

SECTION 6: California Mutual Insurance Company Dwelling Fire Policy Program

A. UNDERWRITING REQUIREMENTS

1. The Dwelling Fire program will provide dwelling, contents and related coverages for owner or tenant occupied dwellings
2. Dwelling Fire Mutual should have supporting business to write. Supporting business can be a Homeowners or two or more dwelling fire properties. Liability coverage is written on the Dwelling OL&T form. Unsupported business may be written with the following criteria.
 - a. \$2,500 minimum deductible
 - b. Lessor actively monitors rental or has property manager.
 - i. Lessor is onsite at least quarterly and
 - ii. Lessor lives within 50 miles of rental or
 - iii. Engages services of property manager
 - c. Tenants may not have exotic animals, horses or breeds of dog such as pit bulls, dobermans, etc
3. The minimum amount of coverage is 100% of replacement cost (insured to value)
4. Insurability is subject to many different underwriting principles. The following are reviewed in our underwriting evaluation process, but are not meant to be all-inclusive: ownership, physical condition of the premises location, exposure, insurance to value, , loss history, and deductible.
5. This program shall not apply to Farm properties.

B. POLICY FORMS

1. Special Form (DP-3) – written only when coverage limit on dwelling is at least \$125,000 and maximum limits of \$800,000. Condition and care of property will be the determining factor in eligibility for this coverage.

C. ELIGIBLE RISKS

1. Buildings used exclusively for dwelling purposes with not more than four family occupancies in the building.
2. Other structures (Coverage B) at the same location as the insured dwelling not used for business purposes.

D. INELIGIBLE RISKS

1. Dwellings with wood shake roofs. .
2. Risks with more than one loss in the past three years.
3. Dwellings that are vacant or unoccupied.
4. Dwellings where the premises reflects lack of maintenance or poor housekeeping.
5. Isolated dwellings and dwellings in elevations greater than 2500 ft
6. Dwellings converted from other uses.
7. Dwellings subject to landslide, mudslide or earth movement.
8. Dwellings in areas subject to brush or forest fire exposures.
9. Exposed dwellings in known wind or flood prone areas.
10. Dwellings with an open foundation or a pier and post foundation.
11. Unique or specialty homes such as log, earth-sheltered, dome and historical homes.
12. Houseboats.
13. Seasonal dwellings .
14. Seasonal dwellings rented to others.
15. Timeshare exposures.
16. Tenants with exotic animals, horses or breeds of dog such as pit bulls, dobermans, etc
17. Mobile homes.
18. Dwellings in PC 7-10.
19. Wood stove heating

E. INCIDENTAL OCCUPANCIES

Attach DP 04 20

1. The following are permitted if operated by the dwelling owner or resident, with not more than one incidental occupancy located in the dwelling;
 - a. Business or professional offices or studios for music.
 - b. Barber shops, beauty parlors, dressmakers and similar small service occupancies with a maximum of two persons working at any one time.
2. Contents of incidental occupancies, if insured in the same policy as the dwelling, must be covered as a separate item. Refer to Company for rates.

F. POLICY PERIOD

This policy is written for a period of one year and may be extended for successive terms.

G. OWNER OCCUPIED/TENANT OCCUPIED

1. Use “Tenant Occupied” premiums when building is solely non-owner occupied.
2. A dwelling that is in course of construction may be rated Owner Occupied if the owner is the intended occupant. Application must state “Owner Occupied.”

H. THREE AND FOUR FAMILY DWELLINGS

For three and four family dwelling fire rates, use appropriate territory, classification, age and condition single-family-dwelling fire rates, multiplied by 1.40.

I. DEDUCTIBLES

1. Base deductible – policies covering Dwelling risks or occupant’s Personal Property are subject to a straight \$500 deductible for all perils insured, resulting from one occurrence.
2. Optional higher deductibles – for higher deductibles, premium for the indicated perils shall be subject to the appropriate factors from the following table:

	Deductible Amounts		
	\$500	\$1,000	\$2,500
Fire	.90	.83	.78
ECE, V&MM, Broad & Special Forms	.83	.68	.50

J. SECONDARY DWELLINGS

Coverage for a secondary or rental dwelling, used principally for a residence, shall be considered when the primary dwelling is insured in this Company.

K. SEASONAL DWELLINGS

A seasonal dwelling that is subject to being continuously unoccupied three or more consecutive months during a one-year period is not eligible for coverage

L. VACANT DWELLINGS OR BUILDINGS

1. Unoccupied or vacant structures may NOT be written.

M. COURSE OF CONSTRUCTION – NOT ELIGIBLE

N. THEFT FROM PREMISES

1. Limited Theft Coverage for a dwelling has a \$250 deductible.
2. Use the following table to determine the theft coverage premium:

Theft	
First \$1,000	\$56
Second \$1,000	\$18
Each additional \$1,000	\$13

3. Burglar Alarm Discount
 - a. 10% for either a central station or a local burglar alarm system installed and maintained on that part of the dwelling occupied exclusively by the insured, provided that such alarm system protects all accessible openings therein and that the local alarm system is located on the outside of the building.

O. EXTENDED REPLACEMENT COST

Attach Endorsement MM-ERCE-D

1. Form DP 00 03 may be endorsed to include Extended Replacement Cost subject to the following provisions:
 - a. A deductible of \$1,000 or greater must apply to Section I.
 - b. Building must be insured to at least 100% of replacement cost value.
2. The premium charge for the endorsement shall be a flat \$10.

P. EARTHQUAKE

Form MM 16-a

Refer to Homeowners Program section for rules and rates.

Q. BUILDING ORDINANCE OR LAW

Form HO-277

Refer to Homeowners Program for rules and rating.

R. PREMIUM COMPUTATION

1. Fire – DP 00 03

Coverage A – Dwelling

Coverage C – Personal Property

- a. From the Dwelling Territories chart, select the territory that applies.
- b. From the Fire Premium table charts, using the territory from Step 1 above, select the premium table that applies for:
 - i. Dwelling Class (Protection Class)
 - ii. Masonry or Frame Construction
 - iii. From the premium table, select the premium that applies for:
 - iv. Number of Families
 - v. Building or Contents
 - vi. Owner or Tenant Occupied
 - vii. Amount of Insurance
- c. Apply preferred rating credit if applicable.
- d. Apply deductible factor to premium.

2. Other Perils – DP 00 03

Coverage A – Dwelling

Coverage C – Personal Property

- a. From the dwelling territories chart, select the territory that applies.
- b. From the ECE, V&MM, Broad Form and Special Form premium table chart, using the territory from Step 1 above, select the premium table that applies.
- c. From the premium table, select the premium that applies for:
 - i. Form
 - ii. Building or Contents
 - iii. Amount of Insurance
- d. Apply preferred rating credit if applicable.
- e. Apply deductible factor to premium.

S. INFLATION GUARD

This endorsement, for use only on buildings, is similar to the Inflation Guard Endorsement used with Homeowners policies. It provides automatic annual increase in coverage on a pro rata basis over the policy term.

Charge an additional premium calculated by applying the factor below to the Base Premium (use Endorsement DP 00 11):

Amount of Annual Increase	Factor
4%	1.02
6%	1.03
8%	1.04
Each add'l 4%	.02

Additional premium for policy changes occurring during the current policy term shall be computed pro rata of the annual premium.