIMITS**

COVERAGE	LIMITS
<b>A</b> – Dwelling*	\$200,000 to \$2,000,000
<b>B</b> – Other Structures	2% Coverage <b>A</b> . Limits from 1% to 20% may also be selected. This coverage may be excluded.
<b>C</b> – Personal Property	0% to 75% of Coverage <b>A</b> .
<b>D</b> – Loss of Use	10% of Coverage <b>A</b> . 20% of Coverage <b>A</b> limit also available.
<b>E</b> – Personal Liability	\$100,000, \$200,000, \$300,000 or \$500,000
<b>F</b> – Medical Payments	\$1,000, \$2,500, \$5,000, or \$10,000
<i>*Limits in excess of maximum value must be approved by underwriting prior to binding.</i>	

Below are the underwriting guidelines for eligibility in the (TRUE) Homeowners HO3 & HO5 Programs. These guidelines apply to both new and renewal business.

**ELIGIBILITY – RESIDENCE**

1. A Homeowners policy may be issued:
  - a. To an owner-occupant(s) of a dwelling or condominium/co-op which is used exclusively for private residential purposes and contains not more than 2 families and with not more than 2 boarders or roomers per family, regardless of main or other structure(s).
  - b. To the purchaser-occupant(s) who has entered into a long term installment contract for the purchase of the dwelling and who occupies the dwelling but to whom title does not pass from the seller until all the terms of the installment contract have been satisfied. The seller retains title until completion of the payments and in no way acts as a mortgagee. The seller's interest in the building and premises liability may be covered using Endorsement **HO 04 41** – Additional Insured; or
  - c. It is permissible to extend the Homeowners Policy, without additional premium charge, to cover the interest of a non-occupant joint owner in the building and for premises liability. Use Endorsement **HO 04 41** – Additional Insured.
  - d. When a 2 family dwelling is occupied by co-owners, each occupying a separate apartment, the Homeowners policy providing building coverage may be issued to only one of the co- owner occupants of the dwelling. The policy may be endorsed to cover the interest of the other co-owner in the building and for premises liability.
2. Dwellings built prior to 2002, unless they have been retrofitted to meet post-2002 building code requirements, are ineligible. Dwellings over 40 years old are referred to underwriting to ensure compliance with home updating and wind mitigation underwriting requirements.
3. Homes over 30 years old require a four point interior inspection.
4. When applicable, an Excess Rates form must be submitted to Underwriting prior to binding, and TRUE will comply with Section 627.171, Florida Statutes with the following:
  - a. No more than 5% of all TRUE personal lines insurance policies written or renewed in each calendar year shall be rated under excess rating.
  - b. Complete quarterly reports in accordance with Rule 69O-137.008, Florida Administrative Code for all policies subjected to excess rating.

**DWELLING CONDITION*****Exterior***

1. Dwelling cannot be in poor condition, have debris or unrepaired damage.
2. Dwelling cannot be considered a historical dwelling (i.e., listed on a historical register)

3. Dwellings with an open foundation of less than 6 feet that are not completely enclosed with material such as block, brick, siding, or lattice are ineligible, unless the dwelling is built on pilings/piers for flood control purposes.
4. Dwelling cannot have a tree overhanging the roof or deemed by the company to be in dangerous proximity to the dwelling or appurtenant structures.
5. Townhouses or row-houses in buildings of four (4) or more units must be separated from units on either side by masonry firewalls, with parapets extending through the roof at least 15 inches (parapets not required for year of construction 2010 or newer). Buildings with more than 8 units are ineligible.
6. Porches or decks more than 3 feet off the ground or with 3 or more steps leading to them must be protected with properly installed handrails.
7. Burglar bars including quick release are ineligible.

***Interior***

1. A business may not operate in any way on the residence premises other than an incidental business occupancy for a home office with no foot traffic (must be referred to underwriting prior to binding).
2. Dwellings with unlicensed home day care exposures are ineligible. If a risk has a licensed home day care in the dwelling, then the applicant must have a commercial policy and must be referred to underwriting.
3. Dwelling must be occupied 4 or more months in a 12-month period and cannot be an unoccupied home for sale, in foreclosure, or have foreclosure pending. Vacant dwellings are ineligible.
4. A dwelling that is vacant or unoccupied by its owner for part of the year (secondary/seasonal) must be occupied a minimum of 4 months per year to be eligible.
5. Properties occupied less than 8 months in a 12-month period must either be in the care of a professional management firm, central monitored alarm, or located within a guarded/gated community.
6. A seasonal or secondary residence is a dwelling that is not the primary residence of the owner.
7. Tenant occupancy is allowed up to 60 days per year if rented to family or friends personally known to insured and for a single rental period only.
8. Dwelling must be protected by functioning smoke detectors in good working order located close to or near the kitchen and all sleeping areas.

**DWELLING LOCATION**

1. Dwelling cannot be isolated (not visible by two other dwellings or from a public road).
2. Dwellings which contain a farm, ranch or orchard are ineligible.
3. Property must be 5 acres or less (over 5 acres is referred to underwriting).
4. Dwellings where prior sinkhole activity has occurred within 1,500 feet of the residence premises are ineligible.
5. Dwelling cannot be located entirely or in part over any body of water.
6. Dwellings cannot be located in an area that has been condemned for any reason, including urban renewal or highway construction.
7. Dwellings cannot be located in Special Flood Hazard Areas (SFHA), unless a National Flood Insurance Plan (NFIP) policy or qualified private flood policy has been purchased with matching building and content limits (or the maximum available).
8. Dwellings located in Protection Class 10 are referred to underwriting, unless qualifying under the Protected Subdivision Rule.
9. Properties subject to brush or wildfire are ineligible.
10. Dwellings located within 1,000 feet or less to coastal water must be referred to underwriting. These dwellings will only be considered when a National Flood Insurance Plan (NFIP) policy or qualified

private flood policy has been purchased with matching building and content limits (or the maximum available).

**CONSTRUCTION**

1. Mobile/manufactured homes, motor homes, houseboats, house trailers, pre-fabricated homes or trailer homes are ineligible.
2. Dwelling must not contain Exterior Insulation and Finishing System (e.g., Dryvit) or asbestos unless EIFS was installed in 2002 or newer.
3. Dwelling cannot be constructed of obsolete, unconventional, do-it-yourself or irreplaceable design or materials, including but not limited to log homes, dome homes or earth homes.
4. Coverage may not be bound on a newly constructed home unless the home has received a certificate of occupancy and the owner must move in within 30 days of the policy effective date.
5. Homes undergoing renovation must have renovations completed within 90 days.
6. Construction of home completed by the insured or someone other than a licensed contractor is ineligible.
7. Dwellings with an open foundation or hillside pier, post and pier or water pier construction are ineligible. An exception may be made for piers or pilings, only if both of the following conditions are met:
  - a. The piers or pilings are set in poured concrete.
  - b. The area beneath the first floor of living space is either completely unenclosed, or it is entirely or partially enclosed and is regularly usable space (e.g. storage space or a garage).
8. Dwellings with Windstorm or Hail Coverage and also insured under another insurance policy, except the National Flood Insurance Program (NFIP) policies, are ineligible.
9. If Windstorm or Hail Coverage is excluded, the property must be protected by a wind policy with matching coverage limit (or the maximum available).

**COVERAGE / INSURANCE-TO-VALUE**

1. We reserve the right to inspect all homes and to non-renew/cancel if insured does not comply.
2. Dwellings must be insured to at least 100% of replacement cost value.
3. Refer to underwriting if the purchase price is less than 80% of the replacement cost value (e.g., a home purchased for \$500,000 and insured for \$800,000 requires approval).
4. Risks that have been previously rejected, canceled or non-renewed for something other than reduction of hurricane exposure should be referred to underwriting.
5. All dwellings with replacement cost (Coverage A) of \$2,000,000 or more must be referred to underwriting.

**LIABILITY**

1. A hot tub on the premises must have a locking cover or be protected by a locking fence at least 4-feet high.
2. A swimming pool on the premises must be protected by a locking fence at least 4-feet high or for above ground pools, the outer step ladder must flip up and lock into place. Homes with swimming pool diving boards or slides are subject to underwriter review.
3. Homes with trampolines are subject to underwriter review.
4. Risks with animals that have bite history are ineligible.
5. Risks with exotic, farm or saddle animals (hoofed animals, livestock, reptiles, primates and fowl) are ineligible.
6. Risks that participate in Pool Sharing are ineligible.

**APPLICANT / LOSS HISTORY**

1. Applicant must have had prior coverage if a home was owned during the twelve months prior to the effective date. Lapses over 30 days are ineligible.
2. We will not provide coverage for a dwelling where the same coverage is provided by another insurance policy.
3. Risks with 1 paid loss in the past 5 years (excluding weather-related losses) are acceptable. Risks with 2 or more paid losses in the past 5 years (excluding weather-related losses) must be referred to underwriting prior to binding. Risks with liability or fire losses must be referred to underwriting prior to binding.
4. No risk will be non-renewed due to a loss that is the result of an Act of God, a partial sinkhole loss, or one water damage claim, unless the insured has not taken action to prevent a future similar occurrence of damage to the insured property.
5. Applicants who have ever been convicted of fraud or arson are ineligible.
6. Property may not have more than 2 mortgages.
7. Ownership by corporations, limited liability companies (LLC), limited liability partnerships (LLP), and estates are ineligible.
8. Applicants with a personal or business occupation, activities or reputation resulting in high public recognition, including entertainers, athletes, media personalities, authors, etc., are ineligible.

**ROOF**

1. Roof covering must be in good condition, not wood shingle, shake, tar and gravel (BUR), corrugated metal, or tin, with no overlay, and is:
  - a. 15 years or newer if 3-tab composition shingle;
  - b. 20 years or newer if tile;
  - c. 15 years or newer architectural composition shingle;
  - d. 30 years or newer if aluminum, copper, steel or rubber tile shingles;
  - e. 40 years or newer if slate.
  - f. For all roof types: Policyholder will not be cancelled or non-renewed solely due to the age of the roof, and instead will be allowed to have an inspection showing that the roof has at least 5 years of useful life. For new business policies, an inspection must be submitted to underwriting showing at least 5 years of useful life for roof ages 15 years or older that would otherwise be declined from a-e above.
2. One and two family properties with flat or slightly pitched roofs (less than 3:12 pitch) that are covered with any type of rolled composition material and/or painted-on roof tar, roof patch, or roofing cement older than 15 years will not be cancelled or non-renewed solely due to the age of the roof, and instead will be allowed to have an inspection showing that the roof has at least 5 years of useful life.
3. All roofs must have 5 years or more life expectancy.
4. Roof that is worn or has unrepaired damages, including evidence of curling, lifting, buckling, patches, or broken tiles, shingles, or metal panels is ineligible.

**ELECTRICAL**

1. Dwelling must have an electrical system that is 100- amp service or greater and Ground Fault Circuit Interrupters (GFCI) outlets where water might come in contact with the electrical wiring.
2. Knob and tube wiring, aluminum/multi-strand aluminum wiring (unless outside of the home going from the meter, through the service entrance, into the electrical service panel), Federal Pacific Electric (FPE)/Stab-Lok/Sylvania/Zinsco/Challenger electrical panels, fuses, or potentially hazardous electrical condition are ineligible.

**PLUMBING**

1. Dwelling must have plumbing made from copper, cast iron, or PVC with no presence of leaks or unrepaired damage and be forty (40) years or newer for full water coverage.
  - a. If a home is older than 40 years old at time of application the water damage exclusion will be attached to the policy. An acceptable 4-point inspection showing all plumbing in the household has been replaced and is in good condition must be provided to underwriting before the water damage exclusion can be removed.
2. Plumbing made from lead and polybutylene material are ineligible.
3. Dwelling must have water heaters fifteen (15) years or newer (refer to underwriting prior to binding if water heater up to 20 years old is located in garage).
4. PEX plumbing is acceptable if installed in 2011 or newer.
5. Risks with PEX plumbing installed prior to 2010 will be subject to an inspection including the following:
  - a. Age of pipes and remaining useful life (must be at least 20 years)
  - b. Condition of pipes (must be within the past 3 months)
  - c. Date of inspection (must be within the past 3 months)
  - d. Inspector's license information, including license type (either a Florida general contractor or plumbing contractor) and number.

**CENTRAL HEAT**

1. Dwellings without a central HVAC system, or one that is not twenty (20) years or newer, or if older than 20 years and not completely rebuilt must be referred to underwriting.
2. Dwellings with wood stoves, pellet stoves, coal stoves, space heaters or fireplace inserts are ineligible, unless installation meets current code. If any of these heat sources are present, it must not be the dwelling's primary heat source.

**INSURANCE SCORE AND TIERING GUIDELINES**

1. The credit of the named insured will be reviewed in compliance with section 626-9741, F.S. and Florida Rule 69B-125.004. Credit is evaluated along with prior claim history, condition of the property, wind mitigation, and other risk factors.
2. Credit history is ordered and an Insurance Score is determined on the Named Insured for all new and renewal business policies. Agent must obtain permission from the applicant prior to requesting the credit report.
3. Prior loss history is also ordered. Two or more claims and/or poor condition of the property may make the risk ineligible.
4. The Insurance Score and prior claims history are used to determine the New Business Tier (Rule 950).
5. Adverse underwriting decisions will not be made due to credit when the insurance score cannot be generated for either a "No Hit" or lack of data. A "No Hit/No Score" qualifies for a discount if there were no prior claims in the past 3 years.

**EXPOSURE MANAGEMENT**

We reserve the right to decline a submission or non-renew an existing policy based on the concentration of exposures in catastrophe exposed areas or to reduce our exposure to other risks we deem difficult to price adequately.

**OVERALL RISK ASSESSMENT RULE**

The company at its discretion may insure a risk not meeting one or more binding or eligible criteria if the company determines that the risk is desirable in light of unique risk characteristics or information available to the company. (Example: A risk having a swimming pool with slide is ineligible for coverage. However, the risk may be submitted unbound for special underwriting consideration and may be determined eligible for coverage if other risk characteristics are superior.)

The company at its discretion may determine that a risk meeting eligible or binding requirements is not acceptable for coverage. (Example: The property is a newer home that meets eligibility; however, inspection reveals poor care of exterior of the dwelling.)

**BINDING RESTRICTIONS**

We reserve the right to decline new submissions based on information regarding an impending or occurring natural catastrophe. This includes, but is not limited to, hurricanes, flooding, severe convective storms, earthquakes and its potential for aftershocks, wildfires, and winter storms.

***Hurricane & Tropical Storm Binding Restrictions***

Hurricane / Tropical Storm binding procedures are as follows:

1. No policy may be bound on any new business.
2. No endorsement may be issued on existing policies that has the effect of increasing limits of liability.
3. Renewals of expiring policies may be written provided there is no increase in coverage.

These rules become effective immediately when a hurricane or tropical storm is a:

1. Hurricane: Between the 65 degrees West and 100 degrees West longitudes and 15 degrees North and 33 degrees North latitudes.
2. Tropical Storm: Between the 75 degrees West and 100 degrees West longitudes and the 20 degrees North and 33 degrees North latitudes.

*Note: Additional underwriting guidelines apply to specific endorsements or optional coverages and are contained in the Coverage Options section of this manual.*