



**PACIFIC SPECIALTY INSURANCE COMPANY  
STATE OF OKLAHOMA**

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**Underwriting and Rate Guide  
Stand-Alone Earthquake**

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Premium Protection Policy  
Condo Protection Policy  
Renters Protection Policy

Edition 3

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# Pacific Specialty Insurance Company

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## 1. POLICY FORMS AND DWELLING LIMITS

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|--|---|
| <b>A. <u>Premium Protection Earthquake</u></b><br>Dwelling Limits (Coverage A):          | <b>Policy Form EQ-POL(P)</b><br>Available from \$70,000 up to \$5,000,000 |
| <b>B. <u>Condo Protection Earthquake</u></b><br>Personal Property Limits (Coverage C):   | <b>Policy Form EQ-POL(C)</b><br>Available from \$25,000 up to \$250,000   |
| <b>C. <u>Renters Protection Earthquake</u></b><br>Personal Property Limits (Coverage C): | <b>Policy Form EQ-POL(R)</b><br>Available from \$10,000 up to \$100,000   |

## 2. ELIGIBILITY

### A. ALL PROGRAMS

Binding and risk approval authority rests with Pacific Specialty Insurance Company (PSIC). PSIC reserves the right to decline coverage based on individual risk characteristics that represent unacceptable exposures. All dwellings must meet the following criteria in order to be eligible for coverage.

- Concrete slab, basement or solid perimeter foundation
- Bulkheads or Piers, only if they are an integral part of the dwelling structure.
- Dwellings on a Historical Register are ineligible.
- Dwelling is a maximum of three levels or less in height (including the basement)

### B. Seismic Retrofitting Requirements for Limited Building Code Upgrade Coverage

Dwellings must meet the following requirements in order to qualify for Limited Building Code Upgrade coverage:

- a. The dwelling is properly anchor bolted to the foundation (see definition below); and
- b. Cripple walls (see definition below) are braced with plywood or its equivalent; and
- c. The hot water heater is strapped to the building frame (see definition below).

Foundation Bolting – Steel anchor bolts must connect the sill plate (the wood board that lays directly on top of the foundation) to the foundation. Bolts should be placed four to six feet apart.

How to identify if the dwelling is bolted to the foundation. In houses with crawl space, the presence of bolts can be verified by looking underneath the house. In slab on grade foundation, an unfinished room such as a garage is the best place to verify the presence of bolts.

Cripple wall definition – Cripple walls (sometimes referred to as crawl space walls) are short, wood perimeter walls used to elevate the house above ground to allow access to the construction and utility lines or to level a dwelling built on a slope. The height of the cripple wall generally ranges from 14 inches to 4 feet. The interior or exterior faces of cripple walls should be sheathed with plywood. Many newer homes utilize concrete perimeter walls to elevate or level the home. These are not cripple walls. A dwelling built on a flat concrete slab without a crawl space beneath it will not have cripple walls.

How to identify if cripple walls have been braced – The presence of cripple walls can be confirmed by looking around the perimeter of the crawl space. If wood studs are visible, then the cripple walls have not been braced. Braced cripple walls will be completely covered with plywood.

Strapped hot water heater definition – A properly strapped water heater will have at least one metal strap wrapped completely around the water heater and bolted into studs of the dwelling's walls on either side of the water heater. The metal strap used to secure the water heater should be sufficient enough in size to prevent the water heater from toppling during shaking caused by an earthquake.

**C. PREMIUM PROTECTION POLICIES**

Residence types must be individually owned 1-4 family dwellings.

Year of Construction	Foundation Type	Number of Levels (Including basements)
All Years	<ul style="list-style-type: none"> <li>• All types of concrete foundations are eligible.</li> <li>• Bulkheads or Piers, only if they are an integral part of the dwelling structure.</li> </ul>	3

**D. CONDOMINIUM AND RENTERS PROTECTION POLICIES**

Condominium and Rental Buildings

- Construction Type – Wood frame (including wood frame with stucco or exterior veneer) only. All other construction types including steel frame and reinforced concrete constructed after 1984.
- Building Height – Maximum of three stories (Excluding basements).
- Year of Construction, Foundation and Parking

Year of Construction	Foundation and Parking
1985 – Present	Buildings with slab on grade foundations and/or reinforced concrete subterranean, first floor or “tuck under” parking are eligible.
1984 or Prior	Buildings with slab on grade foundations only. Buildings constructed with subterranean, first floor or “tuck under” parking are ineligible.

**3. PRIOR EARTHQUAKE DAMAGE**

All prior earthquake damage must be repaired before the risk will be eligible for coverage. A breakdown of prior damage (amount of loss to the dwelling, other structures, contents, etc.) and proof of repair by a licensed contractor may be required by PSIC.

**4. POLICY TERM**

The inception of the earthquake policy will be at 12:01a.m. Policies will be written for a maximum 12-month term only. An initial term of less than 12-months can only be written to ensure that the policy expiration date coincides with the annual expiration date of another insurance policy held by the named insured. If the term is less than 12-months, the premium (not the fees) will be prorated. The minimum premiums still apply.

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

**5. OTHER INSURANCE**

PSIC earthquake policies may be written only in conjunction with a homeowners or standard dwelling fire policy issued by an admitted insurance company and approved by the insurance regulatory agency for the state in which the risk resides. Insureds who maintain an HO-3 policy or its equivalent, HO-6 policy or its equivalent or dwelling fire coverage for their property, or an HO-4 policy or its equivalent for Renters, are eligible for coverage.

**6. COVERAGE AMOUNT REQUIRED**

- The Coverage A (for dwelling owners) limit of the insured’s homeowners or dwelling fire policy is required as a minimum for the Coverage A limit of the Premium Protection Earthquake policy. Higher limits may be purchased with consideration to potential increases in construction costs after a catastrophic event (commonly referred to as demand surge).

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- The Coverage C (for condominium unit owners) limit of the insured's Condominium (HO-6) or Renters (HO-4) policy is required as a minimum for the Coverage C limit of the Condo Protection Earthquake policy and Renters Protection Earthquake policy, respectively.
- The limits of insurance may be automatically adjusted on the renewal date of the policy based upon a general inflation provision or other replacement cost factors for the insured dwelling.
- It is the responsibility of the producer and insured to ensure that adequate coverage limits are requested and maintained.

### 7. APPLICATION AND BINDING PROCEDURES

A Pacific Specialty Insurance Company ("PSIC") earthquake application must be fully completed online. No coverage will be bound unless all of the following provisions are fully satisfied and approved by PSIC when the application is submitted:

- *All underwriting rules are followed; and*
- *A PSIC application (including any/all necessary disclosures) is fully completed and signed by both the applicant and producer; and*
- *Required premium (or minimum required down payment) accompanies application.*

### 8. CATASTROPHE MANAGEMENT

#### A. SUSPENSION OF BINDING AUTHORITY

When a major earthquake occurs, PSIC (or its representative) may impose binding authority restriction on all agents in the affected area:

- Binding authority will be restricted when an earthquake reading 5.0 or greater on the Richter Scale occurs.
- Binding authority may be restricted for the day of the earthquake and for at least 72 hours following the earthquake.
- 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.
- The restrictions will apply to all counties located within 100 miles of the earthquake's epicenter.
- Renewals are not affected by these restrictions.

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

#### B. MISCELLANEOUS RESTRICTIONS

PSIC, 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.

### 9. INSPECTION FEE, POLICY FEE AND MINIMUM PREMIUMS

An independent inspection firm will be hired to inspect each property on new business. The inspection fee is \$60 per policy (if applicable). The new and renewal policy fee is \$25 per policy. Policy and inspection fees are fully earned and non-refundable.

The annual minimum written premium is \$100. All premiums are rounded to the nearest whole dollar.

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**10. COVERAGES AND AMOUNTS**

**A. Premium Protection, Condo Protection & Renters Protection Earthquake Policies**

The Premium Protection policy contains earthquake coverage for the Dwelling, Other Structures, Personal Property, Loss of Use and other coverages. The Condo Protection Policy contains earthquake coverage for the Dwelling, Personal Property, Loss of Use and other coverages. The Renters Protection Policy contains earthquake coverage for Personal Property and Loss of Use. Below is a brief description of the coverages provided. For a complete description, please refer to the policy.

<b>EARTHQUAKE POLICY COVERAGE SUMMARY</b>			
<b>Coverage Type</b>	<b>Premium Protection</b>	<b>Condo Protection</b>	<b>Renters Protection</b>
Coverage A: Dwelling	Damage to the dwelling structure covered up to the Coverage A limit. Includes sublimits and exclusions for some types of property.	Damage to additions, alterations, appliances, fixtures and improvements which are part of the building unit are covered up to a limit of \$25,000.	Not Covered
Coverage B: Other Structures	Damage to appurtenant structures covered up to 10% of the Coverage A limit. Option to increase coverage up to 50% of Coverage A limit. Includes sublimits and exclusions for some types of appurtenant structures.	Not Covered	Not Covered
Coverage C: Personal Property	Damage to personal property covered up to 50% of the Coverage A limit. Includes sublimits and exclusions for some types of personal property.	Damage to personal property covered up to the Coverage C limit. (Minimum \$25,000; maximum \$250,000.) Includes sublimits and exclusions for some types of personal property.	Damage to personal property covered up to the Coverage C limit. (Minimum \$10,000; maximum \$100,000.) Includes sublimits and exclusions for some types of personal property.
Coverage D: Loss of Use	Loss of Use coverage provided up to 20% of the Coverage A limit or \$25,000 whichever is less.	Loss of Use coverage provided up to a limit of \$2,500.	Loss of Use coverage provided up to a limit of \$2,500.
Coverage E: Building Code Upgrade	Provides coverage for up to \$10,000 if the dwelling meets the definition for earthquake hazard reduction.	Not Covered	Not Covered
Coverage F: Loss Assessment	Provides coverage for up to \$10,000 for loss assessment charged by an association of property owners.	Provides coverage up to \$5,000 for loss assessment charged by a condominium association.	Not Covered
Deductibles	10% deductible which applies separately to Coverage A, B, C & E. No deductibles for Loss of Use or Loss Assessment Coverages. A 2%, 3%, 5% or 7.5% deductible is available for a premium surcharge. A 12.5%, 15%, 17.5% 20% or 25% deductible is available for a premium credit.	10% deductible which applies separately to Coverage A, B, C & E. No deductibles for Loss of Use or Loss Assessment Coverages. A 2%, 3%, 5% or 7.5% deductible is available for a premium surcharge. A 12.5%, 15%, 17.5% 20% or 25% deductible is available for a premium credit.	10% deductible which applies separately to Coverage A, B, C & E. No deductibles for Loss of Use or Loss Assessment Coverages. A 2%, 3%, 5% or 7.5% deductible is available for a premium surcharge. A 12.5%, 15%, 17.5% 20% or 25% deductible is available for a premium credit.

**11. LOSSES INSURED**

**A. Premium Protection Earthquake Policy**

Damage to insured Dwelling (Coverage A), Other Structures (Coverage B) and Personal Property (Coverage C) is insured against direct physical loss caused by earthquake, with certain conditions and exclusions.

**B. Condo Protection Earthquake Policy**

Damage to insured Dwelling (Coverage A) and Personal Property (Coverage C) is covered against direct physical loss caused by earthquake, with certain conditions and exclusions.

**C. Renters Protection Earthquake Policy**

Damage to insured Personal Property (Coverage C) is covered against direct physical loss caused by earthquake, with certain conditions and exclusions.

**12. LOSS SETTLEMENT**

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

**A. Premium Protection Earthquake Policy**

The structures and Personal Property insured under Coverages A and C are settled on a limited replacement cost basis.

**B. Condo Protection Earthquake Policy**

The structures and Personal Property insured under Coverages A and C are settled on a limited replacement cost basis.

**C. Renters Protection Earthquake Policy**

Personal Property insured under Coverage C is settled on a limited replacement cost basis.

**13. UNACCEPTABLE RISKS**

PACIFIC SPECIALTY INSURANCE COMPANY will not accept the following risks:

1. Any risk that does not meet all eligibility requirements outlined in Section 2 (Eligibility) of this manual.
2. Any premises not used for residential purposes.
3. Dwellings constructed out of Adobe.

**14. OPTIONAL COVERAGE**

The following optional coverage and limits is available:

**E. Increased Appurtenant Structures (Coverage B)**

The policy provides a limit of liability for Appurtenant Structures (Coverage B) equal to 10% of Coverage A. The Coverage B amount for Appurtenant Structures can be increased (up to a maximum of 50% of Coverage A). The additional Coverage B limit will be charged the following rates:

Zone	Rate Per \$1,000
1	1.14006
2	1.15329
3	1.17392
4	1.21471

Policies where insured has selected a Coverage B amount equaling 20% of Coverage A or more, will have the sublimit for swimming pools, spas and hot tubs increased to \$25,000. See Endorsement PO1-OK-EQ – Increased Sublimit Coverage.

**15. CHANGES TO POLICY**

Limits (above the minimum) may be increased or decreased (subject to minimum eligibility requirements) during the term of the policy. Additional or return premium shall be computed on a pro rata basis. Amount of \$5.00 or less shall be waived. The return premium shall be returned to the insured upon their request.

NOTE: Change requests received within 72 hours following an earthquake measured in excess of 5.0 on the Richter Scale will not be effective until the conclusion of the moratorium or moratorium extension.

**16. CANCELLATION OF INSURANCE**

Policies may be canceled at the request of the insured at any time. The return premium shall be 100% of the pro rata unearned premium, less the fully-earned fees. No flat cancellations are permitted if coverage has been provided.

**17. ASSIGNMENT**

Assignment of this policy will not be valid without our written consent. You may, without our consent, assign to any person, all or part of a claim after an earthquake loss.

**18. RESERVED FOR FUTURE USE**

**19. CONSTRUCTION CLASSIFICATIONS**

The following construction classifications apply to the program:

**A. Frame**

A dwelling with exterior walls of combustible construction (including walls with metal, stucco or metal lath and plaster on combustible supports) with less than 30% exterior masonry veneer, is classified as frame.

**B. Masonry Veneer**

Exterior masonry veneer is defined as non-supporting brick, stone, or other masonry, except stucco, fastened to a wall of different material.

**C. Masonry**

A dwelling with exterior walls of brick, concrete, concrete block, adobe, tile or other masonry materials is classified as masonry. Please note that homes constructed from adobe are unacceptable under this program.

**D. All Other Construction**

A dwelling that is constructed out of Aluminum, Alum, Asbestos Siding, Cement Fiber Siding, Comp Roll Siding, Stucco on Frame, Plastic/Vinyl Siding and Wood Siding over Frame.