



**PACIFIC SPECIALTY INSURANCE COMPANY
STATE OF CALIFORNIA**

**Underwriting and Rate Guide
Standard Homeowners Program**

Homeowners Policy (HO-3)

Edition 7.4

California Standard Homeowners Program

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1. POLICY FORMS AND DWELLING / PROPERTY LIMITS

A. Homeowners:	Form 3
<i>Dwelling Limits:</i>	<i>Minimum: \$70,000</i>
	<i>Maximum: \$1,000,000 (\$1,100,000 Renewal)</i>

2. ELIGIBILITY

These Eligibility Guidelines are subject to the SUBMIT FOR APPROVAL and UNACCEPTABLE RISKS sections contained herein.

A. Homeowners Policy

A single-family dwelling occupied by the titled owner and used principally for private residential purposes. The dwelling must have only one family, cannot have more than two roomers or boarders, and may not have any space rented to others for any purpose.

Any risk with no losses in the past 36 months with a roof that has been replaced within the last 15 years shall be placed in Pacific Specialty's Preferred HO-3 Homeowners Program, provided all underwriting guidelines and eligibility requirements of the Preferred Program are satisfied. (NOTE: If a dwelling was built in excess of 15 years prior to the effective date of the policy, the signed application, or other evidence submitted with the application, must show that the roof has been replaced within the aforementioned 15-year period.)

NOTE: *The term "owner" includes persons purchasing a dwelling, such as under a mortgage agreement or contract of sale.*

3. POLICY TERM

Policies will be written for a maximum 12-month term only. An initial term less than 12-months can only be written to ensure that the policy expiration date coincides with the expiration date of another insurance policy held by the named insured. If the initial term is less than 12-months, the premium (not the fees) will be prorated. Any minimum premium applicable to this program still applies.

Direct bill premium invoicing is available, unless the initial term is less than 6-months. A premium invoice will be mailed directly to the insured 30-40 days prior to the installment due date. A \$10 service fee is added to all installments, but not the initial down payment.

4. OTHER INSURANCE

Other insurance covering the same property is permitted only when the other insurance is for perils not covered by the policy. (For example, flood insurance.)

5. RESTRICTION OF COVERAGE

The named insured can request a restriction on an individual policy. The circumstances or exposure must be so unusual that without the restriction the policy would not be issued. No reduction from the prescribed rate and minimum premium is allowed. Refer each request to PSIC (or its representative).

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6. APPLICATION AND BINDING PROCEDURES

A. For policies bound online using our website rating facility:

All application questions must be fully completed by producer and applicant. After policy has been bound and a policy number has been issued, the application must be signed by both the producer and the applicant. The application and supporting documentation will be subject to Pacific Specialty Insurance Company's (hereinafter "Pacific Specialty" or "Company") current submission procedures. Please contact Customer Service at 1-800-303-5000 with any questions.

B. For Policies Not Bound Online (*using our website rating facility*)

A Pacific Specialty application for the type of policy selected must be fully completed and mailed to the Company (or its representative). Binding is subject to acceptance of the risk by Pacific Specialty. The following provisions must be satisfied when the application is submitted:

1. *All underwriting rules are followed; and*
2. *A Pacific Specialty application (including any/all necessary disclosures) is fully completed and signed by both the applicant and producer; and*
3. *Required premium (or minimum required down payment) accompanies application; and*
4. *All of the above referenced items are mailed to Pacific Specialty (or its representative) within the following number of days from the requested effective date:*
 - *If premium paid in full, 15 days*
 - *If direct bill payment option is requested, 5 days*

An automatically populated application can be printed to sign and submit for policies that are quoted and bound online through our website facility at www.pacificspecialty.com.

If the dwelling has a woodstove, submit the application with a completed woodstove questionnaire and one photograph. Submit basis only – no binding (see Section 12. Submit for Approval, in this manual for details).

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7. CATASTROPHE MANAGEMENT

A. Suspension of Binding Authority

As part of Pacific Specialty's Catastrophe Management procedures, the company may from time to time establish, at the Company's discretion, restrictions on binding authority. Whenever binding authority is restricted by operation of Pacific Specialty's Catastrophe Management procedures, no applications for new coverage will be accepted. In addition, no endorsements of existing policies will be accepted which will have the effect of increasing the Company's exposure.

Applications with an effective date/postmark combination, which would violate the prohibition(s) listed above, will be rejected and no coverage will exist. Renewals of the Company's expiring policies will be issued provided there is no increase in coverage or exposure.

This temporary suspension of binding authority will remain in effect until these binding restrictions have been lifted by Pacific Specialty.

B. General (Non-Earthquake Related) Emergency Restrictions

Pacific Specialty may also establish discretionary restrictions on binding authority during emergency periods of potential floods, mudslides, fires, designated tropical storms, depressions or hurricanes or other natural or manmade disaster emergencies. Producers who are aware of such conditions **SHOULD NOT BIND COVERAGE UNTIL THEY HAVE CALLED THE COMPANY TO VERIFY THAT NO BINDING RESTRICTIONS ARE IN EFFECT.**

If enacted, these emergency restrictions will be identical to those detailed in the above "Suspension of Binding Authority" section.

This temporary suspension of binding authority will remain in effect until these binding restrictions have been lifted by Pacific Specialty.

**NOTE: A "designated" tropical storm or hurricane is a weather disturbance identified as a tropical storm, depression or hurricane by the United States National Weather Service.*

C. Earthquake-Related Emergency Restrictions

When an earthquake registering 5.0 or greater on the Richter scale occurs, Pacific Specialty (or its representative) may impose binding authority restriction on all producers in the affected area:

1. Binding authority will be restricted when an earthquake reading 5.0 or greater on the Richter Scale occurs.
2. Binding authority will be restricted for the day of the earthquake and for the 30-day period following the earthquake.
3. An aftershock reading 5.0 or greater on the Richter Scale will be considered a new earthquake, and will result in a new period of suspended binding authority.
4. The restrictions will apply to all counties located within 150 miles of the earthquake's epicenter.
5. The same above restrictions apply to any requests to increase coverage limits.
6. Renewals are not affected by these restrictions.

D. Miscellaneous Restrictions

The Company, as part of its Catastrophe Management Program, may also establish (at its discretion) temporary and/or permanent restrictions on binding authority to properly control and maintain appropriate geographic concentration levels.

8. INSPECTION FEE, POLICY FEE AND MINIMUM PREMIUMS

An independent inspection firm will be hired to inspect each property on HO-3 new and renewal business. The inspection fee is \$40 per policy. The new and renewal policy fee is \$25 per policy. The inspection fee and policy fee are non-refundable (fully retained).

The annual minimum written premium (excluding fees) is:

- Homeowners: \$100

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9. COVERAGES AND AMOUNTS

A. Homeowners (Policy Form 3)

This policy contains two sections: Section I – Property Coverages and Section II – Liability Coverages. Below is a brief description of the coverage provided. For a complete description, please refer to the policy. Please note that some coverage limits described below can be optionally increased for additional premium. Other coverage not listed below may also be available for additional premium. See Section 14, Optional Coverages and Limits, for details.

Section I – Property Coverages			
Coverage A: Dwelling	The Residence Premises listed in the Declarations		Limit stated in the Declarations
Coverage B: Other Structures	Unattached Private Structures the Residence Premises		10% of Coverage 'A' Amount
Coverage C: Personal Property	Unscheduled Personal Property		Up to 50% of Coverage A
	Summary of Types of Property Subject to Special Limits of Liability:		Special Limits
	Money, Bank Notes, Coins		\$100
	Property used in business (on premises)		\$500
	Property used in business (off premises)		\$250
	Securities, Accounts, Deeds		\$500
	Watercraft		\$500
	Trailers not used with Watercraft		\$500
	Grave Markers		\$500
	Jewelry, Watches, Furs, Precious and Semi-Precious Stones (Theft)		\$500
	Silverware, Goldware and Pewterware (Theft)		\$500
	Firearms (Theft)		\$500
	Computer Equipment		\$500
	Antiques and Fine Arts		\$500
	Rugs and Carpets (Theft)		\$500
Photographic and Video Equipment		\$500	
Glassware and Crystal		\$500	
Electronic Apparatus for Motor Vehicle		\$500	
Coverage D: Loss of Use			20% of Coverage A
Additional Coverages:	<ul style="list-style-type: none"> ○ Debris Removal ○ Reasonable Repairs ○ Trees, Shrubs and Other Plants ○ Fire Department Service Charge ○ Property Removed 	<ul style="list-style-type: none"> ○ Credit Card, Fund Transfer Card, Forgery and Counterfeit Money ○ Collapse ○ Loss Assessment 	Refer to Policy for Details
Section II – Liability Coverages			
Coverage E: Personal Liability			\$100,000 Included
Coverage F: Medical Payments To Others			\$1,000 (Per Person) Included
Additional Coverages:	<ul style="list-style-type: none"> ○ Claim Expenses ○ First Aid Expenses 	<ul style="list-style-type: none"> ○ Damage to Property of Others ○ Loss Assessment 	Refer to Policy for Details

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10. LOSSES INSURED

Below is a brief description of the losses insured (Please refer to the policy for a complete description of the coverage):

A. Section I – Property Coverages

Damage to insured's property is covered under the Property Coverages section of the policy. For the following coverages, coverage is provided for direct physical loss with certain exceptions, exclusions, and/or conditions to coverage:

- Coverage A – Dwelling
- Coverage B – Other Structures
- Coverage D – Loss of Use

Coverage C (Personal Property) provides for direct physical loss caused by the following Named Perils, unless excluded and/or excepted in the policy:

1. Fire or Lightning
2. Windstorm or Hail
3. Explosion
4. Riot or Civil Commotion
5. Aircraft, Including Self Propelled Missiles and Spacecraft
6. Vehicles
7. Sudden and Accidental Damage from Smoke
8. Vandalism or Malicious Mischief
9. Theft
10. Falling Objects
11. Weight of Ice, Snow or Sleet
12. Accidental Discharge or Overflow of Liquids or Steam of Water Heater, Domestic Appliance, etc.
13. Sudden and Accidental Tearing Apart, Cracking, Burning or Bulging of Water Heater, etc.
14. Freezing of a Water Heater, Domestic Appliance, etc.
15. Sudden and Accidental Damage from Artificially Generated Electrical Current
16. Volcanic Eruption

B. Section II – Liability Coverages

Section II Liability includes coverage for bodily injury or property damage caused by an occurrence and defense costs associated with a suit brought against an insured for a covered claim. Endorsement PM2 which excludes Animal Liability coverage is included in all policies. However, limited animal liability coverage can be purchased for additional premium. If Limited Animal Liability coverage is purchased, Endorsement PM2 will be deleted and replaced with Endorsement PO14.

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11. LOSS SETTLEMENT – SECTION I

Below is a brief description of the loss settlement provisions for Section I of the policy (Please refer to the policy for a complete description of the coverage):

A. Dwelling

The loss settlement provision for the Dwelling is on a replacement cost basis without a deduction for depreciation subject to the terms of the Loss Settlement Section in the policy.

B. Personal Property

The loss settlement provision for Personal Property is on an actual cash value basis with a deduction for depreciation. However, optional replacement cost loss settlement provisions can be purchased for an additional premium.

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12. SUBMIT FOR APPROVAL

The following risks require prior approval. Applications must be submitted unbound:

A. Homeowners

1. Dwellings with replacement costs above \$1,000,000 for new business or \$1,100,000 for renewals. Acceptable replacement cost limit may be reduced for all risks subject to reinsurance placement and restrictions.
2. Dwellings 76 years of age or older, except for qualifying renewals, are unacceptable unless the electrical system of the dwelling has been properly updated within the last 15 years to conform with any building standards, such as building codes or zoning laws required by government agencies and in effect at that time, and provided that all underwriting guidelines and eligibility requirements of this program are satisfied. Prior approval is required on all new business, and applications must be submitted unbound and must include a fully completed *Older Home Questionnaire* (ATTACH Form No. PU6).
3. Risks where the applicant believes that the loss bears no relation to the coverage afforded by this program must be submitted unbound with a complete explanation and all supporting documentation for prior underwriter approval.
4. Dwellings with an individual or private party listed as a lender.
5. Risks with more than two related individuals on the deed of trust (must submit with details as to the relationship and reason for the multiple names).

13. UNACCEPTABLE RISKS

PACIFIC SPECIALTY INSURANCE COMPANY will not accept the following risks:

A. Unacceptable Locations:

1. Dwellings located in protection classes 9 or 10, unless the policy is endorsed with form PO-39 CA - Difference in Conditions Endorsement and has a California FAIR Plan or equivalent policy concurrently in-force for the same premises.
2. Properties with a Fireline score higher than 3, unless the policy is endorsed with form PO39-CA (Difference in Conditions Endorsement) and has a California FAIR Plan or equivalent policy concurrently in-force for the same premises.
3. Properties that are isolated or inaccessible to emergency firefighting, medical or law enforcement personnel, equipment or services.
4. Properties located in landslide or mudslide areas.
5. Properties located in a neighborhood not showing pride of ownership or condemned dwellings.

B. Unacceptable Properties:

6. Any risk with a pool, hot tub, spa or similar structure unless access is controlled by a gate, enclosure or locking cover.
7. Any risk with a pool with slide or diving board, unless excluded by endorsement.
8. Any risk with a swimming pool where the pool is not completely filled and maintained.
9. Any risk with a trampoline, unless excluded by endorsement.
10. Risks with abandoned, not operational, not regularly used vehicles, or where company vehicles are stored.
11. Risks with barns and/or extensive farming/ranching equipment, hobby farms.

C. Unacceptable Dwellings:

12. Dwellings 76 years of age and older, except qualifying renewals.
13. Mobile homes, trailers (including recreational and utility), modular homes, boats, houseboats, automobiles, basement homes, portable buildings, prefabricated homes (or similar dwellings) or any structure made of cloth or canvas.
14. Dwellings where the current market value is less than replacement cost.
15. Dwellings of unusual or irreplaceable construction or cantilevered construction.
16. Dwellings not maintained in an insurable condition (must show pride of ownership).
17. Dwellings not on a permanent or solid foundation.
18. Dwellings on posts, stilts or pilings. This does not include dwellings on a solid foundation with post and pier construction that creates a small enclosed crawl space under the dwelling.

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19. Dwellings with roofs which have not been replaced within the last 25 years or dwellings with roofs in poor condition, will be subject to Endorsement PM5 limiting coverage for roof damage and ensuing damage due to roof failure to the perils of fire and lightning. If the dwelling was built in excess of 25 years prior to the requested effective date, a copy of evidence (e.g. – copy of roof manufacturer’s warranty indicating replacement date, copy of roof age disclosure statement from real estate transaction, etc.) or a fully completed and signed *Age of Roof Disclosure – 25 Years* form showing roof has been replaced must accompany application, or the signed application must specifically disclose the age of the roof, or policy will be issued with endorsement limiting perils to fire and lightning only for roof and ensuing damage due to roof failure (ATTACH: Form PM5, *Roof for Fire and Lightning Only Endorsement*). This underwriting rule does not apply to dwellings with tile or hail resistant roofs in excellent condition.
 20. Dwellings with trees that overhang the roof of the Residence Premises.
 21. Dwellings with wood, coal, pellet, or kerosene stoves, space heaters, and/or wall heaters that are the main source of heat, whether or not permanently installed and whether or that have a main source of heat that is not thermostatically controlled.
 22. Dwellings undergoing extensive remodeling, renovation or construction effecting habitability.
 23. Dwellings with unrepaired damage (including earthquake damage) and/or open or pending claims, and/or known potential (a) defects, (b) claims disputes, (c) property disputes, and/or (d) lawsuits.
 24. Dwellings that do not have a fully functional fire extinguisher located on the premises.
 25. Dwellings without 100% copper wiring.
 26. Dwellings with any fuse(s) providing power to any portion of the dwelling.
 27. Dwellings that do not have deadbolts on all doors that provide access to the dwelling and/or garage.
 28. Dwellings without copper, galvanized steel, cross-linked polyethylene (PEX), or polyvinyl chloride (PVC) piping in good condition will have the Water Damage Exclusion for Plumbing (Endorsement PM6) attached to the policy. Risks with Endorsement PM6 attached will not have the Non-Copper Plumbing surcharge applied. For risks with PVC, the entire plumbing system utilizing PVC must meet ASTM or ANSI standards (usually stamped directly on the pipe), or be certified by Underwriters Laboratories, Inc. (UL). For risks with PEX the plumbing, system must utilize a manifold appropriate for the system’s size. Risks with plastic pipes other than PEX, PVC or PVC-C, in whole or in part, including without limitation, polybutylene (PB) plumbing will have the Water Damage Exclusion for Plumbing (Endorsement PM6) attached to the policy. Risks with copper plumbing systems must utilize copper plumbing for 100% of the pressurized portion of the plumbing system, with the exception of drainage systems (such as under a sink) or exterior landscape irrigation, or the non-copper plumbing surcharge will be applied.
 29. Dwellings not insured to 100% of replacement cost. A 3% annual inflation guard adjustment will be made to Coverage A, B, C, and D limits at each annual policy renewal if no other adjustment is indicated, however it remains the insured’s responsibility to ensure that the dwelling remains insured to 100% of its replacement cost. This includes notifying the Company within 90 days of any additions or other physical changes that increase the value of either the dwelling or other structures on the premises by \$5,000 or more.
 30. Any building not constructed specifically to be a single family dwelling, or any dwelling sharing common walls with other properties. However, a unit that is part of a townhouse or row house and shares common walls with other units where the structural components of the unit are owned by the Named Insured can be written as an HO-3 risk, although coverage for fire is limited to \$50,000 unless firewalls exist between all units. Please note that separate townhouse and row house factors will apply (no more than one unit per HO-3 policy).
 31. EARTHQUAKE Coverage – To qualify, dwelling must be frame construction and bolted to full concrete foundation.
 32. Dwellings with less than 750 square feet of living area.
- D. Unacceptable Risks:**
33. Limited Animal Liability coverage is optional. If purchased, coverage for the following dogs and animals are excluded:
 - a. Pit Bulls, Doberman Pincers, Rottweilers, German Shepherds, Chows, Akitas, Huskies, Malamutes, Bull Mastiffs, Stafford Shire Terriers (including a mixed breed which includes any of the above); or
 - b. Any dog known by breed to be vicious or any animal with a previous bite history; or
 - c. Farm animals, or exotic or unusual pets, including but not limited to horses, cows, sheep, goats, chickens, snakes, etc.

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34. Vacant dwellings. Risk must be occupied within 10 days of requested effective date. Please note that Occupancy Endorsement (form PM3) will be attached to all policies.
35. Any applicant or dwelling that has had in the past 36 months: a) 2 or more theft losses; b) 1 theft loss and any other loss(es); c) 3 or more losses of any kind. Losses that are a result of a catastrophic event, that only had payments under Medical Payments coverage, or that bear no relation to the coverage afforded under this program (submit for prior approval – must be fully documented by applicant and approved by underwriter prior to binding) are not counted as losses for the purpose of this rule.
36. Risks participating in any State FAIR Plan or residual market pool, unless endorsement form PO39 (Difference in Conditions Endorsement) is attached to the policy.
37. Seasonal or secondary properties or any property where the insured states they maintain two or more primary residences
38. Risks with any business or illegal activity.
39. Dwellings held for rent, in whole or in part.
40. Dwellings where space is rented in exchange for money, goods, or services to any other person for any purpose.
41. Risks with more than two non-pay cancellations with PSIC in a three-year period.
42. Risks with properties owned by well-known personality (i.e.: political, entertainer, sports, etc.).
43. Dwellings with an individual or private party listed as the first or primary lender.
44. Corporate or Business owned dwelling or any dwelling titled in a corporate or business name (this includes a Land Trust), except that the Named Insured can be a Limited Liability Corporation (LLC) if the Managing Member is listed as an Additional Insured.
45. Dwellings that have more than two mortgagees or lenders.
46. Properties in foreclosure.
47. Risks where the applicant has had foreclosure proceedings initiated against an owned property anytime within the last three (3) years.
48. A trust as a Named Insured (trusts should be listed as an Additional Insured).
49. A trust as an Additional Insured when the Named Insured is not a trustee or beneficiary.
50. Any applicant or dwelling with repetitive similar cause losses in the past 5 years.

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14. OPTIONAL COVERAGES AND LIMITS

The following optional coverages and limits are available:

A. Deductibles

The following deductible options are available by adjusting the base premium as indicated below:

Deductible	Base Premium Adjustment
\$500	+5%
\$1,000	Base
\$1,500	-5%
\$2,500	-10%
\$5,000	-20%

B. Extended Replacement Cost Coverage for Dwelling (Coverage A)

An additional coverage amount equal to 25% of the Coverage A limit will be provided for loss payments above the stated limits for the following charge:

Extended Replacement Cost Coverage	
Coverage Amount	Charge
25%	8% of the basic premium

When this coverage is purchased, the insured must notify the company within 90 days of any additions or other physical changes that increase the value of either the dwelling or other buildings on the premises by \$5,000 or more and pay the appropriate premium.

ATTACH: Endorsement PO44, Extended Replacement Cost Coverage

C. Increased Other Structures (Coverage B)

The policy provides a limit of liability for Other Structures (Coverage B) equal to 10% of Coverage A. The Coverage B amount for other structures can be increased (up to a maximum of 70% of Coverage A, or \$110,000 whichever is less) for the following additional premium:

Rate per Thousand
\$2.50

D. Ordinance or Law Coverage (Coverage A)

For the Standard Program this coverage is not included in your policy unless it is purchased for an additional premium of 3% of your Basic Coverage A premium and shown as Coverage A2 (Ordinance or Law) on the Declarations with the associated premium charge. If this coverage is purchased, loss for damage by a covered peril insured against to the insured dwelling will be settled on the basis of any ordinance or law that regulates the construction, repair or demolition of this property.

ATTACH: Endorsement PO16, Ordinance or Law Coverage

E. Townhouses or Row Houses

An HO-3 policy can be written for a townhouse or row house when the Named Insured owns the structural components of the individual family unit and a firewall separates all units in the same building. The HO-3 policy will be endorsed to provide a sub-limit of \$50,000 for fire or smoke losses in the event there is no firewall between all individual family units in the building. Maximum of eight (8) individual family units per building. Only one individual family unit may be insured by any one HO-3 policy (i.e.: the entire building cannot be insured by one policy). Townhouse or row house rating factors apply.

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A “firewall” is defined as a passive fire protection system that serves as a barrier between individual family units within the same building. The firewall must have a fire resistance rating of either one-hour or as required by the applicable building codes, whichever is greater.

ATTACH: Endorsement PO38, Townhouse Firewall Limit

F. Unscheduled Personal Property (Coverage C) – Replacement Cost

Replacement Cost Coverage for personal property is included with Preferred HO-3 policies. For Standard HO-3 policies, personal property coverage can be increased to Replacement Cost from Actual Cash Value (ACV), for the following additional premium:

Rate per Thousand
\$1.00

ATTACH: Endorsement PO5-HO, Replacement Cost for Personal Property

G. Increased Unscheduled Personal Property (Coverage C)

The basic policy provides a limit of liability for personal property (Coverage C) equal to 50% of Coverage A. The Coverage C amount for personal property can be increased (up to a maximum of 70% of Coverage A) for the following additional premium:

Rate per Thousand
\$1.00

H. Increased Unscheduled Jewelry & Silverware

Increase sublimits for loss by theft of jewelry, silverware, goldware, pewterware, platinumware and crystal to \$10,000 for the following additional premium:

Premium
\$27.00

ATTACH: Endorsement PO17, Increased Unscheduled Jewelry and Silverware Limits

I. Optional Personal Liability Limits

The basic policy provides \$100,000 Personal Liability limits. Higher limits are available for the following additional premium amounts:

HO-3 Standard	
<i>Limit</i>	<i>Premium</i>
\$100,000	Base
\$200,000	\$25
\$300,000	\$50
\$500,000	\$72

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J. Optional Animal Liability Limits For Acceptable Animals

Animal liability coverage is automatically excluded on all policies with the attachment of endorsement Form PM2, Animal Liability Exclusion. However, optional animal liability coverage can be purchased, as indicated in the table below.

Limit	Premium
\$50,000	\$10
\$100,000	\$13
\$200,000	\$18
\$300,000	\$26
\$500,000	\$37

REMOVE: Endorsement PM2, Animal Liability Exclusion, if animal liability coverage is selected.

ATTACH: Endorsement PO14, Limited Animal Liability Coverage. Selected limit will appear on policy declarations page.

K. Optional Personal Injury Coverage

Personal Injury Coverage can be added to the policy for a \$13.00 premium charge.

ATTACH: Endorsement PO8, Personal Injury

L. Other Insured Location Occupied by Insured – Coverage E

Coverage E (Personal Liability) can be extended to another location occupied by the Named Insured, for the following additional premium:

Limit per Occurrence*	Premium
\$100,000	\$8.00
\$300,000	\$10.00
\$500,000	\$12.00

*Note: Selected limit cannot exceed Coverage E limit.

M. Enhanced Mortgagee Clause (438BFU)

The enhanced mortgagee clause can be attached to the policy for a \$10.00 premium charge.

ATTACH: Form 438BFU, Lender's Loss Payable Endorsement

N. Optional Earthquake Coverage (Coverage H)

Earthquake coverage can be added for the following additional premium:

Coverage H - Earthquake		
	Zone 1	Zone 2
Wood Frame/ Stucco	\$8 per \$1k	\$6 per \$1k
Masonry	\$12 per \$1k	\$10 per \$1k

Earthquake Zones are as follows:

Counties	
Zone 1	All counties not listed in Zone 2
Zone 2	Amador, Butte, Calaveras, Colusa, El Dorado, Fresno, Glenn, Kings, Lassen, Madera, Merced, Modco, Nevada, Placer, Plumas, Sacramento, San Joaquin, Shasta, Sikiyou, Stanislaus, Sutter, Tehema, Trinity, Toulumne, Tulare, Yolo, Yuba

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A 10% deductible applies separately to damage to dwelling, other structures, and personal property. There is no deductible for loss of use. The amount of coverage purchased must exceed \$10,000.

ATTACH: Form PO52, Homeowners Earthquake Endorsement

O. Trusts, LLC's and Additional Insureds

A policy may be issued in the name of a Limited Liability Corporation (LLC), provided that the Managing Member is listed as an Additional Insured. No other type of business or corporation can be listed as a Named Insured, including trusts.

Trusts can only be listed as an Additional Insured and require that a trustee or beneficiary of the trust be the Named Insured.

Other persons or organizations with an insurable interest in the property can be listed as an Additional Insured.

Please note the following endorsements apply to all policies and limit coverage for legal entities and persons or organization listed as an Additional Insured to the residence premises. There is no charge for either coverage.

ATTACH: Endorsement PM27, Additional Insured – Property Policies
Endorsement PM28, Property Held By Legal Entity

Pacific Specialty Insurance Company

15. PREMIUM CREDITS AND SURCHARGES

The maximum total premium credit that can be applied to any policy is 50%. All credits and surcharges must be computed from basic premium only, unless stated otherwise.

A. Multi-Policy Discount

If the insured has another in force personal lines policy with Pacific Specialty Insurance Company, or any affiliate, a 15% premium credit will be allowed. This credit will apply to the basic premium for the policy and is available for all programs. This credit will be discontinued if/when the other policy(ies) lapse.

B. Newly Acquired Home Discount

If the insured dwelling is newly purchased by the Named Insured, a 10% discount will be applied to the basic premium for the first year of the policy. There is no discount for the second and all subsequent years of the policy. To qualify for the discount, the effective date of the PSIC policy must be within 60 days from the closing date of the insured's purchase of the dwelling.

C. Age of Dwelling Surcharge

The following surcharges are applied, based on the age of the home to be insured.

Age of Dwelling (Years)	Surcharge
0 thru 1	0%
2 thru 5	5%
6 thru 10	10%
11 thru 20	20%
21 thru 30	30%
31 thru 45	25%
46 thru 50	30%
51 thru 65	35%
66 thru 75	40%
76 thru 80	50%
81 thru 99	75%
100 & Above	100%

D. Claim Free Discount

If the insured has not filed and PSIC has not paid any amount for a claim under the policy during the previous 12-month term, the policy will receive a 5% discount to the basic premium for the subsequent 12-month policy term.

E. Difference in Conditions Endorsement

When attached, this endorsement must be signed by the applicant and attached to the homeowners application. The endorsement eliminates all coverage for loss due to the following perils:

- a. Fire and Lightning
- b. Wind and Hail
- c. Explosion
- d. Riot and Civil Commotion
- e. Vandalism and Malicious Mischief
- f. Aircraft
- g. Smoke
- h. Removal (loss as a result of the above mentioned perils)

Reduce Basic Premium

20%

ATTACH: Form PO39, Difference In Conditions Endorsement for HO-3 Policies

Pacific Specialty Insurance Company

F. Non-Copper Plumbing Surcharge

The Non-Copper Plumbing Surcharge is applied to dwellings with galvanized steel, cross-linked polyethylene (PEX), or polyvinyl chloride (PVC) plumbing systems. If the dwelling has a plumbing system other than copper, galvanized steel, PEX, or PVC the Water Damage Exclusion for Plumbing (Form PM6) will be attached and no surcharge will apply. If the dwelling has a copper plumbing system the Copper Plumbing Agreement (Form PM7) will be attached and no surcharge will apply. Please see the chart below:

Plumbing Endorsements		
Plumbing Type	Endorsement Attached	Surcharge Included
Copper	PM7	No
Galvanized Steel	No Endorsement	Yes
PVC	No Endorsement	Yes
PEX	No Endorsement	Yes
Other plumbing	PM6	No

Age of Plumbing	Surcharge
1 – 10 years	20%
11 – 20 years	23%
21 – 30 years	27%
31 – 40 years	35%
41 – 50 years	55%
51+ years	105%

ATTACH: Endorsement PM7, Copper Plumbing Agreement (if plumbing is copper, Non-Copper plumbing surcharge will not be applied); or
 Endorsement PM6, Water Damage Exclusion for Plumbing (if plumbing is not copper, galvanized steel, PEX, or PVC, Non-Copper plumbing surcharge will not be applied)

G. No Smoke Alarm Surcharge

Homes without local smoke detectors will have a 5% surcharge applied to the basic premium.

H. Loss Surcharge Schedule

Risks with losses are not eligible for the Preferred Homeowners program. For the Standard Program policies, risks with losses will be surcharged as follows:

Type and Number of Losses	Surcharge to Basic Premium
1 Non-theft related claim in last 5 years	10%
*1 Theft or 2 Non-Theft related claims last 5 years	15%

*Increase basic premium by 15% - risk not eligible for \$500 deductible for all perils (excluding earthquake)

I. Central Alarm Service

Central Alarm Service:

- Burglary Only: 5% Credit
- Fire Only: 5% Credit
- BOTH: 10% Credit

To qualify for this credit, the alarm must be a full perimeter or motion detecting system connected to a remote 24-hour central station service, or police and fire department. The credit is applied to the total premium for Coverages A (Dwelling), B (Other Structures) and C (Unscheduled Personal Property).

ATTACH: Endorsement PO9, Premises Burglary and Fire Alarm

J. Homes With Less Than A 3-Foot Setback From Property Line (Row Houses included)

20% surcharge applied to the basic premium.

Pacific Specialty Insurance Company

16. RESERVED FOR FUTURE USE

17. CHANGES ON POLICY

Coverages and limits (above the minimum) may be increased or decreased, added or deleted, during the term of the policy. Additional or return premium shall be computed on a pro rata basis. Contact your producer or Pacific Specialty to make changes to your policy.

18. CANCELLATION OF INSURANCE

- A. It is not permissible to cancel any of the mandatory coverages provided unless the entire policy is canceled. For a homeowners policy, Coverage A, B, C, D, E and F are mandatory.
- B. If the policy is canceled at the request of either the insured or the company, the return premium shall be 100% of the pro rata unearned premium.

19. TRANSFER OR ASSIGNMENT

- A. Transfer of the policy to another location within the state is allowed provided the new location meets eligibility requirements and there is no change in ownership.
- B. Assignment of insurance under the policy is not allowed.

Transfers are subject to any necessary adjustment(s) of premium.

20. TERRITORIAL ZONES

In Supplementary Manual.

21. CONSTRUCTION CLASSIFICATIONS

A. Frame

A dwelling with exterior walls of combustible construction (including walls with metal, stucco or metal lath and plaster on combustible supports) is classified as frame.

B. Masonry / Veneer

Masonry: A dwelling with exterior walls of brick, concrete, concrete block, adobe, tile or other masonry materials is classified as masonry.

Masonry Veneer: A dwelling with walls of combustible construction veneered with masonry materials is classified as masonry veneer.

C. Mixed Construction

A dwelling shall be classified as frame construction when the wall area of frame construction (excluding gables) exceeds 51% of the total wall area.

Pacific Specialty Insurance Company

22. FIRE PROTECTION DEFINITIONS

The Protection Class listings in the Public Classification Manual apply to risks insured under this program.

- A. In a municipality or other classified area where a single classification number is shown, use that classification number for all properties located in that classified area.
- B. In a classified area where two or more classification numbers are shown (e.g. 6/9), the applicable classification number is determined based on the distance to a responding fire station and the distance to a fire hydrant.
 - 1. For properties located five road miles or less from a responding fire station and within 1,000 feet of a fire hydrant, use the first protection class shown (e.g. 6/9, use class 6).
 - 2. For properties located five road miles or less from a responding fire station and beyond 1,000 feet of a fire hydrant, use class 9.
 - 3. For properties located more than 5 road miles from a responding fire station, use class 10.
- C. In a classified area serviced by a subscription-type fire department, use class 10 for properties that do not subscribe.
- D. Use class 10 for all properties not classified.