PACIFIC SPECIALTY INSURANCE COMPANY
STATE OF CALIFORNIA

Underwriting and Rate Guide
Preferred Homeowners Program

Homeowners Policy (HO-3)

Edition 14

California Preferred Homeowners Program

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1. POLICY FORMS AND DWELLING / PROPERTY LIMITS

A. **Homeowners:**		**Form 3**
Dwelling Limits:	*Minimum:*	$70,000
	Maximum:	$3,500,000

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.

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 service fee is added to all installments, but not the initial down payment. The service fee is $10 for all non-EFT recurring installments and $3 for EFT recurring installments.

An insufficient funds fee of $25 will be assessed whenever a manual check, electronic check/funds transfer or credit card transaction is unable to be processed due to the lack of sufficient funds or credit limit.

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. RESERVED FOR FUTURE USE

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).

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 storm, depression or hurricane, 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 agents 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, POLICY FEE, REINSTATEMENT FEE AND CANCELLATION FEE

An independent inspection firm will be hired to inspect each property on HO-3 new and renewal business. The new and renewal policy fee is $70 per policy. The policy fee is non-refundable (fully retained).

If a non-payment of premium notice is issued, but a premium payment is received before cancellation, a $10 late fee will apply. If a policy is cancelled and then reinstated, a $10 reinstatement fee will apply. All policies cancelled at the request of the insured will be charged a $25 processing fee.

9. COVERAGES AND AMOUNTS

A. <u>Homeowners (Policy Form 3)</u>

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 on 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		$500
	Property used in business (on premises)		$5,000
	Securities, Accounts, Deeds		$5,000
	Trailers not used with Watercraft		$5,000
	Grave Markers		$5,000
	Jewelry, Watches, Furs, Precious and Semi-Precious Stones (Theft)		$5,000
	Silverware, Goldware and Pewterware (Theft)		$5,000
	Firearms (Theft)		$5,000
	Computer Equipment		$5,000
	Antiques and Fine Arts		$5,000
	Rugs and Carpets (Theft)		$5,000
	Photographic and Video Equipment		$5,000
	Glassware and Crystal		$5,000
Coverage D: Loss of Use			20% of Coverage A
Additional Coverages:	○ Debris Removal ○ Reasonable Repairs ○ Trees, Shrubs and Other Plants ○ Fire Department Service Charge ○ Property Removed	○ 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:	○ Claim Expenses ○ First Aid Expenses	○ Damage to Property of Others ○ Loss Assessment	Refer to Policy for Details

<u>Note</u>: The Company uses the ISO 360 Value Replacement Cost Estimator and inspection reports as a guide for each dwelling's estimated replacement cost. Please note, the Company's evaluation is not a substitute for the insured's determination of the actual replacement cost of their dwelling. Please refer to Section 13 Rule, C-32 of this manual.

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. <u>Section I – Property Coverages</u>

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. Smoke
8. Vandalism or Malicious Mischief
9. Theft
10. Falling Objects
11. Weight of Ice, Snow or Sleet
12. Accidental Discharge or Overflow of Water or Steam
13. Sudden and Accidental Tearing Apart, Cracking, Burning or Bulging
14. Freezing
15. Sudden and Accidental Damage from Artificially Generated Electrical Current
16. Volcanic Eruption

B. <u>Section II – Liability Coverages</u>

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 <u>can be purchased</u> for additional premium. If Limited Animal Liability coverage is purchased, Endorsement PM2 will be deleted and replaced with Endorsement PO14.

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. <u>Dwelling</u>

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. <u>Personal Property</u>

The loss settlement provision for Personal Property is on a replacement cost basis without a deduction for depreciation. However, optional actual cash value basis loss settlement provisions can be selected for a premium credit.

12. SUBMIT FOR APPROVAL

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

A. <u>Homeowners</u>

1. Dwellings with replacement costs above $1,300,000 for new business or $1,600,000 for renewals. Acceptable replacement cost limit may be reduced for all risks subject to reinsurance placement and restrictions.
2. Dwelling with an individual or private party listed as a lender.
3. Risks with more than two unrelated individuals on the deed of trust (must submit with details as to the relationship and reason for the multiple names).
4. Risks where the applicant believes that a prior 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.
5. 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
6. Dwellings with professionally installed (by a licensed contractor) commercially-made wood burning stoves that do not violate any of the unacceptable provisions detailed in this underwriting rule must be submitted with a fully completed Wood Burning Stove Inspection Report (ATTACH Form PU1) along with one photograph of applicable woodstove. A Wood Burning Stove Surcharge will be applicable (see Section 15 – Premium Credits and Surcharges).
7. Dwellings located in or near brush areas, forested areas, or any areas of increased fire hazard (native brush must be cleared 500 feet from the premises) unless endorsement PO39, Difference in Conditions for California Preferred HO-3 Policies is attached.

13. UNACCEPTABLE RISKS

Pacific Specialty will not accept the following:

A. <u>Unacceptable Locations:</u>

1. Dwellings located in a protection class 9 or 10 unless endorsement PO39, Difference in Conditions for California Preferred HO-3 Policies is attached.
2. Properties that are isolated or inaccessible to firefighting or other emergency equipment or services.
3. Properties located in landslide or mudslide areas.
4. Properties located in a neighborhood not showing pride of ownership or condemned dwellings.

B. <u>Unacceptable Properties</u>:

5. Any risk with a pool, hot tub, spa or similar structure unless in compliance with municipal ordinances.
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 a 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.

C. <u>Unacceptable Dwellings</u>:

10. Dwellings built prior to 1900 (except qualifying renewals).
11. Properties with barns valued over $20,000, or with farming or ranching equipment.
12. Mobile homes, trailers (including recreational and utility), modular homes, boats, houseboats, floating homes, automobiles, basement homes, portable buildings, prefabricated homes (or similar dwellings) or any structure made of cloth or canvas.
13. Dwellings of unusual or irreplaceable construction or cantilevered construction.
14. Dwellings not maintained in an insurable condition (must show pride of ownership).
15. Dwellings not on a permanent or solid foundation.
16. Dwellings on posts, stilts or pilings. This does not included dwellings on a solid foundation with post and pier construction that creates a small enclosed crawl space under the dwelling.
17. Dwellings with tin, foam (except polyurethane foams systems), corrugated, wood (other than cedar shake) roofing, regardless of condition, or metal or copper roofs in poor condition.
18. Dwellings with flat tar and/or gravel roofs are acceptable; however, the dwelling will be subject to Endorsement PM5, which limits coverage to the perils of fire and lightning for roof and ensuing damage due to roof failure.
19. Dwellings with roofs that have not been replaced within the last 25 years or dwellings with roofs in poor condition (regardless of age) will be subject to Endorsement PM5 – Roof for Fire and Lightning Only. Endorsement PM5 only provides coverage for the roof and ensuing damage due to a roof failure, if the loss was caused by the perils of fire and lighting. 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 (Form PU3) 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*). <u>This underwriting rule does not apply to dwellings with tile or hail resistant roofs in excellent condition</u>.
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 not thermostatically controlled.
22. Dwellings with any remodeling or construction performed without permits.
23. Dwellings undergoing extensive remodeling, renovation or construction.
24. 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.
25. Dwellings that do not have a fully functional fire extinguisher located on the premises.
26. Dwellings without 100% copper wiring.
27. Dwellings with any aluminum wiring.
28. Dwellings with any fuse(s) providing power to any portion of the dwelling.

29. Dwellings that do not have deadbolts on all doors that provide access to the dwelling and/or garage.
30. Dwellings with less than 750 square feet of living space.
31. Risks with pressurized polybutylene pipes.
32. Dwellings not insured to 100% of replacement cost. A 4% annual inflation guard adjustment will be made to Coverage A, B, C and D limits at each annual policy renewal, 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.
33. 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. We will only accept Townhouse or Row House units within a building containing a maximum of 8 individual family units. Only one individual family unit may be insured by any one policy. Townhouse and Row House rating factors will be applied

D. <u>Unacceptable Risks</u>:

34. Limited Animal Liability coverage is optional. If purchased, coverage for the following dogs and animals are excluded:
    a. Pit Bulls, Doberman Pinschers, 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.
35. Risk not occupied within fifteen 15 days of requested effective date. Please note that Occupancy Endorsement (form PM3) will be attached to all policies.
36. Any applicant or dwelling that has had in the past 36 months that resulted in a payment of at least $500 per claim: a) 2 or more theft losses; b) 1 theft loss and any other property and/or liability loss(es); c) 3 or more property and/or liability 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.
37. Risks participating in any State FAIR Plan or residual market pool, unless endorsement form PO39-CA (Difference in Conditions Endorsement) is attached to the Preferred HO-3 policy.
38. Seasonal or secondary properties or any property where the insured states they maintain two or more primary residences.
39. Risks with any business or illegal activity.
40. When a trust is listed as an Additional Insured, a trustee or beneficiary of the trust that conducts or engages in any activities on or related to the insured location for monetary gain or compensation is unacceptable.
41. Dwellings held for rent, in whole or in part.
42. Dwellings where space is rented in exchange for money, goods, or services to any other person for any purpose.
43. Risks with more than two non-pay cancellations with Pacific Specialty in a three-year period.
44. Risks with properties owned by well-known personality (i.e.: political, entertainer, sports, etc.).
45. Dwellings with an individual or private party listed as the first or primary lender.
46. 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) or a Limited Family Partnership (LFP) if the Managing Member is listed as an Additional Insured. The managing member must be an individual, not a trust or another company.
47. Dwellings that have more than two mortgagees or lenders.
48. Dwellings purchased at, from or through foreclosure, bank or trustee sale are only acceptable if the insured provides a copy of the Uniform Residential Appraisal Report or equivalent to the producer and/or the Company as a part of the application. The Uniform Residential Appraisal Report or equivalent must include, at a minimum, detailed photographs of and a narrative describing the interior and exterior of the dwelling and the property to be insured. The producer must retain a copy of the report provided by the applicant to satisfy this requirement. Applicant and producer must confirm that the condition of the risk

comports with all requirements of this Underwriting and Rate Guide. The policy deductible shown on the declarations page will be doubled in the event of a loss occurring within the first 90 days of the inception date of the policy (attach Endorsement PM29, Dwelling Purchased through Foreclosure).

49. Risks where the applicant has had foreclosure proceedings initiated against an owned property anytime within the last three (3) years.
50. A trust as a Named Insured (trusts should be listed as an Additional Insured).
51. A trust as an Additional Insured when the Named Insured is not a trustee or beneficiary.
52. Lenders named as an Additional Insured.

14. OPTIONAL COVERAGES AND LIMITS

The following optional coverages and limits are available:

A. Policy Deductibles

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

Deductible	Basic Premium Adjustment
$500	+5%
$1,000	Base
$1,500	-11%
$2,500	-16%
$5,000	-27%

For policies with a Coverage A limit above $1,300,000:

- The deductible may be modified from the base deductible, in $250 increments, by applying a 1% surcharge for each $250 decrease in the deductible, or by applying a 1% credit for each $250 increase in the deductible.
- The minimum deductible is $1,000 and the maximum deductible is $5,000
- For policies with a Coverage A limit from $1,300,001 to $2,000,000, the base deductible is $2,000.
- For policies with a Coverage A limit from $2,000,001 and above, the base deductible is $2,500.

B. Premier Package

For a 10% surcharge to the Base Premium plus $71, the coverages listed below are added to the policy:

- 125% Extended Replacement Cost for the Dwelling
- $300,000 Personal Liability Limits
- $2,500 Limited Sewer or Drain Backup Coverage
- Service Line Coverage
- Identity Theft Coverage

When the Premier Package is purchased, the following additional enhancements can be purchased at a discounted rate:

- $500,000 Personal Liability for an additional $15
- $5,000 Limited Sewer or Drain Backup Coverage for an additional $35
- $10,000 Limited Sewer or Drain Backup Coverage for an additional $75

ATTACH: Endorsement PO44, Extended Replacement Cost Coverage
Endorsement PO40, Limited Sewer or Drain Backup Coverage
Endorsement PO56-HO, Service Line Coverage
Endorsement PO42, Identity Theft Coverage

C. Ultra Premier Package

For a 25% surcharge to the Base Premium plus $117, the coverages listed below are added to the policy:

- 150% Extended Replacement Cost for the Dwelling
- $500,000 Personal Liability Limits
- $5,000 Limited Sewer or Drain Back up Coverage
- HO-5 Special Personal Property Coverage
- Service Line Coverage
- Equipment Breakdown Coverage
- Identity Theft Coverage

ATTACH: Endorsement PO44A, Extended Replacement Cost Coverage – 150%
Endorsement PO40, Limited Sewer of Drain Backup Coverage
Endorsement HO-5, Special Personal Property Coverage
Endorsement PO56-HO, Service Line Coverage
Endorsement PO55-HO, Equipment Breakdown Coverage
Endorsement PO42, Identity Theft Coverage

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

An additional coverage amount equal to 125% or 150% 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
125%	5% of the basic premium
150%	8% of the basic premium

NOTE: 125% Extended Replacement Cost coverage is included when the Premier Package is purchased.
150% Extended Replacement Cost coverage is included when the Ultra Premier Package is purchased.

ATTACH: Endorsement PO44, Extended Replacement Cost Coverage – 125%
Endorsement PO44A, Extended Replacement Cost Coverage – 150%

E. 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) for the following additional premium:

Rate per Thousand
$2.50

F. Reserved for Future Use

G. Unscheduled Personal Property (Coverage C) – ACV

To reduce personal property coverage to Actual Cash Value (ACV) from replacement cost, reduce basic premium by 5%.

REMOVE: Endorsement PO5-HO, Replacement Cost Coverage for Personal Property

H. Increased Unscheduled Personal Property (Coverage C)

The 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 80% of Coverage A) for the following additional premium:

Rate per Thousand
$1.00

I. Increased Unscheduled Jewelry & Silverware

The policy includes:

1. $5,000 sublimit for theft of jewelry, watches, furs, and precious and semi-precious stones; and
2. $5,000 sublimit for theft of silverware, silver-plated ware, goldware, gold-plated ware and pewterware.

For an additional charge of $27, these limits, found in Section I – Coverage C – Special Limits of Liability items 5 and 7 of the policy, can be increased to $10,000 for unscheduled jewelry, and $10,000 for unscheduled silverware.

When increased special limits for Jewelry and Silverware are purchased, the policy Declarations page will show that these limits have been enhanced. However, these new limits do not increase the Coverage C limit of the policy.

ATTACH: Endorsement PO17, Increased Unscheduled Jewelry and Silverware Limits

J. Home Freezer Contents Coverage

For an additional charge of $12.00, coverage may be purchased for loss to covered property stored in freezers/refrigerators for up to $500 of coverage. This is additional coverage with no deductible applied.

ATTACH: Endorsement PO19, Home Freezer Contents Coverage

K. Medical Payments to Others

$1,000 in Medical Payments to Others coverage is included in the liability portion (Section 2) of the HO-3 policy. For an additional charge, the coverage can be increased.

Limit	Premium
$1,000	Included
$2,000	$3
$3,000	$5
$4,000	$7
$5,000	$9

L. Increased Unscheduled Property Used in Business (On Premises)

The policy includes a sublimit of $5,000 for loss of Business Property. For an additional charge of $25, this limit, found in Section I – Coverage C – Special Limits of Liability item 8 can be increased to $7,500.
When increased special limits for Business Property are purchased, the policy Declarations page will show that this limit has been enhanced. However, this new limit does not increase the Coverage C limit of the policy.

ATTACH: Endorsement PO28, Increase Unscheduled Property Used in Business (On Premises)

M. Personal Liability Limits

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

HO-3 Preferred	
Limit	*Premium*
$100,000	Base
$200,000	$15
$300,000	$25
$500,000	$40
$1,000,000	$80

NOTE: Personal Liability Limit of $300,000 is included when the Premier Package is purchased. $500,000 limit is available at a discounted rate of $15 if the Premier Package is purchased. Personal Liability Limit of $500,000 is included when the Ultra Premier Package is purchased.

$1,000,000 limit is available at a rate of $55 if the Premier Package is purchased.
$1,000,000 limit is available at a rate of $40 if the Ultra Premier Package is purchased.
$1,000,000 limit only available for Qualified Preferred Partners.

N. Animal Liability Limits *For Acceptable Animals*

Animal liability coverage is excluded on all policies with the attachment of Endorsement PM2, Animal Liability Exclusion. However, optional Limited Animal Liability coverage can be purchased, as indicated in the table below. Animal liability cannot exceed the personal liability limit. See Endorsement PO14 for coverage details and limitations.

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.

O. Personal Injury Coverage

Personal Injury Coverage is available for the following additional premium amounts:

Limit	Premium
$100,000	$15
$200,000	$20
$300,000	$30
$500,000	$40

*Note: Selected limit cannot exceed Coverage E limit.

ATTACH: Endorsement PO8, Personal Injury Coverage

P. 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.

Q. Enhanced Mortgagee Clause (438BFU)

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

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

R. <u>Earthquake (Coverage H)</u>
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, Modoc, Nevada, Placer, Plumas, Sacramento, San Joaquin, Shasta, Siskiyou, Stanislaus, Sutter, Tehama, Trinity, Tuolumne, Tulare, Yolo, Yuba

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.

NOTE: Dwellings with frame construction must be bolted to full concrete foundation.

ATTACH: Endorsement PO52, Homeowners Earthquake Endorsement

S. <u>Superior Home Protection Package</u>
The Superior Home Protection Package broadens and adds several coverages. Specifically, this endorsement packages the following:
1. Coverage D (Loss of Use) is extended to cover power interruption caused by an insured peril which makes the residence premises uninhabitable;
2. Broadened tree debris removal coverage;
3. The Fire Department Service Charge is increased to $750;
4. Credit Card, Fund Transfer Card, Forgery and Counterfeit Money coverage is increased from $500 to $3,000;
5. A limit of $5,000 of the policy's Coverage C (Personal Property) coverage is extended to cover damage to property while away from the residence premises due to flood, earthquake, landslide, or collision or overturn of the conveyance in which your property is carried; and
6. Lock Replacement Coverage with a limit of $250 is added.

This coverage can be added to any policy for an additional charge of: $29.

ATTACH: Endorsement PO41, Superior Home Protection Package

T. <u>Trusts, LLC's, LFP's and Additional Insureds</u>
A policy may be issued in the name of a Limited Liability Corporation (LLC) or a Limited Family Partnership (LFP), 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, however Lenders may not be listed as Additional Insureds.

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

U. Identity Theft Coverage

For an additional charge of $25, Identity Theft Coverage can be added to the policy. This coverage offers $25,000 for expenses incurred by an insured as a direct result of an identity theft discovered during the policy period. Additionally, the coverage offers access to resolution services from a consumer fraud specialist who assists in the process of restoring the insured's identity from first call to crisis resolution. No deductible applies to this coverage.

ATTACH: Endorsement PO42, Identity Theft Expense and Resolution Services Coverage

For an additional charge of $40, Identity Theft with Triple Bureau Credit Monitoring can be added to the policy. This coverage offers the same benefits of Identity Theft Coverage plus Triple Credit Bureau Monitoring which provides notifications for any changes to the insured's credit files.

ATTACH: Endorsement PO60, Identity Theft Expense and Resolution Services Coverage (with Credit Monitoring)

For an additional charge of $70, Identity Theft with ID Alert Coverage can be added to the policy. This coverage offers the same benefits of Identity Theft Coverage with Triple Credit Bureau Monitoring plus ID Alert which provides a monthly proactive National Database screening and notification by phone or email of possible fraud of an insured that has provided Name, Address and Social Security Number.

ATTACH: Endorsement PO43, Identity Theft Expense and Resolution Services Coverage (with ID Alert)

V. Limited Sewer or Drain Backup Coverage

All policies exclude coverage for water that backs up through a sewer or drain. This coverage can be added with a limit of $2,500, $5,000 or $10,000 for the charge indicated below.

Sewer or Drain Backup Limit	Charge
$2,500	$45
$5,000	$75
$10,000	$95

NOTE: $2,500 Optional Limited Sewer or Drain Backup Limit is included when the Premier Package is purchased.
$5,000 Optional Limited Sewer or Drain Backup Limit is included when the Ultra Premier Package is purchased.
$5,000 Optional Limited Sewer or Drain Backup Limit is available at a discounted rate of $35 if the Premier Package is purchased.
$10,000 Optional Limited Sewer or Drain Backup Limit is available at a discounted rate of $75 if the Premier Package or Ultra Premier Package is purchased.

ATTACH: Endorsement PO40, Limited Sewer or Drain Backup Coverage

W. Personal Computer Equipment Coverage

All policy forms include a $5,000 sub-limit (see Special Limits in policy) for computers and electronic data processing equipment. For an additional charge, this limit can be increased using the rates indicated below.

Unlike the Special Limits of Liability included in the policy, this is additional coverage with no deductible applied.

Coverage	Preferred HO-3	
	Limit	Rate
Personal Computer System	$5,001 - $10,000	$25 + $1.00 per $100 in coverage
Personal Computer Programs	$5,001 - $10,000	$25 + $1.00 per $100 in coverage
Data re-creation	$2,000	$10

ATTACH: Endorsement PO18, Personal Computer Equipment Coverage

X. Ordinance or Law Coverage (Coverage A)

All policy forms include 10% Ordinance or Law Coverage. This percentage of coverage can be increased to 25% or 50% by payment of the following:

Coverage Amount	Base Premium Adjustment
25%	4%
50%	6%

This provides coverage for 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

Y. HO-5 – Special Personal Property Coverage

For an additional charge of 10% of base premium, Special Personal Property Coverage can be added to the policy. This endorsement expands for risks of direct physical loss to Personal Property (Coverage C). Please see endorsement language for details.

ATTACH: Endorsement HO-5 – Special Personal Property Coverage

Z. Equipment Breakdown Coverage

For an additional charge of $46, Equipment Breakdown Coverage can be added to the policy.

The Equipment Breakdown component provides homeowners with Equipment Breakdown coverage in their Homeowners insurance policy, which is otherwise excluded. Examples of the type of equipment that could suffer a breakdown and will be covered by this incorporation include:

1. Back-up power generators
2. Boilers and hot water heaters
3. Central air conditioners
4. Deep well pumps
5. Furnaces, heat pumps and heaters

6. Home security systems & control panels
7. Solar heaters
8. Vacuum systems
9. Desktop and laptop computers
10. Exercise equipment
11. Home medical equipment
12. Televisions and home entertainment equipment

This coverage will include all equipment that is Covered Property under Coverage A, B and C of the Homeowner policy, with the exception of riding mowers and tractors.

A $500 Deductible for Equipment Breakdown coverage will apply to each loss.

ATTACH: Endorsement PO-55-HO, Equipment Breakdown Coverage

AA. <u>Service Line Coverage</u>

For an additional charge of $46, Service Line Coverage can be added to the policy.

The Service Line component provides payment for loss or damages resulting from a service line failure. A service line constitutes underground piping and wiring that is located at the insured location and produces a service, such as delivering water or power to the building or other structure from a utility or private water supply.

Coverage applies to insured-owned, exterior, and underground:

(i) Water piping that connects from the building to a public water supply or private well
(ii) Sewer piping that connects from the building to a public sewer system or private septic system
(iii) Power lines that provide electrical service to the building or other structure
(iv) Piping that connects to a heat pump

A $500 Deductible for Service Line coverage will apply to each loss.

ATTACH: Endorsement PO-56-HO, Service Line Coverage

AB. <u>Mortgage Payment Protection</u>

For an additional charge of $20, Mortgage Payment Protection can be added to the policy.

Mortgage Payment Protection provides up to $1,500 a month for up to 12 months, beginning 45 days after a covered occurrence renders the dwelling uninhabitable. Coverage is only available for primary residences. Coverage is only available when there is a mortgage present on the property.

ATTACH: Endorsement PO-61, Mortgage Payment Protection

AC. <u>Home Cyber Protection Coverage</u>

For an additional charge of $38 Home Cyber Protection can be added to the policy and covers the individuals and family members insured by the policy.

Home Cyber Protection coverage is composed of three component pieces:

- Cyber Attack - Pays for the costs of restoring the data and systems of Computing Devices and Connected Home Devices following an unauthorized use or access, or the perpetration of a malware attack.
- Cyber Extortion - Provides professional assistance from a subject matter expert and payments with prior approval in response to a demand for money or other consideration coupled with a threat to damage, disable, deny access or disseminate content from your device, system or data or an offer to restore access or functionality in connection with an attack on your device, system or data that has already occurred.

- Online Fraud - Pays for the amount fraudulently taken from an insured following:
  (1) An identity theft;
  (2) The unauthorized use of a bank card or credit card;
  (3) The forgery or alteration of any check or negotiable instrument;
  (4) Acceptance in good faith of counterfeit currency; or
  (5) An intentional and criminal deception to induce the insured to part voluntarily with something of value.
  The online fraud must be wholly or partially perpetrated through a computing device or connected home device.

A $500 Deductible for Home Cyber Protection will apply to each loss. The limit for this coverage is $25,000.

ATTACH: Endorsement PO62 Home Cyber Protection Coverage.

AD. <u>Other Members of a Named Insured's Household – Coverage E</u>

The policy may be endorsed to provide Coverage E (Personal Liability) to a person who is a member of the named insured's household but does not fall under the definition of insured in the policy. It does not cover a guest, residence employee, roomer, boarder or tenant. Coverage extends to the person named in the endorsement, and a person under the age of 21 who is in the legal custody of that person.

All coverages and provisions under Sections I and II of the policy that apply to insureds also apply to the persons described above except Coverages A, B and D (Fair Rental Value only).

Premium for this coverage is $60 per person named in schedule plus the premium for the applicable Coverage E limit of liability below:

Other Members of Household	Rate per Person Named in Schedule
Yes	$60

Limit per Occ. (000)	Premium
100	$0
200	$8
300	$12
500	$18
1000	$25

ATTACH: Endorsement HO-458 – Other Members of Your Household

AE. <u>Additional Residence Rented to Others – Coverage E</u>

Coverage E (Personal Liability) may be extended when additional residence is rented to others. If additional residence is not written with PSIC, a declarations page will need to be provided to ensure property does not already have liability coverage. Coverage extends liability to the address listed on the provided declarations page.

This coverage may only be endorsed to policies written as the primary location.

Number of Families	Limit per Occ. (000)	Premium
1	100	$14
	200	$16
	300	$18
	500	$21
	1000	$24
2	100	$17
	200	$19
	300	$21
	500	$24
	1000	$27
3	100	$24
	200	$26
	300	$28
	500	$32
	1000	$36
4	100	$26
	200	$29
	300	$32
	500	$36
	1000	$41

15. PREMIUM CREDITS AND SURCHARGES

The maximum total premium credit that can be applied to any policy is 60%. All credits must be computed from basic premium and all surcharges must be computed from the base premium, unless stated otherwise.

A. Multi-Policy Discount
If the insured has another in force personal or commercial lines policy with Pacific Specialty Insurance Company or a private passenger auto policy (car, truck, or SUV only) with the same producer a premium credit will be allowed. This credit will apply to the basic premium for the policy. This credit will be discontinued if/when the other policy(ies) lapse. Only one credit for the highest qualifying discount level, as identified below, can be applied to the policy at any time.

Discount Level	Other Policy Type	Credit
Level I	Private passenger auto with the same producer	5%
Level II	Any personal or commercial lines policy with Pacific Specialty.	12%

B. Retirement Community Discount
If the risk is located in a community where, as a condition of ownership or occupancy, the owner/tenant must be at least 55 years of age or older, a 20% discount is applied to the basic premium. To qualify for this discount, the Named Insured on the policy to be issued by Pacific Specialty must be 55 years of age or older.

C. No Smoke Alarm Surcharge
Homes without local smoke detectors will have a 5% surcharge applied to the basic premium.

D. Loss Surcharge Schedule

The Prior Loss Surcharge recognizes the loss history of an insured or applicant in determining the appropriate premium for a new or renewal policy.

Exceptions to Prior Loss Surcharges:

1. Catastrophe claims such as wildfires, tornados, hurricanes or earthquakes that are assigned a CAT number by ISO will not be counted.
2. A loss for which a payment occurred only with respect to Medical Payments to Others or Similar Coverage.
3. Equipment Breakdown Coverage, Service Line Coverage, Home Cyber or Identity Theft Coverage losses will not be counted.
4. Losses in which payment was less than $500.

Risks with losses will be surcharged as follows:

Type and Number of Losses	Surcharge to Basic Premium
1 Non-theft related claim in last 36 months	10%
*1 Theft or 2 Non-Theft related claims last 36 months	15%

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

E. Age of Home Rating Plan
The following credits or surcharges are applied based on the age of the home to be insured.

Age of Home (Years)	Credit/Surcharge
0	-35%
1	-31%
2	-29%
3-4	-24%
5-6	-22%
7-8	-20%
9-10	-17%
11-12	-15%
13-14	-13%
15	-12%
16	-10%
17	-8%
18	-5%
19	-3%
20	0%
21	2%
22	4%
23	6%
24	8%
25-30	10%
31-41	8%
42-54	5%
55-62	7%
63-90	10%
91-100	15%
100+	25%

F. Tile Roof Credit
If the insured dwelling has a tile roof in good condition, a 5% credit to the basic premium will be applied.

G. 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%

NOTE: A copy of a current FAIR plan declarations page with matching coverage limits is required. Failure to provide will subject your policy to non-renewal

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

H. Age of Plumbing Surcharge

Age of Plumbing	Surcharge
1 – 10 years	0%
11 – 20 years	2%
21 – 30 years	4%
31 – 40 years	6%
41 – 50 years	8%
51+ years	10%

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).

J. Wood Burning Stove Surcharge: $35

IMPORTANT: Please review 'Submit for Approval' and 'Unacceptable Risks' sections for qualifications and restrictions pertaining to wood burning stoves.

16. SCHEDULED PERSONAL PROPERTY

Coverage for Scheduled Personal Property can be provided against all risks of direct physical loss, with certain exceptions or exclusions. Complete descriptions must be given.

ATTACH: Endorsement PO6, Scheduled Personal Property

General Underwriting Guidelines:
- This coverage can be added mid-term, as long as any appraisal of the property required by the binding requirements below is conducted within 3 years of binding coverage, or a receipt is provided showing the property was acquired within 90 days of binding coverage.
- Any appraisal and/or receipt must be listed in the name of the Named Insured and/or family member residing in the household.
- Evidence of the property being insured without lapse by another admitted insurer (ie: scheduled on a residential property insurance policy or insured on personal property floater) during the last 3-months is sufficient evidence to satisfy appraisal and receipt requirements noted herein.
- Total agency binding limit (per schedule): $100,000
- Minimum Premium: $50
- Any scheduled item exceeding the reference *Limit Per Item* must be submitted for underwriter approval.
- Any total schedule exceeding $100,000 must be submitted for underwriter approval.
- Property which is not eligible for coverage:
  1. Property held by merchants or dealers.
  2. Property held by or on loan to museums, art galleries, or art institutions
  3. Items used in the insured's business(es) or profession(s).

A. Jewelry (Limit per Item: $50,000; Total Limit: $100,000)

Individually owned personal jewelry, defined as articles of personal adornment composed in whole or part of silver, gold, platinum, or other precious metals and alloys, whether or not containing pearls, jewels, precious or semi-precious stones.

Rate per $100	
Los Angeles County & Palm Springs	Remainder of State
$2.25	$1.75

Binding Requirements:

- We do not insure loose stones as they are easily lost or misplaced. We will not write damaged or chipped stones.
- An "acceptable description" must contain information typically found on an appraisal (i.e. weight, mounting, distinguishing characteristics, characteristics of the stones, serial numbers, mapping of inclusions, etc.)
- An "acceptable appraisal" must be dated and signed by a Graduate Gemologist who is also an accredited appraiser (ASA, AAA and AGS) and show the "Four C's" (Carat, Cut, Color, Clarity) by scale. A photo of the item must also be included within the appraisal. Appraisals on all items must have been made within the last 365 days and required for all items over $2,500.
- Verification of where the item is kept when not worn and how often the item is worn is required.
- If jewelry contains "soft stones", before binding you must determine that they are being properly maintained. Soft stones are defined as gemstones rated on the hardness scale 8 or less; Amethyst, Opal, Turquoise and Pearl.

B. Furs (Limit per Item: $7,500; Total Limit: $15,000)

Rate per $100	
Los Angeles County & Palm Springs	Remainder of State
$1.94	$0.86

Binding Requirements:

- We will not schedule damaged or deteriorating furs.
- A "descriptive appraisal" which must include the type of fur, length, color, origin and value. Appraisals on furs are often inflated. We require a sales slip noting the purchase price, if the item was purchased within the last three years. If the item was purchased over three years ago, we will accept an appraisal from a qualified appraiser.
- Verification of where the item is stored.

C. Cameras (Limit per Item: $2,500; Total Limit: $15,000)

Cameras, projection machines, films, sound equipment, binoculars, telescopes, microscopes, etc., not utilized for professional purposes:

Rate per $100
$1.75

Binding Requirements:

- Description of camera items must include make, model numbers and serial numbers.
- Lens descriptions must include make, "F" stop and focal length.

D. <u>Musical Instruments</u> (Limit per Item: $7,500; Total Limit: $15,000)
Not utilized for professional purposes

Rate per $100
$0.50

Binding Requirements:
- Description of musical instruments must include make, model numbers and serial numbers, if any.
- We prefer a sales slip noting the purchase price if the item was purchased within last three years.
- If the item was purchased over three years ago, we will accept an appraisal from a qualified appraiser.

E. <u>Silverware</u> (Limit per Item: $2,500; Total Limit: $15,000)
Silverware, silver-plated ware, goldware, gold-plated ware and pewterware.

Rate per $100
$0.50

Binding Requirements:
- We require sales receipts or documentation of value within the last three years or an itemized manufacturer's listing showing brand, pattern, price and description.

F. <u>Golfer's Equipment</u> (Limit per Item: $2,000; Total Limit: $5,000)

Rate per $100
$1.40

Binding Requirements:
- Documentation of value within the last three years.
- Description of items must include make, model numbers and serial numbers, if any, as well as distinguishing characteristics.
- We prefer a sales slip noting the purchase prices.

G. <u>Fine Arts</u> (Limit per Item: $25,000; Total Limit: $50,000)
Paintings, etchings, pictures, tapestries, art glass windows, fine china and other bonafide works of art (such as valuable rugs and statuary) or rarity, historical value or artistic merit.

Rate per $100
$0.30

BREAKAGE COVERAGE NOT AVAILABLE

Binding Requirements:
- Documentation of value within last three years.
- We do not provide breakage coverage.
- Appraisals on Oriental rugs and tapestries are often inflated. We prefer a sales slip noting the purchase price if the item was purchased within the last three years.
- If the item was purchased over three years ago, we will accept a current (not more than 30 days old) appraisal from a licensed or certified appraiser.
- For any individual piece of fine art valued at $20,000 or more, verification is required on where the item is kept and that an alarm is connected to the item or the premises where the item is stored.

H. <u>Postage Stamps</u> (Limit per Item: $1,000; Total Limit: $5,000)

Rate per $100
$0.50

Binding Requirements:
- Description of items must include year of issue, condition, denomination and place or origin.
- We prefer sales slip noting the purchase price.

I. <u>Rare and Current Coins</u> (Limit per Item: $1,000; Total Limit: $5,000)
Rare and current coins, medals, paper money, bank notes, tokens of money and other numismatic property including albums, containers and display cabinets in use with collections.

Rate per $100
$2.69

Binding Requirements:

- Description of item must include year of issue, condition, denomination and place of origin.
- We prefer a sales slip noting the purchase price.

J. <u>Firearms</u> (Limit per Item: $2,000; Total Limit: $5,000)

Rate per $100
$4.50

Binding Requirements:

- We require complete Underwriting information on the insured, including occupation, place of employment, where item is kept, and who in the household has access and training.
- A description must include year manufactured, make, model, serial number, caliber, barrel length, etc.

Property which is not eligible for coverage:

a. Property held by merchants or dealers.
b. Property on loan.
c. Items used in the insured's business(es) or professions(s).

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

This program utilizes territories, generally defined as follows:

PSIC Territorial Description

Territory	Description	Territory	Description
1	Santa Clara County I	29	Alpine, Amador, Butte, Calaveras, Colusa, El Dorado, Glenn, Lake, Mendocino II, Placer I, San Joaquin, Stanislaus I, Sutter, Yolo III & Yuba Counties
2	San Mateo County	30	Fresno I, Inyo, Kern I, Kings, Mariposa, Merced I, Mono, Stanislaus II, Tulare I & Tuolumne Counties
3	San Diego County I	31	Santa Cruz County IV
4	San Francisco County I	32	Sacramento County
5	San Francisco County II & Santa Cruz I	33	San Diego County V
6	Marin County & Sonoma County I	34	Los Angeles County 3 & Ventura County
7	Santa Clara County II & Santa Cruz County II	35	Alameda County V
8	Alameda County I	36	Riverside County I & San Diego County VI
9	Alameda County II & Contra Costa County I	37	Lassen, Modoc, Nevada, Placer II, Plumas, Shasta, Sierra, Siskiyou, Tehama & Trinity Counties
10	Santa Barbara County I	38	Madera County
11	Santa Clara County III	39	Stanislaus County III
12	Alameda County III	40	Kern County II
13	Contra Costa County II	41	Los Angeles County 4
14	Napa County, Solano County I & Sonoma County II	42	Los Angeles County 5
15	Monterey County, San Benito County, San Luis Obispo County I & Santa Cruz County III	43	Los Angeles County 6
16	San Diego County II	44	Imperial County I & Riverside County II
17	Yolo County I	45	Riverside County III & San Bernardino County I
18	Alameda County IV	46	Los Angeles County 7
19	San Diego County III	47	Los Angeles County 8
20	San Luis Obispo County II & Santa Barbara County II	48	Fresno County II, Merced County II & Tulare County II
21	Del Norte County, Humboldt County & Mendocino County I	49	Riverside County IV & San Bernardino County II
22	San Diego County IV	50	Kern County III & Los Angeles County 9
23	Orange County I	51	San Diego County VII
24	Orange County II	52	Orange County V
25	Los Angeles County 1 & Orange County III	53	Los Angeles County 10 & San Bernardino County III
26	Solano County II & Yolo County II	54	Los Angeles County 11
27	Los Angeles County 2	55	Imperial County II & Riverside County V
28	Orange County IV	56	Los Angeles County 12

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.

22. 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.