

Topa Insurance Company
DWELLING FIRE PROGRAM

This underwriting guide describes the nature and scope of this program. Because of the nature of the business all possible situations can not be addressed. Company underwriters have the authority to grant exceptions to these guidelines based on their experience. All exceptions shall be documented in the underwriting file. Applications which do not meet these guidelines are generally unacceptable.

I. GENERAL

- A. Policy Limits: Minimum: \$50,000.
 Maximum: \$500,000.
- All dwellings must be insured for 100% of their replacement cost.
- B. Policy Term: Annual Only
- C. Payment Options: Monthly (9 pay plan), quarterly, semi-annual, annual
- C. Application: Completed Topa or Accord application signed by both the applicant and producer.

II. ELIGIBLE DWELLINGS

- A. Dwellings of no more the four family units and occupied as a residence. The policy will be issued in the name of property owner.
1. Underwriting approval required on remote or isolated **secondary** dwellings.
 2. Dwellings must be used solely for residential purposes, i.e. no bed & breakfast or rooming houses.
- B. Homes over thirty (30) years **must** be re-roofed.
- C. Homes built prior to 1945 **must** be completely updated (i.e. re-wired, re-roofed, plumbing and heating updated) and will be inspected.
- D. Dwelling **must** have circuit breakers. Fuses are not eligible.
- E. Dwelling located with in 5 miles of a responding paid fire department and with in 1000 feet of a fire hydrant.
1. Dwelling located in NBC 9 or 10 are generally ineligible. They may be submitted for approval if they meet the following qualifications;
 - a. Approved Roof - no wood shake shingle or foam
 - b. Located within 5 miles travel distance of a recognized department that will respond.
 - c. Located within 1,000 feet of a public fire hydrant
- F. Dwelling must be on a paved road and visible from other dwellings and there must be an alternate escape route for fire fighting equipment (i.e. no dead end streets).
- G. Dwelling shows pride of ownership with structures and landscaping well maintained.

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- H. Frame or Frame/Stucco construction.
- I. Dwelling with a replacement cost in excess of \$300,000.00 that does not have a Central Reporting Fire Alarm system

III. INELIGIBLE RISK

- A. Dwelling located on a steep incline (over 30 degrees) and/or built on stilts or pylons.
- B. Dwellings with wood burning stoves if the wood burning stove is the primary source of heat.
- C. Dwellings built on landfill
- D. Course of Constructions or Builders risk (i.e. dwellings built for resale)
- E. Vacant dwellings
- F. Storage of a significant amount of business property at the residence premises
- G. Where excessive amounts of materials of a hazardous nature (i.e. flammable chemicals, paints, cleaning supplies) are stored.
- H. Risk with a loss history which includes multiple losses, a prior negligent loss or a liability related claim (if liability coverage is provided).
- I. "Antique" or "one of a kind" dwellings where replacement cost value would be difficult to determine.
- J. Risk terminated for underwriting reasons within the last three years for reasons other than 1 loss or withdrawal from the market by the carrier.
- K. Risk located within a designated brush area.
- L. Dwellings with unrepaired damage, structural deterioration (i.e. peeling paint, worn roof, etc.)or appliances, vehicles or furniture stored in the yard and/or poor yard upkeep.
- M. Converted dwellings, self-constructed dwellings (unless the insured is a licensed contractor), kit homes, mobile homes or unique constructions such as Log Homes.
- N. Liability coverage:
 - 1. for unfenced pools, diving boards, slides, trampolines, exceptional steep stairs or stairs without railing.
 - 2. Ownership, training or boarding of ferocious or dangerous animals, including but not limited to Rotweilers, German Shepards, Pitbulls, Doberman Pincers, Great Danes, etc..
 - 3. There is a previous history of dog bites regardless of breed.

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4. Have any farm animals, exotic or unusual pets, including but not limited to horses, cows, sheep, goats, etc. .
- O. Dwellings that are in foreclosure.
- P. Dwellings with wood shake shingle, or foam roof
- Q. Dwellings less than 1,000 feet from the Pacific Ocean
- R. Dwelling over 60 years old at the time of application. Policies will not be non-renewed due to age of dwelling.
- S. Dwellings not designed and built as family dwellings (1 - 4 units)
- T. Dwellings in commercial, industrial or deteriorating locations.
- U. Dwellings with only fuses - circuit breakers are required.

IV. COVERAGE LIMITS

SECTION I

- | | |
|--------------------------------|---|
| Coverage A - Dwelling | 100% or replacement cost. Minimum of \$50,000. Coverage is available in \$1,000 increments. |
| Coverage B - Other Structures | 10% of Coverage A limits. Increased limits may be purchased. |
| Coverage C - Personal Property | None included. Available by endorsement. |
| Coverage D - Fair Rental Value | 10% of Coverage A. Increased limits are not available. |
| Coverage E - Additional Living | 10% of Coverage A. Increased limits are not available. |

V. COVERAGE OPTIONS AND ADDITIONS

1. Increased Limits - Coverage B - Other structures.
 - a. Increased coverage for other structures may be purchased to cover specific structures located on the insured premises.
2. Loss Assessment:
 - a. Coverage provides protection to the insured for special assessment for which the insured is liable as a result of membership in a property owners associations. Coverage is subject to a \$250.00 deductible. Coverage for assessments resulting from a deductible carried on the association master policy is limited to \$1,000.
3. Comprehensive Personal Liability - Optional Coverage

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- a. Coverage provides liability protection to the insured wherever he/or she goes. Only primary owner occupied dwellings are eligible
 - b. Workers Compensations Coverage is included for occasional private residence only.
4. Premises Liability - Optional Coverage
- a. Premises liability is for the location only. It does not follow the insured like Personal Liability. Risk that would qualify would be tenant occupiers, seasonal or secondary homes. Owner occupied may also be written if the risk warrants.
5. Personal Property - Coverage C
- a. Coverage is available subject to certain maximum limits based on the occupancy of the dwelling.

VI. DEDUCTIBLES

All policies are subject to a deductible. The base rates are for a \$500.00 deductible.

\$1,000 All Peril	10% credit.
\$1,500 All Peril	12% credit
\$2,500 All Peril	15% credit

VII. RATING

Base premiums are determined using the premium rate table for the territory in which the property is located. Debits and credits and additional premiums are applied based on the coverage and options desired. All premiums are rounded to the nearest 50 cents.

- 1. Lookup the Zip Code for the Insured Property Address
- 2. Identify the corresponding Premium Group and the Coverage A limit.
 - a. The Coverage A limit premium is computed up to \$150,000.00. For limits greater than 150,000.00 charge the rate per \$1,000.00 in excess of the \$150,000.00 premium and add the amount to the 150,000.00 premium

3. Deductible Options

\$1000.00 All Peril	10% credit
\$1500.00 All Peril	12% credit
\$2500.00 All Peril	15% credit

4. Age of Dwelling Credits:

	Credit	Factor
0 years	20% -	.80

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1 year	18% -	.82
2 years	15% -	.85
3 years	12% -	.88
4 years	10% -	.90
5 years	8% -	.92
6 years	6% -	.94
7 years	4% -	.96
8 years	2% -	.98
9 year & older	0	1.00

5. Tenant Occupancy:

Apply a factor of 1.25 to base

6. Multi-Family Dwellings:

Three and/or Four family Dwellings apply a factor of 1.30 to base

7. Protection Device Credits

This discount is to be applied when the insured has installed by a licensed contractor the operational protective device indicated. Proof of the existence and properly operation devices must be submitted with the application.

These percentage discount are to be applied to the adjusted base premium.

- a. 10% Central Reporting Burglar Alarm Discount (owner occupied only).
Requires a burglar alarm which is connected to all ground floor doors and windows and alerts either a central reporting station or the Policy Department directly.
- b. 10% Central Reporting Fire Alarm
Requires a fire alarm which alerts either a central reporting station or the Fire Department directly. Required on all Dwellings with a replacement cost in excess of \$300,000.00
- c. 5% Residential Sprinkler System Discount
Requires an approved residential sprinkler system.

8. Protection Class Surcharges (All Construction Types):

Protection Class 1 - 7	0% Surcharge
Protection Class 8	15% Surcharge
Protection Class 9	55% Surcharge
Protection Class 10	80% Surcharge

9. Increased Limits:

a. Coverage B - Other Structures:

Coverage A rate for "each additional \$1,000.00" shown at bottom of page.

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Maximum limit is Coverage A limit

b. Coverage C - Personal Property:

\$1.75 per 1,000. of coverage

Maximum: 50% of Coverage A for Owner Occupied Primary Residences
\$20,000 for Owner Occupied Secondary Residences
\$5,000 for Non-owner Occupied Residences

Theft Coverage: 10% of Coverage C premium. Available only on Owner Occupied Primary Residence. Basic policy provides burglary coverage.

Replacement Cost: \$1.00 per \$1,000.00 coverage. Coverage is NOT on a "guaranteed" basis.

10. Loss Assessment:

\$10,000 limit - \$13.00

\$25,000 limit - \$20.00

11. Personal Liability

Limit		Number of Families		
BI/PD	Med	1	2	3 - 4
\$100,000	1,000	80.00	112.00	200.00
\$300,000	1,000	105.00	147.00	262.50
\$500,000	1,000	115.00	161.00	287.50

Note: 2 family residence is 1.40 of 1 family premium.
3-4 family residence is 2.50% of 1 family premium.

12. Premises Liability

a. Decrease Personal Liability rates by 25% (factor of .75)

13. Water Damage - \$1,000 Deductible

\$5,000 per occ. 10,000 aggregate \$50.00 - flat fee
\$10,000 per occ. 20,000 aggregate \$75.00 - flat fee

14. Section II - Workers Compensation

The Workers Compensation Limit is \$100,000 for all limits of liability, and may not be increased. Workers Compensation is included only for occasional private residence employees.

15. MINIMUM PREMIUMS

\$175.00 minimum annual policy premium
\$40.00 Fully earned Policy Fee

16. INSPECTION FEES

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The inspection fees are set by the inspection companies. Fees are an average inspection cost and paid for by the applicant. An inspection fee is only charged on New Business. Any additional inspections required by the underwriter will be paid for by Topa.

\$25.00 for dwelling with a value of \$500,000.00 or less. These are average inspections and mostly concerned with the exterior and the dwelling and potential liability exposures.

If the underwriter feels a more in-depth inspection is warranted he or she will require the inspection company to make an appointment with the insured to view the interior and exterior of the dwelling. No additional charge will be made to the insured.

VIII - Binding

- A. Only agents with binding authority stipulated in their agency or General Agency contract can bind Topa on any risk.
- B. Coverage can only be bound effective 12:01 A.M. the date **following** the date the application is signed by the applicant, provided the application and payment, if not an impound account, are received within 3 calendar days of the signature date. If received after 3 calendar days, the effective date shall be 12:01 A.M. the date following the date the application is received, or the proposed effective date, whichever ever is later. Received means received in either our General Agents office or Topa's home office and NOT the postmark date.
- C. Risk approved by Topa's underwriters will follow the same binding guidelines as stated on B above after the underwriter has given written approval.

IX - Cancellations and Non-Renewal

A. Insured Request Cancellation

- 1. Must have written request from the Named Insured which is signed and dated. A lost policy release signed and dated by the Named Insured is acceptable. The return of the original policy is not required
- 2. Unearned premium shall be computed on a short rate basis.
- 3. Non-payment of premium shall be considered an Insured's Request.
 - a. The Company will send the required notice of cancellation for non-payment on Direct bill business to all concerned parties.
 - b. Request for non-payment cancellation received from a Premium Finance Company will be processed in accordance with the applicable Insurance Code and the unearned premium shall be computed on a pro-rata basis.

B. Company Request Cancellation and Non-Renewal.

- 1. Company cancellation or non-renewal will be done in accordance with the Insurance Code and conditions stipulated in the insurance contract. Notices will be sent with a certificate of mailing to all concerned parties.
- 2. Unearned premium, if any, shall be computed on a pro-rata basis.

X. Endorsements

- A. Endorsements required to correct a rating error will be rated using the rates in effect at the time the policy was improperly rated or classified.
- B. Endorsements done at the request of the Insured will be rated using the rules and

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rates in effect on the effective date of the endorsement.

- C. No charge will be or premium refunded when the additional or return premium is \$5.00 or less. If the insured makes a written request for a return premium of \$5.00 or less, the return will be made.

XI. Payment Options

- A. Topa Insurance Company does not offer any payment options directly to the policyholder. Topa's appointed General Agency, if authorized by Topa, shall have the option of providing installment payment plans. Approved General Agents are authorized to charge a service charge per installment to cover their expense for additional postage, supplies and processing.
- B. Approved payment options.
 - 1. Full Pay - direct, impound account or premium finance
 - 2. Six month - 50% down and 50% due in 5 months
 - 2. Quarterly - 25% down and 3 installments
 - 3. Monthly - 25% down and 8 installments

XI. Policy Contract and Endorsements

A. Policy Contract.

- 1. The Topa FDP-LTD (06/2002) "Home Insurance Policy" will be used. The contract has been approved by the Department of Insurance. The contract does not provide coverage for the peril of burglary of personal property the coverage is endorsed off the contract by the use of DFP-4 (7/98).
- 2. Water Damage Peril is not covered. Optional Limited Water Damage endorsement can be purchased (FDP-WDE 6/02).

If the optional Personal Liability coverage is purchased the contractual wording for the coverage is already part of the FDP-LTD contract and the limit of liability will be shown on the Declarations page. A separate endorsement is not required.

B. Endorsements

- 1. This program has limited endorsements for additional/optional Coverages.
 - a. DFP-4 (7/98) - Amend Personal Property Burglary coverage.
 - b. DFP-5 (7/98) - Three and Four Family Dwelling
 - c. DFP-6 (7/98) - Premises Liability
 - d. TIC-EQ-97 (12/96) California Limited Earthquake Endorsement

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EARTHQUAKE

Earthquake - California Limited Earthquake Endorsement - TIC-EQ-97 (12/96)

This section of the Underwriting Guide is provided for information and consistency. The actual earthquake approval is Department of Insurance File 97-6131, approved 9-19-97

Premium per \$1,000 of insurance - Coverage A

Zones	1	2	3
	2.95	1.97	4.01

Age of Dwelling Rating factors

Multiple the Earthquake premium developed by the rating factor show below to determine the total premium

Year of Construction	Factor
Prior to 1940	3.00
1940 through 1949	2.25
1950 and after	2.00

The age of dwelling rating factor does not apply if the dwelling has been retrofitted by bolting the structure to the foundation, reinforcing the chimney and securing the water heater. Evidence of retrofitting must be submitted with the application.

Discounts do not apply to the earthquake coverage.

The Earthquake deductible is 15% of Coverage A and other restrictions apply. Topa only sells the limited earthquake coverage.

Earthquake ZONES:

Zone 1	Counties of Del Norte, Humboldt, Lake, Lassen, Medocindo, Modoc, Mono, Monterey, Plumas, Riverside, San Benito, San Bernardino, San Diego, Sierra, Trinity
Zone 2	Counties of Alpine, Amador, Butte, Calaveras, Colusa, El Dorado, Fresno, Glenn, Kings, Madera, Mariposa, Merced, Nevada, Placer, Sacramento, San Joaquin, Shasta, Siskiyou, Stanislaus, Sutter, Tehama, Tulare, Tuolumne
Zone 3	Counties of Alameda, Contra Costa, Imperial, Inyom Kern, Los Angeles, Marin, Napa, Orange, San Francisco, San Luis Obispo, San Mateo, Santa Barnara, Santa Clara, Santa Cruz, Solano, Sonoma and Ventura.

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Protection Class: _____ No. of Family Units: _____

Occupancy: Owner Tenant Multi-units with Owner in one Unit.

Zip Code: _____ Premium Group: _____ Year Build: _____

\$ _____ Coverage A: \$ _____
Maximum \$500,000.00

\$ _____ Increase Coverage B to \$ _____

\$ _____ Coverage C: Limit: \$ _____ X 1.75 per 1,000.00
coverage.

\$ _____ **Theft Coverage: 10% of Coverage C premium

\$ _____ **Replacement Cost Contents: 1.00 per \$1,000.00
Coverage C Limit: \$ _____

** Theft & replacement cost for Owner Occupied only.

\$ _____ Base Premium

Debits/Credits	+ or -
Deductible \$ _____	% _____
Age of Dwelling	% _____
Tenant Occupancy	% _____
Multi-family	% _____
Central Burglar Alarm	% _____
Central Fire Alarm	% _____
Residential Sprinkler System	% _____
Protection Class	% _____
Total Debits/credits + 1.00	% _____

\$ _____ Base Premium times debit/credit factor

\$ _____ Ltd Water Coverage \$5,000 +\$50; \$10,000 +\$75 (Flat fee)
Includes \$1,000 deductible.

\$ _____ Personal Liability Limit: \$ _____

\$ _____ Loss Assessment Limit \$ _____
subject to 250.00 deductible.

\$ _____ Total Annual Premium subject to \$175 minimum premium.

\$ 40.00 Fully Earned Policy Fee

\$ 25.00 Property Inspection Fee.- \$25.00 for dwelling 500,000.00 or less.