



**Underwriting Guide
Dwelling Fire Program**

STATE OF TEXAS

Edition 1.2

Texas Dwelling Fire Program

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1. POLICY FORMS AND DWELLING / PROPERTY LIMITS

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| A. <u>Basic Dwelling Fire</u>
Dwelling Limits: | Policy Form DP-1
Available up to \$700,000 New Business / \$750,000 Renewals |
| B. <u>Special Dwelling Fire</u>
Dwelling Limits: | Policy Form DP-3
Available up to \$700,000 New Business / \$750,000 Renewals |

2. ELIGIBILITY

One to four family dwellings, occupied by the titled owner or tenant occupied, and used principally for private residential purposes. Seasonal usage and secondary dwellings (such as lake or beach homes) and vacant homes (DP-1 only) are acceptable. The dwelling must be:

1. In good repair and the premises free of debris (must show pride of ownership); and
2. In Protection Class 1-10. If Protection Class 8-10, the following rules apply:
 - There must be an available water supply and the means to fight a fire including a responding fire department or private fire fighting equipment on the premises.
 - The property must have access via an all weather road that will allow fire-fighting equipment to reach the premises.

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

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

3. POLICY TERM

Policies will be written for a maximum 12-month term only. For vacant dwellings, a policy can be written for a 3-month or 12-month term. For all other occupancies, a 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 initial term is less than 12-months, the premium (not the fees) will be prorated. The minimum premiums still apply. The minimum term is three months.

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 approximately 30 days prior to the billing due date. A service fee is added to all installments, but is not applied to the initial, or down, payment. The service fee is \$10 if installments are invoiced and paid manually. The service fee is \$3 if installments are paid electronically using automatic payments.

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 our dwelling fire policy. (For example, flood insurance.)

5. RESERVED FOR FUTURE USE

6. APPLICATION AND BINDING PROCEDURES

All business must be quoted and bound through the rating facility on Pacific Specialty's website (www.PacificSpecialty.com). Please login via the "producers only" link to access the rating facility.

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's 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 residential property application for the type of policy selected must be fully completed and mailed to Pacific Specialty (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:

- A. *All underwriting rules are followed; and*
- B. *A Pacific Specialty application (including any/all necessary disclosures) is fully completed and signed by both the applicant and producer; and*
- C. *Required premium (or minimum required down payment) accompanies application; and*
- D. *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 optional direct bill installment plan 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.

7. CATASTROPHE MANAGEMENT

A. Suspension of Binding Authority

All binding authority is automatically suspended whenever a designated* tropical storm or hurricane is reported to be in the Gulf of Mexico within the intersection of the boundaries of 20° North Latitude and 80° West Longitude along with the appropriate coastal shore.

No applications for new coverage will be accepted. No endorsements of existing policies will be accepted which would 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.

**A "designated" tropical storm or hurricane is a windstorm identified as a tropical storm or hurricane by the U.S. National Weather Service.*

B. General Emergency Restrictions

Pacific Specialty may also establish discretionary restrictions on binding authority during emergency periods of potential floods, mudslides, forest fires, or other natural or manmade disaster emergencies. Agents 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.

C. Miscellaneous Restrictions

Pacific Specialty, 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.

D. Special Windstorm, Hail or Hurricane Rules

In order to manage our exposure to wind/hail/hurricane catastrophe(s), please note that all dwelling fire risks located in Territories 8, 9, 10 or within a TWIA Catastrophe Designated Area in the Cities of La Porte, Morgan's Point, Pasadena, Seabrook and Shoreacres in Territory 1 will have the PO12-TX Windstorm, Hurricane and Hail Exclusion Agreement attached.

8. INSPECTION FEE, POLICY FEE AND MINIMUM PREMIUMS

An independent inspection firm will be hired to inspect each property on both new and renewal business.

For the dwelling fire program, inspections will be performed on new business and renewals. The inspection fee is \$50 per policy. The new and renewal policy fee is \$35 per policy. The inspection fee and policy fee are non-refundable (fully retained).

The annual minimum written premium (excluding fees) is \$200.

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9. COVERAGES AND AMOUNTS

A. Basic Dwelling Policy (DP-1)

The policy contains coverage for the Dwelling, Other Structures, Personal Property (optional), Fair Rental Value and Other Coverages. Below is a brief description of the coverage provided. For a complete description, please refer to the policy.

Policy Form DP-1		
Coverage A: Dwelling	The Described Dwelling	100% of Actual Cash Value
Coverage B: Other Structures	Unattached Other Structures on the Described Location	10% of Coverage A Amount
Coverage C: Personal Property	Personal Property Coverage is Optional	Max. 50% of Coverage A
Coverage D: Fair Rental Value	Fair Rental Value of the Rented Portion of the Described Dwelling	10% of Coverage A Amount
Other Coverages:	Other Structures	10% of Coverage A Amount
	Debris Removal	Incl. in Limit Applied to Damaged Property
	Improvements, Alterations and Additions	10% of Coverage C Amount
	World-Wide Coverage	10% of Coverage C Amount
	Rental Value	10% of Coverage A Amount
	Reasonable Repairs	
	Property Removed	
	Fire Department Service Charge	\$500 Per Occurrence

B. Special Dwelling Policy (DP-3)

The policy contains coverage for the Dwelling, Other Structures, Personal Property (optional), Fair Rental Value, Additional Living Expense and Other Coverages. Below is a brief description of the coverage provided. For a complete description, please refer to the policy.

Policy Form DP-3		
Coverage A: Dwelling	The Described Dwelling	100% of Replacement Cost
Coverage B: Other Structures	Unattached Other Structures on the Described Location	10% of Coverage A Amount
Coverage C: Personal Property	Personal Property Coverage is Optional	Max. 50% of Coverage A
Coverage D: Fair Rental Value	Fair Rental Value of the Rented Portion of the Described Dwelling	10% of Coverage A Amount
Coverage E: Additional Living Expense	Living Expenses for Loss to Described Dwelling	10% of Coverage A Amount
Other Coverages:	Debris Removal	Incl. in Limit Applied to Damaged Property
	Improvements, Alterations and Additions	10% of Coverage C Amount
	World-Wide Coverage	10% of Coverage C Amount
	Reasonable Repairs	
	Property Removed	
	Trees, Shrubs and Other Plants	5% of Coverage A Amount
	Fire Department Service Charge	\$500 Per Occurrence
	Collapse	
	Glass or Safety Glazing Material	

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. Basic Dwelling Policy (DP-1)

Damage to insured's property is insured against loss caused by the following named perils, with certain conditions and exclusions:

- 1A. Fire or Lightning
- 1B. Internal Explosion
2. Windstorm or Hail
3. Explosion
4. Riot or Civil Commotion
5. Aircraft
6. Vehicles
7. Smoke
8. Volcanic Eruption

IMPORTANT: Please be aware the water damage is not covered by the DP-1 policy. If optional liability coverage (CPL or OLT) is purchased, animal liability is not covered.

B. Special Dwelling Policy (DP-3)

Damage to insured Dwelling (Coverage A) and Other Structures (Coverage B) is covered against direct physical loss on an open perils basis, with certain conditions and exclusions. Damage to insured's Personal Property (Coverage C) is insured against loss caused by the following named perils, with certain conditions and exclusions:

1. Fire or Lightning
2. Windstorm or Hail
3. Explosion
4. Riot or Civil Commotion
5. Aircraft
6. Vehicles
7. Smoke
8. Vandalism or Malicious Mischief
9. Damage by Burglars
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

11. LOSS SETTLEMENT

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. Basic Dwelling Policy (DP-1)

Covered property losses are settled at actual cash value (ACV) at the time of loss, but not more than the amount required to repair or replace the damaged property. For an additional charge, limited replacement cost coverage is available for Personal Property.

B. Special Dwelling Policy (DP-3)

The structures insured under Coverages A or B are settled on a limited replacement cost basis. An 80% co-insurance requirement exists and optional Extended Replacement Cost Coverage can be purchased for an additional charge. Personal Property insured under Coverage C is settled on an actual cash value basis. For an additional charge, limited replacement cost coverage is available for Personal Property.

12. SUBMIT FOR APPROVAL

The following risks require prior approval and applications must be submitted unbound:

1. Applicants with no prior insurance during the preceding 30 days (unless a new purchase). Complete details are required.
2. 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).
3. Dwellings or Units with an individual or private party listed as a lender.
4. Risks titled in corporate name or name of business (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.

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13. UNACCEPTABLE RISKS

PACIFIC SPECIALTY will not accept the following risks:

A. UNACCEPTABLE LOCATIONS:

1. Properties that are isolated or inaccessible to fire fighting equipment.
2. Properties located in wavewash, sinkhole, pollution, landslide, mudslide, cave-in, brush (native brush must be cleared 1,000 feet from premises), or forested areas or any area of increased fire hazard.
3. Risks located within 1,000 feet from any seacoast, gulf, bay, or any "1st row" coastal property.
4. Risks located on a barrier island or on any land located south and east of the Intracoastal Waterway.

B. UNACCEPTABLE PROPERTIES:

5. Properties that are more than 20 acres in size.
6. Properties not showing pride of ownership (e.g. premises/dwelling not properly maintained).
7. Properties that do not have a fully functional fire extinguisher located on the premises.
8. Farm or ranch property, including incidental farming or ranching operations
9. Properties with extensive farming or ranching equipment, or barns valued over \$5,000.
10. Properties with abandoned, non-operational, not regularly used vehicles, or where company vehicles are stored.
11. Properties with an above-ground pool valued over \$2,500.
12. Properties with pools, hot tubs, spas or similar structures not completely fenced and fully complying with all city and/or county ordinances.

C. UNACCEPTABLE DWELLINGS:

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, or any dwelling sharing a common wall with another property. 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, although coverage for fire is limited to \$50,000 unless firewalls exist between all units and the appropriate townhouse and row house rating factors are applied (no more than one unit per policy).
14. Dwellings with more than three (3) stories.
15. Dwellings not insured to 100% of replacement cost. A 3% annual inflation guard adjustment will be made to the Coverage A limit 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.
16. Dwellings not on a permanent or solid foundation.
17. 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.
18. Dwellings with electrical, plumbing or heating systems in poor condition.
19. Dwellings with tin, foam (except polyurethane foam systems), corrugated, tar or wood (other than cedar shake) roofing, regardless of condition, or metal or copper roofs in poor condition.
20. Dwellings with roofs in poor condition will be subject to 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 certified hail or impact resistant roofs in excellent condition.
21. Dwellings with permanently installed space heaters, unless professionally installed.
22. Dwellings that have a main source of heat that is not permanently installed and thermostatically controlled. Dwellings with wood, coal or kerosene stoves are acceptable as long as the stove is not the primary heat source (see Submit rules in Section 12 regarding wood stoves).
23. Dwellings of unusual or irreplaceable construction or cantilevered construction.
24. Dwellings where construction was done by owner, unless a professional licensed contractor, including wiring, heating and plumbing.
25. Dwellings undergoing extensive remodeling, renovation or construction affecting habitability.
26. 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.
27. Dwellings with bars over windows, unless quick release.
28. Dwellings without copper wiring or with any fuse(s) providing power to any portion of the dwelling.

29. Dwellings that do not have the minimum number of smoke alarms as required by law.
30. Dwellings that do not have deadbolts on all standard doors that provide access to the dwelling and/or garage.
31. Risks without copper piping unless the Water Damage Exclusion for Plumbing endorsement (Form PM6) is attached to the policy, or unless the dwelling has either galvanized steel, polyvinyl chloride (PVC), or cross-linked polyethylene (PEX) plumbing in good condition. 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 (Form PM6) attached. Risks with copper plumbing systems must utilize copper plumbing for 100 percent of the pressurized portion of the plumbing system, with the exception of drainage systems (such as under a sink) to qualify for the copper plumbing discount. **This underwriting rule does not apply to DP-1 risks, or to plumbing outside the dwelling, or to exterior landscape or irrigation systems.**

D. UNACCEPTABLE RISKS:

32. Risks (applicant and/or dwelling) with losses paid in excess of \$2,500 within the last 12 months or losses paid in excess of \$5,000 within the last 24 months or where there are three or more claims within the last 12 months, however, in accordance with Rule 21.1007 of the Texas Administrative Code, this rule does not apply to mold losses that have been fully remediated or to the first two water-related appliance claims, or the first water-related loss that has been fully remediated.
33. Risks with repetitive similar cause losses.
34. Risks with a history of non-pay cancellations with Pacific Specialty – more than two non-pay cancellations in a three-year period.
35. Risks where the named insured does not have legal title to the land upon which the insured dwelling is located.
36. Risks with properties owned by well-known personality (entertainer, professional athlete, etc.). This rule does not apply to elected officials.
37. Risks where the titled owner does not reside full time. *This underwriting rule does not apply to Tenant-Occupied, Vacant or Seasonal risks.*
38. Risks where space is rented in exchange for money, goods, or services to any other person for any purpose. *This underwriting rule does not apply to Tenant-Occupied risks.*
39. Dwellings occupied as rooming houses, fraternities, sororities, student housing or other similar types of occupancies.
40. Risks with any type of business (including childcare provided to unrelated individuals for compensation), trade or illegal activity on the premises. 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. Churches or non-profit organizations.
42. Corporate or Business owned Risks or any Risk titled in 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.
43. Risks where the applicant has had foreclosure proceedings initiated against an owned property anytime within the last three (3) years.
44. Risk where the applicant has had foreclosure proceedings initiated against an owned property anytime within the last three (3) years or where occupant in possession is adverse to owner. Dwellings purchased at, from, or through foreclosure, bank or trustee sale are acceptable as long as a copy of the property inspection report is provided to the producer and/or Company and made part of the application. Applicant and Producer must confirm condition of risk comports with all the underwriting guidelines and prohibited risks.
45. Dwellings or Units with an individual or private party listed as the first or primary lender.
46. Risks that have more than two mortgages.
47. Risks with more than two unrelated individuals on the deed of trust. (If more than two related individuals are on the deed of trust the risk may be submitted on an approval basis only. Complete details as to the relationship and reason for the multiple names must be submitted.) *This underwriting rule does not apply to Tenant-Occupied risks.*

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48. Risks with other insurance in force, except insurance that covers perils not insured by this policy.
49. Risks with four or more named insureds where liability coverage is desired in excess of \$25,000.
50. Animal Liability Coverage is optional. If purchased, coverage for the following dogs and animals is excluded:
 - a. Pit Bulls, Doberman Pincers, Rottweilers, German Shepherds, Chows, Akitas, 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 risk where previous dog bite history exists; or
 - c. Farm animals, or exotic or unusual pets, including but not limited to horses, cows, sheep, goats, chickens, snakes, etc.
51. A trust as a Named Insured (trusts should be listed as an Additional Insured).
52. A trust as an Additional Insured when the Named Insured is not a trustee or beneficiary.

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14. OPTIONAL COVERAGES AND LIMITS

The following optional coverages and limits are available:

A. Deductibles

The dwelling fire policy comes with a \$1,000 base deductible for all perils and covered losses other than wind and hail. The following optional deductibles are also available.

Deductible	Premium Adjustment
\$500	10%
\$1,000	Base
\$1,500	-5%
\$2,500	-15%
\$5,000	-20%

Endorsement PM11, Increased Deductible for Loss or Damage Caused by Tenants, is attached to all tenant-occupied policies and increases the policy deductible to \$2,500 for tenant caused damage that is the result of a deliberate act or abuse of the property, unless the selected policy deductible is greater than \$2,500.

A deductible for wind and hail applies to all dwelling fire policies. The wind and hail deductible can be combined with the policy deductible for the rates listed in the chart below.

Windstorm or Hail Deductible	Premium Adjustment	Premium Adjustment if also applied as Policy Deductible
1%	10%	7%
2%	0%	-9%

If separate policy and windstorm or hail deductibles are selected, the windstorm or hail deductible cannot be less than the policy deductible.

Wind and hail coverage is automatically excluded in Territories 8, 9, 10 or within a TWIA Catastrophe Designated Area in the Cities of La Porte, Morgan’s Point, Pasadena, Seabrook and Shoeacres in Territory 1 (See Section F- Optional Coverages and Limits). The minimum allowable wind and hail deductible in Territories 1 & 11 is 2%.

IMPORTANT: PLEASE REVIEW “CATASTROPHE MANAGEMENT” SECTION OF THIS MANUAL FOR DEDUCTIBLE RESTRICTIONS.

B. Extended Replacement Cost Coverage for Residence – (DP-3 Only)

For special dwelling fire policies, 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 Charge
8%

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 the covered dwelling by \$5,000 or more and pay the appropriate premium.

ATTACH: Form PO44, Extended Replacement Cost Coverage – 125%

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C. Personal Property

Personal property coverage is not included with the base premium for dwelling fire policies. Coverage C for personal property can be purchased, up to a maximum of 50% of Coverage A, at a rate of \$3.00 per thousand (\$1,000) in coverage.

Losses for personal property are settled on an actual cash value basis, unless an additional 10% replacement cost surcharge is applied to the Coverage C amount. This optional replacement cost coverage applies only to, and is only available for, Coverage C (Personal Property).

D. Optional Personal Liability Limits

Limit	Single Unit	Multi-Unit
\$25,000	\$50	\$96
\$50,000	\$78	\$118
\$100,000	\$85	\$132
\$300,000	\$109	\$167
\$500,000*	\$132	\$202

***IMPORTANT:** \$500,000 liability limit is only available for the following:

- Any DP-3 policy; or
- A DP-1 policy covering rental unit(s) and that are covered by a Pacific Specialty Personal Umbrella Policy.

When optional personal liability coverage is purchased, medical payments coverage with limits of \$250 per person and \$5,000 per occurrence is included. Animal liability is excluded on all risks, unless optional Animal Liability Coverage is purchased (see below). Liability arising from trampolines or swimming pool slides or diving boards is excluded on all risks.

ATTACH:

- Owner-Occupied or Seasonal Properties: Form No. PO1, Comprehensive Personal Liability
Form No. PM18, Trampoline Exclusion
Form No. PM19, Diving Board and Slide Exclusion
- Tenant-Occupied Properties: Form No. PO2, Owner's, Landlord's & Tenant's Liability
Form No. PM18, Trampoline Exclusion
Form No. PM19, Diving Board and Slide Exclusion
- Vacant Properties: Form No. PO46-TX, Premises Liability
Form No. PM18, Trampoline Exclusion
Form No. PM19, Diving Board and Slide Exclusion

E. Optional Animal Liability Coverage

Animal liability coverage is not included, unless purchased and listed separately on the declarations page with a limit and associated premium charge. Personal liability coverage must also be purchased. This coverage is identified as "E1 Animal Liability." See underwriting guidelines regarding limitations of this coverage.

Limit*	Premium
\$25,000	\$13
\$50,000	\$20
\$100,000	\$50

**Selected limit cannot exceed personal liability limit.*

- ATTACH:
- If Animal Liability Coverage is not selected: PM2, Animal Liability Exclusion
 - If Animal Liability Coverage is selected: PO14, Limited Animal Liability Coverage

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F. Windstorm, Hurricane and Hail Exclusion

Dwelling fire policies written in Territories 8, 9, 10 or within a TWIA Catastrophe Designated Area in the Cities of La Porte, Morgan's Point, Pasadena, Seabrook and Shoecres in Territory 1, or in any Catastrophe Designated Area will be issued with a mandatory Windstorm, Hurricane and Hail Exclusion Agreement attached. A 20% credit will be applied to the base premium.

ATTACH: Form No. PO12-TX, Windstorm, Hurricane and Hail Exclusion Agreement; or

G. Vandalism and Malicious Mischief Coverage

For a rate of \$2.00 per thousand (\$1,000) in coverage on vacant dwellings, vandalism and malicious mischief can be added to Coverage A (Dwelling). If selected, this coverage must be purchased for 100% of the dwelling limit.

H. Addition of Named Peril of Theft

For a rate of \$2.00 per thousand (\$1,000) in coverage, theft can be added as a named peril insured against for optional personal property coverage (Coverage C) for full-time owner-occupied units only. If selected, this coverage must be purchased for 100% of the personal property limit. Theft coverage is subject to a minimum charge of \$45.00.

ATTACH: Form No. PO3, Optional Theft Coverage for Full-Time Owner Occupied Dwellings

I. Mold, Fungi, Bacteria or Other Microbes

The DP-1 and DP-3 dwelling fire policies do not provide coverage for mold, fungi, bacteria or other microbes, unless that coverage is purchased separately and added to the policy. This is an optional coverage, with available limits of either 25% or 50% of the policy's Coverage A (dwelling) limit. The rates for this coverage are based on the location of the dwelling, as indicated below. The surcharge is applied to the basic premium.

Rating Territory	25% of Coverage A (Dwelling) Limit	50% of Coverage A (Dwelling) Limit
1, 8	49%	65%
2, 3	28%	39%
4, 7, 12, 14, 15C, 15N, 16C, 16N, 16S, 17, 18, 19C, 19N, 20	24%	33%
5, 13	31%	43%
10, 11	52%	71%
6, 9	61%	82%

ATTACH: Form No. PO7, Mold Remediation Coverage

J. Increased Other Structures (Coverage B) (10% included in package):

For DP-1 policies, 10% of the Coverage A (Dwelling) limit may be used for Coverage B (Other Structures). This included amount is not additional insurance. Additional Coverage B may be purchased for DP-1 policies up to 65% of the Coverage A limit. Any additional amount purchased is treated as additional insurance.

For DP-3 policies, Coverage B (Other Structures) is included as additional insurance with a limit equal to 10% of your Coverage A (Dwelling) limit. Additional Coverage B may be purchased up to a total of 75% of your Coverage A limit.

	Coverage A – Rates Per \$1,000	
	Protection Classes 1 – 7	Protection Classes 8 - 10
Owner Occupied or Seasonal	\$3.30	\$6.00
Tenant Occupied or Vacant	\$4.40	\$7.70

K. Townhouses and Row Houses

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A dwelling fire 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 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 8 individual family units per building. Only one individual family unit may be insured by any one policy (ie. The entire building cannot be insured by one policy). Townhouse or row house rating factors apply.

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 that meets applicable building codes, whichever is greater.

ATTACH: Form PO38, Townhouse Firewall Limit

L. 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: Form PM27, Additional Insured – Property Policies
Form PM28, Property Held By Legal Entity

M. Identity Theft Coverage (Available for Owner Occupied Dwellings Only)

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: Form PO42

For an additional charge of \$40, Identity Theft with ID Alert Coverage can be added to the policy. This coverage offers the same benefits of Identity Theft Coverage 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: Form PO43

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15. PREMIUM CREDITS AND SURCHARGES

All credits and surcharges are to be computed from the basic premium only. The maximum overall credit for all credits and discounts combined is -50%.

A. Dwellings with Less Than a 3-Foot Setback from Property Line (Row Houses Included)

20% Surcharge to Basic Premium

B. Multi-Policy Discount

If the insured has another in force personal lines policy with Pacific Specialty or an affiliated insurer, a 5% premium credit will be allowed. This credit will apply to the base premium for the policy and is available for all programs. This credit will be discontinued if/when the other policy(ies) lapse.

C. Age of Dwelling Credit

Age of Dwelling	Credit
0 (New)	20%
1	18%
2	16%
3	14%
4	13%
5	12%
6	10%
7	8%
8	6%
9	4%
10	2%

D. Burglary / Fire Protection Credit

Central Alarm Service	Credit
(CR -1) Burglary Only	5%
(CR -2) Fire Only	5%
Both	10%

To qualify for this credit, the alarm must be a full perimeter or motion detection system connected to a remote 24-hour central station service, or police and fire department.

A copy of the current insured central station subscription certificate must be submitted with application, indicating type of protection.

E. Multi-Family Units Surcharge

Maximum of 4 units. Surcharge applies to base premium as indicated below:

- For 2 units/families..... Surcharge base rate 10%
- For 3 or 4 units/families..... Surcharge base rate 20%

F. Wood Burning Stove Surcharge

Surcharge base rate 10%, subject to a minimum charge of \$50. Must submit Form PU1, Wood Burning Stove Inspection Report with application.

G. Masonry Discount

A 5% credit will be applied to the basic premium for brick and brick veneer dwellings.

H. Transfer Discount

For new business only, a 10% credit to the basic premium will apply to the policy if the Named Insured on the policy has had continuous property insurance for the past nine (9) months for the same dwelling or unit. Proof of continuous property insurance is required. This discount will be reduced to 5% at the first policy renewal, and will be removed thereafter.

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I. Claim Record Rating Plan

The following adjustments will apply based on the insured's claim history and consecutive years insured with the company:

Consecutive Years Insured with Pacific Specialty	Number of Qualified Paid Claims in the Last 3 Years				
	0	1	2	3	4+
0	0%	+10%	+30%	+45%	+85%
1	-5%	0%	+30%	+45%	+85%
2	-5%	0%	+25%	+45%	+85%
3	-10%	-5%	+20%	+45%	+85%
4	-10%	-5%	+15%	+40%	+85%
5 - 8	-15%	-10%	+10%	+35%	+85%
9+	-20%	-10%	0%	+30%	+85%

(a) **Consecutive Years Insured with Pacific Specialty**

The years with Pacific Specialty are determined by the number of consecutive years (ending with the current renewal date) the policyholder or spouse has had a Pacific Specialty Homeowners, Renters, Condominium or Dwelling and Fire policy covering their primary dwelling or contents.

If a policy is reinstated, the number of consecutive years with Pacific Specialty applying at the time of cancellation or expiration will be used, provided the reinstatement occurs within three years. (The period of time away from Pacific Specialty does not apply.)

(b) **Number of Qualified Paid Claims in the Last 3 Years**

The number of claims is determined by the number of qualified paid claims the policyholder has had in the last 3 years (ending 3 months prior to the current renewal effective date). A qualified claim is considered to be any non-catastrophe or non-weather related claim, which results in a net paid loss during this 3-year period. Qualified claims do not include claims for water damage due to a household appliance, or claims for mold damage that have been fully remediated, in accordance with Section 21.004 of the Texas Administrative Code. Losses which only have payments under Medical Payments coverage are also NOT considered to be qualified claims.

J. Copper Plumbing Discount (DP-3 Only)

Age of Plumbing	Credit
1-10 years	5%
11-20 years	4%
21-30 years	3%
31-40 years	2%
41 years & Over	1%

The copper plumbing discount is applied to DP-3 policies when all pressurized pipes (excluding exterior landscape irrigation systems) are copper. Endorsement PM7, Copper Plumbing Agreement, is attached whenever the discount is applied.

If the plumbing is not copper, galvanized steel, cross-linked polyethylene (PEX), or polyvinyl chloride (PVC), the policy will have endorsement PM6, Water Damage Exclusion for Plumbing, attached (**please note that this coverage cannot be added mid-term**).

ATTACH:

- Form PM6, Water Damage Exclusion for Plumbing (if plumbing is not copper, galvanized steel, PEX or PVC); or
- Form PM7, Copper Plumbing Agreement (if discount is applied).

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.

18. CANCELLATION OF INSURANCE

No flat cancellations will be processed after the effective date of the policy.

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, less the fully-earned fees.

19. TRANSFER OR ASSIGNMENT

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

Assignment of insurance under the policy is not allowed.

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20. TERRITORIAL ZONES

Territory	County(ies)
1	Harris
2	Dallas
3	Tarrant
4	Collin, Denton, Rockwall
5	Bexar
6	Travis
7	El Paso
8	Galveston
9	Nueces
10	Aransas, Brazoria, Calhoun, Cameron, Chambers, Jefferson, Kenedy, Kleberg, Matagorda, Refugio, San Patricio, Willacy
11	Bee, Brooks, Goliad, Hardin, Hidalgo, Jackson, Jim Wells, Liberty, Live Oak, Orange, Victoria, Wharton
11A	Fort Bend
12	Bandera, Dimmit, Edwards, Frio, Kerr, Kinney, La Salle, Maverick, Medina, Real, Uvalde, Val Verde, Webb, Zapata, Zavala
12A	Atascosa, Duval, Jim Hogg, McMullen, Starr
13	Bastrop, Bell, Blanco, Brazos, Burlason, Burnett, Caldwell, Comal, Coryell, Falls, Fayette, Gillespie, Gonzales, Guadalupe, hays, Kendall, Kimble, Lampasas, Lee, Llano, Mason, Menard, Milam, Robertson, San Saba, Washington, Williamson, Wilson
13A	Austin, Colorado, Dewitt, Karnes, Lavaca
14	Anderson, Angelina, Cherokee, Ellis, Freestone, Gregg, Grimes, Henderson, Houston, Leon, Limestone, Madison, Nacogdoches, navarro, Panola, Rusk, Sabine, San Augustine, Shelby, Smith, Trinity, Walker
14A	Jasper, Montgomery, Newton, Polk, San Jacinto, Tyler, Waller
15C	Brewster, Crockett, Culberson, Hudspeth, Jeff Davis, Loving, Pecos, Presidio, Reeves, Schleicher, Sutton, Terrell
15N	Andrews, Coke, Crane, Ector, Glasscock, Howard, Irion, Martin, Midland, Mitchell, Nolan, Reagan, Sterling, Tom Green, Upton, Ward, Winkler
16C	Bosque, Brown, Comanche, Eastland, Erath, Hamilton, Hill, Hood, Johnson, Mills, Somervell
16N	Callahan, Coleman, Concho, McCulloch, Runnels, Taylor
16S	McLennan
17	Bowie, Camp, Cass, Delta, Fannin, Franklin, Grayson, Harrison, Hopkins, Hunt, Kaufman, Lamar, Marion, Morris, Rains, Red River, Titus, Upshur, Van Zandt, Wood
18	Bailey, Borden, Briscoe, Castro, Childress, Cochran, Cottle, Crosby, Dawson, Dickens, Fisher, Floyd, Gaines, Garza, Hale, Hall, Hockley, Kent, King, Lamb, Lubbock, Lynn, Motley, Parmer, Scurry, Stonewall, Swisher, Terry, Yoakum
19C	Cooke, Jack, Montague, Palo Pinto, Parker, Stephens, Wise, Young
19N	Archer, Baylor, Clay, Foard, Hardeman, Haskell, Jones, Knox, Shackelford, Throck-Morton, Wichita, Wilbarger
20	Armstrong, Carson, Collingsworth, Dallam, Deaf Smith, Donley, Gray, Hansford, Hartley, Hemphill, Hutchinson, Lipscomb, Moore, Ochiltree, Oldham, Potter, Randall, Roberts, Sherman, Wheeler

21. CONSTRUCTION CLASSIFICATIONS

A. Frame

Outer walls of frame; iron clad; sheet aluminum or aluminum siding on wood; composition siding; and asphalt covered biberboard.

B. Stucco

Outer walls of stucco; asbestos board; rigid asbestos; and hard cement type sidings.

C. Brick Veneer

Outer walls of brick-veneer or stone-veneer.

D. Brick

Outer walls of solid masonry; brick; stone; concrete; adobe; HTB; HT; hollow masonry units; ICM and ICMS.

For risks with mixed construction, the predominant construction shall be the construction comprising over 50% of the total exterior wall area (excluding gables). For risks with more than two (2) constructions, the predominant construction shall be the construction comprising the majority of the total exterior wall area (excluding gables).

22. FIRE PROTECTION DEFINITIONS

Protection Class	Code
1	1
2	2
3	3
4	4
5	5
6	6
7	7
8	8
8B	B
9	9
10	A

Determination of Public Protection Class

The Public Protection Classes approved by the Texas Department of Insurance and listed in the Public Protection Class Manual apply to risks insured under Texas Residential Property Programs.

- A. The approved protection class indicated in the manual shall apply to a municipality or classified area where a uniform class of fire protection is available. (5,6,7 etc.)
- B. In a municipality or classified area where two or more approved classifications are shown (i.e. 6/9), the classification code shall be determined as follows:

Distance to Responding Fire Station	Class
5 road miles or less with hydrant within 1,000 feet	Use first protection class listed in manual (e.g. 6/9 would use Class 6)
5 road miles or less with hydrant beyond 1,000 feet	Class 9
Over 5 road miles	Class 10

- C. All other properties are Class 10.

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23. FORMS

COVERAGE FORMS							
Form Number	Edition	Title	Source	Program Applicability	(M)andatory / (O)ptional	(D)ynamic / (S)tatic	Program Code
DP-1	Ed. 3	Basic Dwelling Fire	PSIC	DP-1	M	S	TX1C/TXVC
DP-3	Ed. 3	Special Dwelling Fire	PSIC	DP-3	M	S	TX3C
<i>NOTE: All Coverage Forms will include "Consumers Bill of Rights for Homeowners, Dwelling & Renters Insurance"</i>							
ENDORSEMENTS							
Form Number	Edition	Title	Source	Program Code	(M)andatory / (O)ptional	(D)ynamic / (S)tatic	Coverage Code
PM1-TX-DP	Ed. 3	Texas Amendatory Endorsement for DP-1 and DP-3 Policies	PSIC	All	M	S	
PM2	Ed. 1	Animal Liability Exclusion	PSIC	All	O	S	E1
PM3	Ed. 1	Occupancy Endorsement <i>(Primary Residence Only)</i>	PSIC	All	O	S	CO
PM4	Ed. 1	Satellite Dish Exclusion	PSIC	All	M	S	
PM5	Ed. 1	Roof for Fire and Lightning Only	PSIC	All	O	S	X
PM6	Ed. 2	Water Damage Exclusion for Plumbing	PSIC	TX3C	O	S	PM6
PM7	Ed. 1	Copper Plumbing Agreement	PSIC	TX3C	O	S	PM7
PM9-TX	Ed. 1	Mold Exclusion	PSIC	All	M	S	
PM11	Ed. 3	Increased Deductible for Loss or Damage Caused by Tenants	PSIC	All	O	S	CR
PM12	Ed. 1	Windstorm or Hail Deductible	PSIC	All	M	S	CR5
PM13-TX-DP	Ed. 1	Residential Community Property Exclusion for DP-1 & DP-3 Policies	PSIC	All	M	S	
PM18	Ed. 1	Trampoline Exclusion	PSIC	All	M	S	P18
PM19	Ed. 1	Swimming Pool Diving Board and Slide Exclusion	PSIC	All	M	S	P19
PM20	Ed. 2	Inflation Guard	PSIC	All	M	S	
PM27	Ed. 1	Additional Insured - Property Policies	PSIC	All	O	S	AI
PM28	Ed. 1	Property Held by Legal Entity	PSIC	All	O	S	LLC
PM30	Ed. 1-40F	Vandalism and Malicious Mischief Coverage for Vacant Homes	PSIC	TXVC	M	S	
PO1	Ed. 1	Comprehensive Personal Liability Coverage	PSIC	All	O	S	G
PO2	Ed. 1	Owner's, Landlord's and Tenant's Liability Coverage	PSIC	TX1C/TX3C	O	S	I
PO3	Ed. 1	Theft Coverage for Full-Time Owner-Occupied Dwellings	PSIC	TX1C/TX3C	O	S	C0
PO7	Ed. 1	Mold Remediation Coverage	PSIC	All	O	S	M25/M50
PO12-TX	Ed. 1	Windstorm, Hurricane or Hail Exclusion	PSIC	All	O	S	CR4
PO14	Ed. 1	Limited Animal Liability Coverage	PSIC	All	O	S	E1E
PO38	Ed. 1	Townhouse Firewall Limit	PSIC	All	O	S	AFW
PO42	Ed. 1-40F	Identity Theft Expense and Resolution Coverage	AON	TX1C/TX3C	O	S	I1
PO43	Ed. 1-40F	Identity Theft Expense and Resolution Coverage with ID Alert	AON	TX1C/TX3C	O	S	I2
PO44	Ed. 1	Extended Replacement Cost Coverage - 125%	PSIC	TX3C	O	S	AE
PO46-TX	Ed. 1-40F	Premises Liability Coverage	PSIC	TXCV	O	S	E
MISCELLANEOUS							
Form Number	Edition	Title	Source	Program Applicability	(M)andatory / (O)ptional	(D)ynamic / (S)tatic	
PU1	Ed. 1	Wood Burning Stove Inspection Report	PSIC	All	O	D	
MCCL0066TX		Policy and Claims Confirmation	PSIC	All	O	D	