



Personal Lines

Homeowners

Website 11/11



SECTION 1: Underwriting Philosophy

California Mutual seeks "Preferred Business". Our homeowners program offers attractive pricing and comprehensive coverages-

- a. **Credits up to 50%**
- b. **Free ID theft coverage**
- c. **Extended replacement cost at 150%.**
- d. **Ordinance or law coverage included (see below)**

The criteria for the selection of above average properties are broad enough to attract a high percentage of 1-family type properties.

- **Coverage A- up to \$800,000**
- **Protection Classes- 1-7**
- **Brush- 2,500 ft or more**
- **Elevation- 2,500 ft or less**
- **Lot size up to 1 acre**

The property should meet or exceed the following criteria:

Pride of Ownership of Tenancy - The condition of the property should be neat and clean resulting in good housekeeping measures.

Environmental Similarity - Risk should not differ in any significant degree from the other structures within the neighborhood. Residential structures should be located within residential areas.

Insurance to Value - The amount of insurance requested should favorably compare to the values established by CMIC replacement cost valuation, e2Value. See CDI rules on using replacement cost systems. Coverage A Limits: up to \$800,000; Coverage E Limits: up to \$500,000.

Good Location - Should be on relatively level ground and not be isolated. The protection class should be PC 1-7. Brush- greater than 2,500 feet , Elevation less than 2,500 feet.

Construction to Code - Construction should be of a conventional nature.

Single Occupancy - The occupancy should be only 1 family (property must be owner-occupied).

Fire Protection – The protection class should be 1 to 7.



California Mutual Insurance Company Homeowners Program

HO 00 03 SPECIAL FORM – BASIC LIMITS FOR SINGLE FAMILY DWELLINGS

Coverage A	Dwelling	\$800,000 max
Coverage B	Other Structures	10% of Coverage A
Coverage C	Personal Property	50% of Coverage A*
	Worldwide Personal Property in Other Residences	10% of Coverage C with \$1,000 min.
Coverage D	Loss of Use	30% of Coverage A*

Note:

When Dwelling Coverage A is increased, there is an automatic proportional increase in Coverages B, C, and D. For an additional premium, Coverages B, C, and D may be increased independently of Coverage A.

* When coverage for **Replacement Cost Composite (RCC)** is added, **Coverage C shall be 70%** of Coverage A and **Coverage D shall be 40%** of Coverage A (HO 00 03 only).



ELIGIBILITY FOR FORM HO 00 03 (HOMEOWNERS SPECIAL FORM):

ALL DWELLINGS MUST BE INSURED TO 100% OF REPLACEMENT COST.

- a. A dwelling occupied by the owner, used for private residential purposes.
- b. For occupancy of a dwelling under a life estate arrangement, the owner's interest in the building and premises liability may be covered by using Additional Insured Endorsement form HO41.
 1. The premises is occupied principally for dwelling purposes
 2. And there is no other business conducted on the premises

All submissions must be accompanied by e2Value and risk meter report (if near brush area).



RATING - SPECIAL CREDITS AND ENDORSEMENTS

TOTAL CREDITS ARE CAPPED AT 50%.

NEW HOME AND NEW LOAN CREDIT –

<u>New Home Credits*</u>	<u>New Loan Discount</u>
1st year – 25%	1st year – 10%
2nd year – 22%	2nd year – 7%
3rd year – 19%	
4th year – 16%	
5th year – 13%	
6th year – 10%	
7th year – 7%	
8th year – 4%	

*** Note: The New Home Credit and New Loan Credit can be combined if a risk qualifies for both credits. New loan credit applies to new loans on new purchases. Refinancing, equity loans and second mortgages do not apply.**

NON-FLAMMABLE ROOF CREDIT- 5%

Any home which has a non-flammable roof covering 100% of the dwelling and attached appurtenant structures is eligible for a 5% Protective Devices credit. A non-flammable roof is one which is of metal, slate, clay tile, or concrete composition.

CLAIM FREE/STABILITY TRANSFER CREDIT- 10%

A policy which has no more than one claim of less than \$500 total payment during the immediate rolling 3-year period, or a new policy with proof of no claims during the preceding 3-year period, while insured with one company through the same agency, is eligible for a 10% credit. The credit remains in place until the renewal following the occurrence of a claim on the policy. The effect of the claim is as follows:

A claim of over \$500: the credit is removed.

The credit is restored when the rolling 3-year period has no more than one claim of less than \$500.

Any weather related, catastrophe and medical payment claim will not be considered as a claim under this credit.



PROTECTIVE DEVICES –

Local fire, smoke and/or burglary systems	2%*
Fire or Police Station hookup – burglary and/or fire	3%
Central Station – burglary and/or fire	5%
Automatic Sprinklers – all areas except attic, closet and bathroom	7%
Automatic sprinklers – all areas	10%
Gated community Fully Secured gate (Manned)	12%
Partially Secured gate (Unmanned)	7%

*All homes are to be credited for local fire/smoke alarms (per CDI)

DEDUCTIBLE CREDIT –

A flat deductible applies to all Section I perils. No deductibles apply to Section II coverages. Minimum deductible is \$500.

The deductible may be increased as follows:

\$ 500.00	10% Credit
\$1,000.00	20% Credit
\$2,500.00	30% Credit



RISKS WHICH DO NOT MEET UNDERWRITING GUIDELINES

The following conditions will make property not fall within U/W guidelines:

- Properties with two *or more* losses within the last 3 years
- Dwellings built prior to 1950
- Dwellings over 5,000 sq. feet living space
- Dwellings without an integrally installed central heating system are not acceptable. Exceptions to this are permanently installed wall furnace or heating systems with individual room or zone control, if installed to existing codes. **(Dwellings using a wood stove as a primary heat source are not acceptable.)**
- Secondary dwellings are not desired but may be written on an exception basis, but only if supported by the primary residence being insured with this Company and must follow same U/W guidelines as a principal residence.
- Risks that are located in the following areas are not acceptable.
 1. Within 2,500 feet of brush areas.
 2. 2,500 feet or higher in elevation.
 3. PC classes 8-10
 4. Subject to wave wash or flood.
- Properties with unusual liability exposures or attractive nuisances. Examples would be unfenced swimming pools; temperamental or unusual animals, skateboard/bicycle ramps, trampolines or abandoned vehicles.
- Dwellings originally constructed for something other than habitation purposes.
- Dwellings requiring a Course of Construction policy.
- Dwellings with aluminum wiring or galvanized plumbing.



UNUSUAL HAZARDS LIST

Risks that include the following hazards are **not** an acceptable Homeowners risk and may not be written.

- Duplexes, Condominiums, Townhouses or any dwelling sharing a common wall or roof line with another.
- Risks with swimming pools that have a diving board and/or slide.
- Risks that have aggressive dogs or breeds of dog that are known to have aggressive tendencies. Examples include -- but are not limited to -- **Pit Bulls, Doberman Pinschers, Rottweilers, Bull Mastiffs, Akitas, Chows, and Wolf Hybrids.**
- Homes that are more than two stories in height or are more than two levels.
- Risks that are modular or mobile homes.
- Risks which house horses or have livestock.
- Risks which are built on more than 1 acre.
- Risks that are less than 1,000 feet from an ocean.
- Risks built on a slope or built on a waterfront.
- Risks that are vacant or otherwise unoccupied.
- Risks that are located in commercial areas or areas that is in transition from single-family to multiple residential or commercial.
- Dwellings occupied with multiple families
- Risks with physical security devices such as window guards, spikes or barbed wire on fences, etc. Exception: window guards with "pop outs".
- Homes built on known unstable soil (sink hole exposure or on filled land).
- Risks which are in foreclosure proceedings.
- Isolated properties e.g not visible to neighbors, set back from the property line compared to neighborhood , and protection class 8 - 10
- Properties requiring specialized construction techniques, i.e.: log cabins, geodesic domes.
- Risks with incurable obsolescence, or unconventional design or construction, which make replacement difficult.
- Structures utilizing a wood stove as the primary heating source.
- Risks purchased from foreclosure or short sale
 - a. Requires inspection document to verify any existing damage
 - b. Requires Underwriter approval
- Properties with evidence of careless maintenance, housekeeping, inadequate electrical wiring or plumbing systems not conforming to current code requirements.



OLDER HOME GUIDELINES

Generally speaking, homes that are over 35 years old require some extra T.L.C. Homes over 35 years of age must meet the following conditions:

- Roof:** A roof that is in good condition . If repaired or replaced, please provide date of completion and an explanation. (Indicate if this is repairs only or full replacement.)
- Electrical:** Electrical circuits that are in good condition and are on modern circuit breakers, not fuses. If replaced or updated, please give date and extent of work done.
- Plumbing:** Copper or plastic pipes and modern fixtures that are in good condition. If replaced or updated, please provide date and extent of work done.
- Heating:** A thermostatically-controlled heating system. If the system has been replaced or updated, please provide the date of completion and extent or work done.

Note: Homes must be up-to-code. An Older Home Questionnaire must be completed and submitted with the application.

Age Group Factor

Homes built 35 or more years ago are surcharged as follows:

Age of dwelling/surcharge

35 years –	3%
36 years –	6%
37 years –	9%
38 years -	12%
39 years –	15%
40 years –	18%
41 years –	21%
42 years –	24%
43 years –	27%
44 years -	30%



Any home that has been completely rebuilt from the ground up, including remodels with an existing wall to preserve original code regulations, will be assigned a new year built date based upon the completed construction.



CALIFORNIA MUTUAL INSURANCE

Company General Rules

ADDITIONAL INSURED

Generally co-owners, executors, administrators, trustees, and beneficiaries may be named as additional named insureds on the policy. In the case of co-owners, the named insured will be the occupant of the residence with the remaining owners listed as additional named insureds. A policy should not have more than two **Named Insureds**. If someone is helping the insured qualify for financing, they can be added as an additional insured providing they do not reside in the same household and we have their residence address. (Governmental Agencies or Departments will not be permitted as Additional Named Insureds.)

BINDERS

A binder for no more than 30 days may be issued. Remember to bind only those properties that meet the underwriting requirements of the Company.

BUSINESS PURSUITS

Some insureds may have business operation exposure while being employed by someone else and are not self-employed. The Business Pursuits Coverage can cover these exposures. (See the "Homeowners Program" section of this manual and endorsement HO 24 71.)

Business Pursuits Liability Insurance		
Limits of Liability		
Coverage E	\$100,000	\$300,000
Coverage F	\$1,000	\$1,000
Classification		
1	\$4	\$4
2	\$5	\$7
3	\$10	\$13
4	\$4	\$6



CLAIMS REPORTING

Notice of loss must be forwarded to the Company *immediately upon notification to the Agent*. Losses are to be reported on the proper ACORD form. Water damage losses, major fire losses, and all liability losses involving bodily injury should be called or faxed into the Claims Department *upon notification*.



COMPREHENSIVE PERSONAL LIABILITY

Minimum Liability limits - \$100,000/\$1,000. Maximum Liability limits - \$500,000/\$1,000.

FINANCING, POLICY PREMIUM PAYMENT PLAN

Money is required with all new business submissions, unless an impound account is involved. If an annual policy is to be issued, a check for the annual premium, or a down payment, must be collected by the agent.

If the insured is to pay the premium and does not wish to pay the entire annual premium, the insured may elect to use either the Two Payment or Four Payment options detailed below, by submitting the first installment payment prior to the effective date of the policy (plus \$5.00 installment fee).

The Company offers the following payment plans:

Note: All billings are direct bill

Plan #	Plan	
100	Full Payment	Billed at issuance of policy for Total Premium due on inception date. (No Service Charge)
2 pay	Two Payments	1st payment due at inception for 50% of total. 2nd payment due in 6 months. (\$5.00 Service Charge)
403	Four Payments	40% Down Payment plus 3 quarterly installments – each installment carries a \$5.00 Service Charge added at the time of the billing.
5 pay	Five Payments	20% Down Payment plus 4 bi-monthly installments – each installment carries a \$5.00 Service Charge added at the time of the billing

Credit, debit card and ACH payments (VISA, MC and Discover Card) can be processed on our website.



BILLING CYCLE

New Business : We require down payment when the application is sent unless mortgagee billed. Billings are due in 20 days or the policy effective date, whichever is later.

Renewal billings are sent out approximately 20 days before the renewal date and is due on the renewal effective date.

Installment Notices are sent 13 days before the installment due date.

Final Reminder Notices are sent to the insured or the mortgagee and insured, if Mortgagee billed – after the billing due date. Due date is 13 days from mailing date.

Notices of Cancellation are sent to insured, agent and mortgagee after the Final Reminder Notice due date. This is a “10-day notice of cancellation” (notice must allow 13 days from mailing date). Payment must be received in our office by the cancellation date to be eligible for reinstatement.

If a Notice of Cancellation is sent out for **a second time, we will not reinstate**. Payments received will be applied to any earned premium. Unearned premium will be returned.

FORECLOSED/SHORT SALE PROPERTIES-

Dwellings which are purchased through foreclosure or short sale require an inspection report to document any existing damage. Underwriter must approve before binding.

CANCELLATIONS

Cancellation at the request of either the insured or the Company shall be computed on a pro rata basis.

The insured may cancel the policy at any time during the policy period by returning the original policy or submitting a signed Lost Policy Release to the Company. Backdating a cancellation is not acceptable without supporting evidence of a similar coverage or a release of insurable interest such as Escrow Documents. All cancellation and non-renewal notices must have proof of mailing by the US Post Office.



Cancellation Restrictions

Policies which have been in effect for 60 days or more can be cancelled by the Company only after sending the insured 30 days notice and then only for one of the following reasons:

1. Conviction of a crime which involves increasing the hazard;
2. Discovery of fraud or material misrepresentation;
3. Discovery of grossly negligent acts or omissions which substantially increase the hazard;
4. Physical changes in the property that makes it uninsurable.

LIBERALIZATION CLAUSE

If during the policy period, any broadened coverages are adopted without additional premium charge, those broadened coverages will immediately apply.

MID-TERM CHANGES

For increases in amount, the additional premium shall be pro rata of the difference in appropriate term premium for the revised and former amounts of insurance, both based on current premium tables. For reductions in amount, the return premium shall be pro rata of the difference in appropriate term premiums for the revised and former amounts of insurance. Both are based on the premium rates in effect when the policy was written.

NON-RENEWAL

Company-Initiated: If the Company decides not to renew a policy at the end of a term, Notice of Non-Renewal will be sent at least 45 days plus 3 days for mailing in advance of the policy expiration date. The notice of Non-Renewal will be sent to the named insured, additional insured, the mortgagee, and the agent. All cancellation and non-renewal notices must have proof of mailing by the US Post Office.

ADDITIONAL RESIDENCE PREMISES

We will furnish the HO 24 70 (Additional Residence Premises, Rented to Others) endorsement under a Homeowners policy. Endorsement is limited to rentals with not more than two (2) family units in each property.

PERSONAL INJURY LIABILITY

The homeowners policy can be endorsed to provide coverage for personal injury to others. This includes coverage for false arrest, malicious prosecution, wrongful eviction, slander, libel, or privacy violations. Use Personal Injury Endorsement (HO 24 82).



SECONDARY RESIDENCE

Coverage will be considered for a secondary dwelling principally used for residential purposes, provided the primary insurance is with this company and the dwelling meets eligibility requirements.

RENEWALS

Renewals are automatically prepared and sent approximately 60 days before the renewal date. The renewal rates will be those rates in effect at the time.

New forms or endorsements will be issued only in cases where they have been revised.

VACANT AND/OR UNOCCUPIED BUILDINGS

Vacant, seasonal, or otherwise unoccupied buildings may not be written, although a Company underwriter should be contacted if a special condition exists that might lead to insurability.

WHOLE DOLLAR RULE

Round off all premiums and totals to whole dollars.

TRANSFER OR ASSIGNMENT

Transfer or assignment of insurance to a new owner is not permitted

EARTHQUAKE COVERAGE – MS-EQ

Coverage is only offered at new business or renewal and may not be added “mid-term”. Coverage applies to all Section I coverages for the same limits as provided under the policy. See separate Earthquake section for details.

EARTHQUAKE COVERAGE – RECONSTRUCTION COSTS (MS-EQR)

Reconstruction Cost Coverage, with a \$10,000 limit of liability is only offered at new business and renewal. See separate Earthquake section for details.

UNSCHEDULED PERSONAL PROPERTY ITEMS

Increased limits certain personal property (MS-CPP)	\$10.00
Increased limits unscheduled silverware (HO 04 65)	(Not to exceed \$5,000.00)



UNSCHEDULED JEWELRY, WATCHES AND FURS

The special limit for theft of unscheduled jewelry, watches and furs may be increased to an aggregate limit of \$2,000 (but not exceeding \$1,000 for any one item.) The additional premium shall be \$4.00 per \$1,000.00.

*Use Endorsement HO 04 65

COVERAGE FOR OTHER STRUCTURES

Increased Limits

Rates for structure used by member of the Insured's Household
\$2.00 per \$1,000

An additional amount of insurance may be written on other structures under Coverage B

*Use Endorsement HO 04 48

Rented to Others

The Homeowners Policy may be endorsed to provide coverage for other structures on the described premises, rented or held for rental to others, provided such structure is used for residential purposes and is not occupied by more than two roomers or boarders per family.

*Use form (HO-40)
\$3.00 per \$1,000

Add Liability Section II charge for Additional Residence Premises – Rented to Others. See the Liability section.

*Use Endorsement HO 24 70.



EXTENDED REPLACEMENT COST – DWELLING (HO 03 00 ONLY)

The Homeowners Policy may be endorsed to provide for extended replacement cost coverage on the dwelling subject to the following:

1. The dwelling is insured for 100% of replacement cost as determined by the Company at the time the endorsement is attached.
2. The insured agrees to notify the Company within 90 days of the start of construction of any dwelling alterations that increase the replacement cost of the dwelling \$50,000 or more.
3. The dwelling must be repaired or replaced in the event of loss.
4. Extends dwelling coverage to **150%** of Coverage A.
5. The dwelling must be well maintained and owner-occupied. Older homes must be *updated*.
6. Dwelling located in PC 7 or better.
7. All homes must be equipped with a smoke detector or local fire alarm.

Extended Replacement Cost Endorsements	
Optional Coverage	Cost
Replacement Cost Dwelling (MS-DRC)	\$10.00
Replacement cost contents (MS-RPP)	10% of adjusted base premium (\$25.00 minimum charge)
* Replacement cost composite (MS-RCC)	15% of adjusted base premium (\$35.00 minimum charge)

* Comprised of Replacement Cost Dwelling (MS-DRC), Replacement Cost Contents (MS-RPP), Increased Limits on Certain Personal Property (MS-CPP), Increased Coverage C to 70% and Increased Coverage D to 40%.

CALADVANTAGE ENDORSEMENT- Cost - \$70 plus RCC and Personal Injury rating
Includes the following coverages:

1. Replacement Cost composite (MS-RCC) (above)
2. Appliance and Equipment Breakdown – HFAHO 0211
3. Service Line Coverage – SLCHO 0211
4. Green Home Additional Coverages – CMGHO 0211
5. Pet Injury Coverage – HOPET 0211
6. Personal Injury



ORDINANCE OR LAW COVERAGE

Ordinance or Law coverage at 10% of Coverage A is included on all policies. **All dwellings up to 5 years old include Ordinance or Law coverage at 50% at no charge.**

The additional charge for this coverage is based on the age of the dwelling. To calculate the premium, multiply the Adjusted Base Premium by the appropriate percentage from the following table:

Age of Dwelling	% to Apply
1 to 5 years old	INCLUDED
6 years old	1%
7 years old	2%
8 years old	3%
9 years old	4%
10 years old	5%
11 years old	6%
12 years old	7%
13 years old	8%
14 years old	9%
15 to 20 years old	10%
21 to 35 years old	15%
36 years old	20%

*Use Endorsement HO 04 77

WORKER’S COMPENSATION COVERAGE FOR RESIDENCE EMPLOYEES – (HO 24 90)

It is required by state law that all policies containing Comprehensive Personal Liability insurance include Workers Compensation coverage on Residence Employees who work more than the threshold requirements for hours worked and pay received.

Rates

- Code 910 – Occasional Employees as defined by statute Included
- Code 912 – Out servants – Outside employee who works more than 10 hours per week
- Code 913 – In servants – Inside employee who works more than 20 hours per week



SCHEDULED PERSONAL PROPERTY LIMITATIONS

Overall – 25% of Coverage A (\$35,000 maximum)

Women’s jewelry.....	\$15,000.00 (earrings \$2,000.00 per set)
Men’s jewelry.....	\$5,000.00
Furs.....	\$7,500.00
Silverware.....	\$3,500.00
Musical Instruments.....	\$2,500.00
Cameras.....	\$1,500.00



SCHEDULED PERSONAL PROPERTY RATES

Scheduled items must be supported by an appraisal or a sales receipt **dated within the last two (2) years** and contain a complete description of the item including the age, model number and serial number where appropriate.

Schedule requests predicated on sales slips must be accompanied by a typed description of the item and its cost.

1. Round to the nearest dollar the premium shown for each class of property. Fifty cents or more goes to the higher dollar.
2. For items not listed, refer to the Company.
3. All rates shown are expressed on a basis per \$100 of insurance.
4. Minimum Premium: \$10.00 per year applicable to each class.

A. Camera, Non-Commercial use only Each piece of equipment must be individually described and valued. Make, model, serial number, and date of purchase must be submitted with application.	\$1.85
B. Fine Arts (no breakage coverage)	\$.50
C. Furs Los Angeles County and Palm Springs Balance of the state Appraisal by a reliable furrier is required on new business or a bill of sale if newly purchased.	\$1.50 \$.70
D. Golfers' Equipment, excluding golf mobiles	\$1.50
E. Jewelry Los Angeles County and Palm Springs Balance of the state IF AMOUNT FOR ANY ONE ITEM DOES NOT EXCEED INDIVIDUAL ITEM LIMITS. Appraisal must be submitted with application for all amounts. For items over \$7,500, submit to company. DO NOT BIND.	\$3.00 \$1.50
F. Musical Instruments, Non-Professional use only Organs - Not of a Mobile Nature – Refer to Company	\$1.00
G. Silverware	\$.60
H. Stamp Collections	\$.65



LIABILITY COVERAGE

- 1. Personal Injury (HO 24 82)

Personal Injury Liability Rates			
Liability Limit			
Coverage E	\$100,000.00	\$300,000.00	\$500,000.00
	\$10.00	\$13.00	\$19.00

- 2. Primary Residence, Section II Increased Limits

Main Residence Liability Rates		
Liability	Medical	Main Residence
\$100,000.00	\$1,000.00	Included
\$300,000.00	\$1,000.00	\$20.00
\$500,000.00	\$1,000.00	\$35.00

- 3. Additional Residence Premises – Rented to Others, Section II Increased Limits (HO 24 70)

Additional Residence Rented to Others – Liability Rates			
Liability	Medical	One Family	Two Family
\$100,000.00	\$1,000.00	\$20.00	\$30.00
\$300,000.00	\$1,000.00	\$25.00	\$38.00
\$500,000.00	\$1,000.00	\$28.00	\$40.00

Note: The HO 24 70 endorsement is limited to rentals with not more than two family units in each property.



4. Business Pursuits (HO 24 71)

Premiums for Business Pursuits, when added to Comprehensive Personal Liability: Business Pursuits provides for the liability of an insured arising out of business activities, other than a business of which he is a sole owner or partner. When coverage is provided for the liability of the Insured arising out of business activities, other than a business of which he is owner or partner or maintains financial control, classify and apply separately for each person insured.

Classifications:

- A. Clerical Office Employees, Salesmen, Collectors or Messengers: no installation, demonstrations or servicing operations. Those employees whose duties are confined to keeping the books or records and/or conducting correspondence, or who are wholly in office work where such books or records are kept or where such correspondence is conducted, having no other duty of any nature in or about the employer's premises. This classification applies only to persons who are employed exclusively in separate buildings or on separate floors of buildings or in departments on such floors which are separated from all other work places of the employer by structural partitions and within which no work is performed other than clerical office duties.
- B. Salesmen, Collectors or messengers: including installations, demonstrations or servicing operations.
- C. Teachers: Athletics, Laboratory, Manual Training, Physical Training and Swimming Instruction, excluding liability for corporal punishment of pupils – refer to Company.
- D. Teachers: not otherwise classified, excluding liability for corporal punishment of pupils.

Occupations not otherwise classified – refer to Company.

California Mutual Insurance Company Earthquake Coverage Program

GENERAL

Earthquake coverage is written as an endorsement to California Mutual Insurance Company's Homeowners or Dwelling Fire policies. The rates and rules are the same for both Homeowners and Dwelling Fire policies.

California law requires us to offer earthquake coverage to our insureds. This coverage may be purchased at an additional cost. The insured must ask the Company to add Earthquake coverage within 30 days from the date of mailing of the Earthquake Coverage Notice or it shall be conclusively presumed that they have not accepted the offer. The coverage will not be available for two years if not accepted as above.

MORATORIUM

If an earthquake should occur and a client contacts you requesting coverage, our policy is as follows:

1. There will be a 30-day Moratorium from the time an earthquake is registered and hits a reading of 5.0 or higher.
2. The Moratorium will apply to the county where the earthquake occurred and all adjacent counties.
3. If the registered reading is less than 5.0, the Moratorium will not apply.

DESCRIPTION OF COVERAGE

1. Basic Earthquake Coverage

Our Earthquake coverage is a blanket coverage. Add coverages A, B, C & D together before multiplying by the rate. If the customer desires a lower amount of coverage, we must have a signed statement from the customer, confirming that they realize they are not purchasing the full amount of coverage to cover their risk. **The minimum amount of EARTHQUAKE coverage available is the limit of Coverage A.**

Engineering Services and Demolition Cost –(if EQ loss exceeds the deductible)

California Mutual will pay up to 10% of the EARTHQUAKE LIMIT for payment of services, except as provided by public entities, for the purpose of structural engineering costs to determine the habitability of the residential dwelling or coverage for the homeowner's liability for the



actual costs of residential dwelling demolition due to structural condemnation as the result of damage or loss from the peril of earthquake. This coverage is additional insurance.

Use endorsement MS-EQ for EARTHQUAKE for both Homeowners and Dwelling Fire policies.

2. Reconstruction Cost Coverage (if EQ loss exceeds the deductible)

This optional coverage is available only if the insured has basic earthquake coverage and after the insured has completed and the insured has verified steps to fit or retrofit the insured residential dwelling to reduce the earthquake damage hazard.

For an additional premium, we will pay up to ten thousand dollars (\$10,000.00) for the purpose of reconstruction costs required to bring the insured residential dwelling up to required current local residential building code standards, as required by the local government entity as part of the approval of the reconstruction permit process after a covered loss from the peril of earthquake. This coverage is additional insurance.

Use endorsement MS-EQR – Reconstruction Cost.

DEDUCTIBLE

The earthquake deductible is 10% of the EARTHQUAKE LIMIT. The deductible applies to the total loss for all covered property per occurrence.



EARTHQUAKE RATES

Built 1945 & After

Construction Type		
Earthquake Class	Frame Rate per \$1,000.00	Masonry Rate per \$1,000.00
1	\$2.00	\$ 7.00
2	\$4.00	\$35.00
3	\$3.50	\$14.00
4	\$5.00	\$50.00
5	\$4.25	\$35.00
6	\$9.00	\$50.00

Built prior to 1945

Construction Type		
Earthquake Class	Frame Rate per \$1,000.00	Masonry Rate per \$1,000.00
1	\$4.50	\$14.00
2	\$5.25	\$50.00
3	\$5.00	\$25.00
4	\$6.00	\$50.00
5	\$6.00	\$50.00
6	\$12.00	\$50.00

Our Earthquake coverage is a blanket coverage. Add coverages A, B, C & D together before multiplying by above rate. If the customer desires a lower amount of coverage, we must have a signed statement from the customer, confirming that they realize they are not purchasing the full amount of coverage to cover their risk. **The minimum amount of EARTHQUAKE coverage available is the limit of Coverage A.**

A. LIST OF CALIFORNIA COUNTY CODES

Code	County	Code	County
AL	ALAMEDA	OR	ORANGE
AM	AMADOR	PL	PLACER
AP	ALPINE	PM	PLUMAS
BU	BUTTE	RI	RIVERSIDE
CC	CONTRA COSTA	SA	SACRAMENTO
CL	CALAVERAS	SB	SAN BERNARDINO
CO	COLUSA	SC	SANTA CLARA
DN	DEL NORTE	SD	SAN DIEGO
ED	EL DORADO	SE	SAN BENITO
FR	FRESNO	SF	SAN FRANCISCO
GL	GLENN	SH	SHASTA
HU	HUMBOLT	SI	SIERRA
IM	IMPERIAL	SJ	SAN JOAQUIN
IN	INYO	SL	SAN LUIS OBISPO
KE	KERN	SM	SAN MATEO
KI	KINGS	SN	SONOMA
LA	LOS ANGELES	SO	SOLANO
LK	LAKE	SR	SANTA BARBARA
LS	LASSEN	SS	SISKIYOU
MA	MARIN	ST	STANISLAUS
MC	MODOC	SU	SUTTER
MD	MADERA	SZ	SANTA CRUZ
ME	MERCED	TE	TEHAMA
MN	MEDOCINO	TL	TUOLUMNE
MO	MONO	TR	TRINITY
MP	MARIPOSA	TU	TULARE
MT	MONTEREY	VE	VENTURA
NE	NEVADA	YO	YOLO
NP	NAPA	YU	YUBA

See Appendix A for Premium Group identification by Zip Code

Appendix – A.1 – Sorted by Zipcode

Appendix – A.2 – Sorted by City

Appendix – A.3 – Sorted by County, City

HOMEOWNERS 3 RATING PROGRAM

Key Premiums (\$250 Deductible)									
PG-O	239	PG-I	290	PG-2	353	PG3	400	PG4	432
Key Premiums (\$500 Deductible)									
PG-O	215	PG-I	261	PG-2	318	PG3	360	PG4	389
Key Premiums (\$1000 Deductible)									
PG-O	191	PG-I	232	PG-2	282	PG3	320	PG4	346
Key Premiums (\$2500 Deductible)									
PG-O	167	PG-I	203	PG-2	247	PG3	280	PG4	302

KEY FACTORS

Coverage	Factor	Coverage	Factor	Coverage	Factor	Coverage	Factor
60,000	0.740	100,000	1.000	140,000	1.400	180,000	1.800
61,000	0.743	101,000	1.010	141,000	1.410	181,000	1.810
62,000	0.746	102,000	1.020	142,000	1.420	182,000	1.820
63,000	0.749	103,000	1.030	143,000	1.430	183,000	1.830
64,000	0.752	104,000	1.040	144,000	1.440	184,000	1.840
65,000	0.755	105,000	1.050	145,000	1.450	185,000	1.850
66,000	0.758	106,000	1.060	146,000	1.460	186,000	1.860
67,000	0.761	107,000	1.070	147,000	1.470	187,000	1.870
68,000	0.764	108,000	1.080	148,000	1.480	188,000	1.880
69,000	0.767	109,000	1.090	149,000	1.490	189,000	1.890
70,000	0.770	110,000	1.100	150,000	1.500	190,000	1.900
71,000	0.776	111,000	1.110	151,000	1.510	191,000	1.910
72,000	0.783	112,000	1.120	152,000	1.520	192,000	1.920
73,000	0.790	113,000	1.130	153,000	1.530	193,000	1.930
74,000	0.797	114,000	1.140	154,000	1.540	194,000	1.940
75,000	0.804	115,000	1.150	155,000	1.550	195,000	1.950
76,000	0.811	116,000	1.160	156,000	1.560	196,000	1.960
77,000	0.818	117,000	1.170	157,000	1.570	197,000	1.970
78,000	0.825	118,000	1.180	158,000	1.580	198,000	1.980
79,000	0.832	119,000	1.190	159,000	1.590	199,000	1.990
80,000	0.839	120,000	1.200	160,000	1.600	200,000	2.000
81,000	0.846	121,000	1.210	161,000	1.610		
82,000	0.853	122,000	1.220	162,000	1.620		
83,000	0.860	123,000	1.230	163,000	1.630		
84,000	0.867	124,000	1.240	164,000	1.640		
85,000	0.874	125,000	1.250	165,000	1.650		
86,000	0.881	126,000	1.260	166,000	1.660		
87,000	0.888	127,000	1.270	167,000	1.670		
88,000	0.895	128,000	1.280	168,000	1.680		
89,000	0.902	129,000	1.290	169,000	1.690		
90,000	0.910	130,000	1.300	170,000	1.700		
91,000	0.919	131,000	1.310	171,000	1.710		
92,000	0.928	132,000	1.320	172,000	1.720		
93,000	0.937	133,000	1.330	173,000	1.730		
94,000	0.946	134,000	1.340	174,000	1.740		
95,000	0.955	135,000	1.350	175,000	1.750		
96,000	0.964	136,000	1.360	176,000	1.760		
97,000	0.973	137,000	1.370	177,000	1.770		
98,000	0.982	138,000	1.380	178,000	1.780		
99,000	0.991	139,000	1.390	179,000	1.790		

Each additional \$1,000 coverage:

Increase the \$200,000 factor (2.000) by .01

Example: To calculate the premium for \$202,000 coverage for a risk in Premium

Group 0, with a \$1,000 deductible:

- 202,000-200,000 =2,000
- 2,000/1,000 = 2
- 2 x 0.01 = .02 (amount to add to factor)
- 2.000 + 0.02 = 2.020 (new factor)
- 2.020 x 191 (key prem.) = 391.88
- Premium (round to nearest \$) = \$392



SECTION 5: Endorsement Forms List

Form Numbers	Edition Dates	Form Title	Source of Form
HO 00 03	10-00	Homeowners Special Form	ISO
HO 04 41	10-00	Additional Insured	ISO
HO 12 45	10-00	Change Endorsement	ISO
HO 04 48	10-00	Other Structures Increased Limits	ISO
HO 04 61	10-00	Scheduled Personal Property End.	ISO
HO 04 65	10-00	Coverage C Increase	ISO
HO 24 70	10-00	Additional Residence Rented to Others	ISO
HO 24 71	10-00	Business Pursuits	ISO
HO 24 75	10-00	Watercraft	ISO
HO 24 82	10-00	Personal Injury	ISO
HO 04 16	10-00	Premises Alarm	ISO
HO 04 46	10-00	Inflation Guard	ISO
HO 24 90	08-01	Workers Comp.	ISO
HO 04 77	10-00	Ordinance and Law Increase in Limit	ISO
MS-DRC	07-93	Dwelling Replacement	California Mutual
MS-RPP	07-93	Personal Property Replacement Cost	California Mutual
MS-RCC	07-93	Replacement Cost Composite	California Mutual
MS-EQ	07-93	Earthquake	California Mutual
MS-EQR	07-93	Earthquake Reconstruction Cost	California Mutual
MS-CPP	07-93	Increased Limit on Certain Personal Property	California Mutual
438-BFU	05-92	Lenders Loss Payable	ISO
372-NS	ISO 11-50	Mortgagee Clause (Standard Mortgagee Clause for junior lien-holders)	Standard ISO form; included in HO-3 booklet