



**CA PLANNED UNIT DEVELOPMENT/ASSOCIATION
PRODUCT & UNDERWRITING GUIDELINES
EFFECTIVE NEW BUSINESS & RENEWALS 06/15/16**

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1. COVERAGE BASICS

1.1. Coverage Form & Recovery

Coverage is offered on ISO BOP form (BP 00 03 01 06). The form provides coverage on a Special Form basis. Special Form provides coverage for all causes of loss except those specifically excluded in the policy. To be eligible for Special Form coverage, buildings must be at least partially updated to copper plumbing within the past 20 years. Buildings over 20 years old with original copper plumbing with no history of water damage losses or evidence of leaks are also eligible.

Replacement cost (RCV) is the basis for recovery for property provided in the ISO BOP form. To qualify for RCV coverage, the limit of insurance on the lost or damaged property must be 80% or more of the full replacement cost of the property immediately before the loss. If the building limit at the time of the loss is less than 80% of the full replacement cost, the loss will be settled on an Actual Cash Value basis (ACV) or RCV settlement reduced by the percentage the building was underinsured, whichever is greater.

Business income coverage is provided on an actual loss sustained basis. The policy will pay for loss of business income sustained during the period of restoration that occurs within 18 consecutive months after the date of direct physical loss or damage.

1.2. Eligible Classes of Business

This policy provides coverage for the homeowners association of (a) single family dwellings where the individual owners are responsible for insuring the building in which they reside, (b) office parks where the individual owners are responsible for insuring the building in which they inhabit, and (c) light industrial which covers only common area exposures. This policy covers the insurable exposures of the homeowner/owner association to include: common use buildings and additional building exposures association is required to insure, business personal property, streets, trees and shrubs, and common area liability.

1.3. Property Valuation

Buildings must be insured 100% to value as determined using Marshall/Swift Commercial Express software. When determining the total property value, all of the following components should be included in the valuation: residential buildings owned by the association, clubhouses, recreation buildings, communal laundry facilities, sprinkler or alarm systems, fences, signs, gates, lights and

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poles, monuments, sidewalks and walkways, and landscaping among others. Application must list all property owned by association to be insured on the policy including value of landscaping, benches, street poles, signs, etc.

Property coverage is provided per location on a blanket basis for buildings and business personal property (BPP). For locations with multiple buildings, coverage will be provided under one blanket limit for all buildings and BPP at that location.

1.4. Deductible Options

A \$1,000 deductible applies to the property coverage. The following optional deductibles are available: \$2,500, \$5,000, \$10,000, \$15,000 and \$25,000. A minimum deductible of \$2,500 is required on all buildings over 40 years of age.

- The optional coverage / glass deductible is \$500.
- For gated communities only, the liability deductible is \$500.

1.5. Coverages Provided

The policy includes Building Limit – Automatic Increase coverage. As coverage will be written on a blanket property basis, the property limit will increase by the percentage shown in the Declaration page. If no building limit increase percentage is specified on the application, the increase percentage will be 0%.

Policy Form Coverage	Limits Available - Per Occurrence	Limits Available - Aggregate
Liability	\$300K, \$500K, \$1M, \$2M	\$600K, \$1M, \$2M, \$4M
Personal and Advertising Injury	Included in liability	Included in liability
Product and Completed Operations	Included in liability	\$600K, \$1M, \$2M, \$4M
Fire Legal Liability (Damage to Premises Rented to You)	\$100K	

1.5.1 Sublimits:

Sublimit	Limits
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Accounts Receivable	\$50K on premises \$5K off premises
Debris Removal	up to \$10K in addition to policy limit
Electronic Data	\$50K
Fire Department Service Charge	\$25K
Fire Extinguisher Systems Recharge Expense	\$5K
Forgery or Alteration	\$2.5K
Fungi, Wet Rot, Dry Rot and Bacteria (first party)	\$15K
Increased Cost of Construction	\$50K
Interruption of Computer Operations	\$50K
Medical Payments	\$5K
Money Orders and Counterfeit Currency	\$1K
Newly Acquired or Constructed Property	\$250K per building \$100K BPP per building
Outdoor Property	\$25K in addition to property limit, with no more than \$2.5K per single tree, shrub or plant
Personal Property Off Premises	\$10K
Pollutant Clean-up and Removal	\$25K
Theft of Furs, Jewelry, Patterns, Dies Molds and Forms	\$2.5K
Valuable Papers and Records	\$50K on premises \$5K off premises

1.5.2 Optional Coverages

Optional coverage	Limits
Employee Dishonesty	\$5K; \$10K; \$25K; \$50K; \$100K
Money and Securities	\$5k, \$10K, \$20K on premises; \$5K, \$10K, \$20K off premises

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1.5.3 Coverages by Endorsement

Coverage	Details
125% Replacement Cost Coverage	Automatically included at no additional cost if property is 100% insured to value (RCV) at time of loss
Water Back-up and Sump Overflow	\$25K, \$50K, \$100K
Ordinance or Law	Available for additional premium
Terrorism Coverage	Insured will receive an offer for coverage with a quoted premium. If the offer is returned with payment within 30 days of the offer date on the letter, coverage will be added effective the policy inception.
Hired/Non-Owned Auto Coverage	\$300K, \$500K, \$1M, \$2M available (equal to liability per occurrence coverage) on an "if any" basis. To be eligible, the name and driver license number for all employees, and a description of expected vehicle usage must be provided on the supplemental application. Employees' driving records will be reviewed for eligibility. Significant or regular use of a hired or non-owned vehicle is ineligible if part of the employee's job requirements.

2. GENERAL RULES

2.1. Policy Term

Policies are written for one year policy terms only. Policies will be automatically renewed unless cancelled or non-renewed.

2.2. Policy Changes

All policy change requests are subject to the underwriting rules. Changes will be made effective the date the change request is completed and dated. Backdating of coverage must be pre-approved by an underwriter.

2.3 Cancellation / Nonrenewal Rules

All cancellations will be processed on a pro-rata basis.

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2.3.1 Premium Financed

Policies financed by a premium financing company will be cancelled upon receipt of a cancellation request notice from the finance company. The insurance company will send no advance cancellation notice.

2.3.2 Insured Request

Cancellations requested by the insured will be processed effective the date requested on a signed (by the insured) and dated cancellation request form.

2.3.3 Company Cancellation

Company cancellation notices for underwriting reasons will be issued within 60 days of the inception date of a new policy. Company cancellation notices will be issued after 60 days of policy inception for the following reasons: non-payment of premium, fraud or material misrepresentation, material increase in risk that is a necessary element of a judgment by court or administrative tribunal that insured violated any law, failure to implement loss control procedures, threatened financial insolvency by reinsurance, threatened financial insolvency, and change in risk.

2.3.4 Cancellation Notice

Cancellation notice will be sent to insured and agent 30 days prior to the effective date of the cancellation, except for cancellations for nonpayment which will be sent 10 days prior to the effective date of the cancellation.

2.3.5 Non-Renewal

Nonrenewal notices and Notices of Price or Rate increase will be sent to the insured 60 days prior to the expiration date of the policy.

2.4. Payment Plans

All policies, regardless of payment option, are issued on a direct bill (gross premium) basis. There is a \$10 billing fee included on each billing notice except where indicated.

Installments shall not be changed after policy inception unless the pro-rata change in premium is at least 30% of the annual policy premium or \$500, whichever is greater. Although the amounts of each installment may be changed, the payment option cannot be changed after policy issuance.

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The available payment options are as follows:

Number of Payments	Down Payment	Number of Installments	Installment Amount	Total Installment Fee (\$10 each)
1 Full Payment	n/a	0	n/a	n/a
Financed Premium	25%	1	75%	n/a
3-Payment	40%	2	30%	\$20
5-Payment	25%	4	18.75%	\$40
10-Payment	25%	9	8.33%	\$90

2.5. Return Premiums and Additional Premium

Policy changes that create an additional or return premium will be pro-rated. The premium for the endorsement will be calculated based on the rates and rules in effect as of the effective date of the policy.

3. ELIGIBILITY STANDARDS

3.1 Business Operations

3.1.1 Management

On-site managers and professional management firms with experienced personnel must manage the property with a property inspection/maintenance schedule and a loss control program in place.

On-site managers and/or professional property management firms must have a minimum of two years experience managing properties.

3.1.2 Housekeeping Practices

All properties to be insured should show evidence of good housekeeping practices.

3.1.3 CC&R's

Homeowner/owner associations must have established, filed CC&Rs in place that clearly define the insurance requirements and household rules of the homeowners/owners association.

3.1.4 Senior Occupancy

Designated 55+ active senior housing communities are eligible for coverage, but assisted care and residential care facilities are ineligible.

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3.1.5 Business Complexes

Business complexes with retail and/or light industrial occupancies are acceptable for coverage on common area exposures such as streets, parking lots, landscaping and signs or monuments. Building exposures in these types of occupancies are ineligible for coverage.

3.1.6 Designated Premises Exclusion

Risks with an ineligible occupancy as portion of an otherwise eligible exposure, (i.e. tanning booths, high foot traffic retail occupancies, buildings in the course of construction, etc.) may be written with a designated premises or project exclusion attached to the policy. The ineligible exposure must be identifiable by location – such as a street address or parcel number, or by a specific operation. In the case of buildings in the course of construction, there must be a barrier between the buildings to be insured and the construction site.

3.2 Building Update

Building year of construction must be 1960 or later. Buildings over 30 years old must have updated building systems (see below).

- Electrical system - 100% circuit breaker, copper/romex wiring.
- Plumbing – 100% copper pipes or copper / galvanized pipe mix updated within past 20 years.
- Roof – nonflammable roofing material, updated within the past 20 years.
- Heating - no portable supplemental heat source. Furnace / boilers / heaters must be regularly maintained.

3.3 Loss Experience

Habitational complexes and office park risks to be insured must have a 3 year loss ratio under 50 percent.

Light industrial, retail or mixed occupancies containing retail or light industrial exposures must have a 3 year clean loss history.

Submissions on risks with prior losses must include details of the loss, including repairs made and actions taken to prevent any future losses. Risks with open claims are generally unacceptable, but depending on the circumstances may be referred to an underwriter for an exception. Any account with two or more property losses in the past two years, or a single property loss over \$25,000 must be referred to an underwriter for pre-approval. Any account with more than one liability loss in the

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past two years, or a single liability loss over \$15,000 must be referred to an underwriter for pre-approval.

3.4 Premises Fire and Liability Safety Parameters

3.4.1 Protection Class

Must be located in public protection of 1-6. If a risk has a split protection class, assign lower class if risk is located within 1,000 feet of a fire hydrant, otherwise higher class applies.

3.4.2 Smoke Detectors and Fire Extinguishers

- a. Minimum of 2 smoke detectors per residential condominium unit, 1 per office unit.
- b. Minimum of 1 fire extinguisher per floor, per building. Fire extinguishers must be 2A 10BC type. Fire extinguishers must be tested annually and serviced if necessary, and a testing and servicing log must be maintained.

3.4.3 GFI

GFI outlets are required on all electrical outlets located near a water source.

3.4.4 Wood Shake Siding

Wood shake/shingle siding or fascia on buildings cannot cover more than 10% of the total building exterior.

3.4.5 BBQ

BBQ must be stored and used a minimum of 10 feet from covered buildings.

3.4.6 Barred Windows

All barred windows must be equipped with safety releases.

3.4.7 Elevator

Elevators must have a current safety permit posted.

3.4.8 Railing Space

All above ground railing exposures (i.e. balconies, landings, and stairwells) must have no more than 6 inches between railings.

3.4.9 Swimming Pools or Water Sources

Pools / spas / jacuzzis must be fully fenced with a self-closing, self-locking gate, posted pool rules, visible depth markers and life safety equipment. The fence must be a minimum of 5 feet in height.

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A protective barrier must surround any open water exposure (i.e. ponds, creeks, fountains, etc.).

3.4.10 Playgrounds

Playgrounds must be maintained in compliance with current safety codes and access must be restricted to residents and guests of the complex.

3.4.11 Exercise Facilities

Exercise facilities must be maintained in compliance with current safety codes. Weight rooms must not have free weights and only contain universal gym equipment.

3.5. Ineligible Risks

- Habitational or Office Park risks with a 3 year loss ratio exceeding 50%.
- Light Industrial or Retail risks with any losses in the past 3 years.
- Light Industrial or Retail risks with building exposure.
- Risks with individually owned multi-family structures.
- PC over 6 is ineligible.
- Risks with unfenced pools, diving boards, or free weights in exercise facilities.
- Risks with daycare facilities.
- Risks with armed security guards.
- Any risk with short term, seasonal, or vacation rentals.
- Use of independent contractors without obtaining certificates of insurance.
- Buildings with original year of construction prior to 1960.
- Risks with building coverage located within 1000 feet of a brush area or the shoreline.
- Buildings with wood shake or flat roofs.
- Buildings with electrical systems on fuses (any portion) or aluminum wiring.
- Buildings in the course of construction or major on-going renovations.
- Buildings with prior construction defect allegations.
- Buildings located on a slope of over 20 degrees.
- Risks with total insured value in a single building exceeding \$10,000,000.
- Assisted living facilities Heavy Industrial parks.
- Risks with boat docks or boat slips.

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- Risks with equestrian facilities and services.
- Risks over 4 stories.

3.6. Construction Types

Frame	Exterior walls of wood or other combustible materials or combustible materials combined with other materials such as brick veneer, iron-clad wood or stucco on wood.
Joisted Masonry	Exterior walls of masonry materials such as adobe, brick, concrete, gypsum block, hollow concrete block, stone or tile and floors and roof of combustible materials.
Non-Combustible	Exterior walls of metal or other non-combustible materials and floors and roof of non-combustible materials.
Masonry/Non-Combustible	Exterior walls of masonry materials and floors and roof of non-combustible materials.
Fire Resistive	Exterior walls of masonry and floors and roof of concrete or fully protected steel or reinforced concrete columns and beams.
Mixed Construction Type	If a building fits into two or more construction types, and two-thirds or more of the building is constructed of one type of construction, classify the entire building as that construction type. If no construction type is at least two-thirds of the building classify the building as the least desirable construction type used in the building according to the following guideline (least desirable to most desirable): frame, joisted masonry, non-combustible, masonry /non-combustible, fire resistive.

3.7. Property Inspections

An inspection will be completed by a CSE approved inspection company on all new policies within 60 days of binding coverage. The property inspection will be ordered by the underwriter upon binding coverage. The inspection company will contact the insured directly to schedule the visit.

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4. FORMS/ENDORSEMENTS LIST

Mandatory

BP 00 03 01 06	Businessowners Coverage Form (Special Perils)
F.33825A (8/10)	Value of Covered Buildings – 125% RCV
F.33795A (4/10)	Property Plus Enhancement
BP 01 55 04 06	California Changes
BP 04 12 01 06	Limitation of Coverage to Designated Premises or Project
BP 04 39 07 02	Abuse or Molestation Exclusion
BP 05 17 01 06	Exclusion - Silica or Silica-related dust
BP 05 77 01 06	Fungi or Bacteria Exclusion
BP 06 01 01 07	Exclusion of Loss Due to Virus or Bacteria
F.32710A	Additional Insured – Association Members
F.32730A	Windstorm Exclusion
F.32725A	Redefinition of Building Property
F.32720A	Knowledge of an Occurrence, Offense, Claim or Suit
F.32715B (4/10)	Employee Dishonesty Coverage (if coverage is included)
BP 04 30 01 06	Protective Safeguards (if building is sprinklered)
BP 07 04 01 06	Business Liability Coverage – Property Damage Liability Deductible (if community is gated)
BP 01 59 08 08	Water Exclusion
BP 10 10 07 02	Sprinkler Leakage – Earthquake Extension
F.33365A (3/09)	Punitive or Exemplary Damages Exclusion

Every policy must have either the exclusion or coverage limitation for Terrorism

BP 05 24 01 15	Exclusion of Terrorism
BP 05 23 01 15	Limitations of Coverage for Certified Acts of Terrorism

Every policy must have one of the following endorsements

F.33025A (1/08)	Business Income – Increased Period of Indemnity 18 Months
F.33030A (1/08)	Business Income – Increased Period of Indemnity 24 Months

Optional

BP 04 01 01 06	Exclusion - Designated Premises or Project
F.32530B (1/11)	Equipment Breakdown

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BP 04 04 01 06	Hired Auto and Non-Owned Auto Liability
BP 04 53 08 08	Water Back-up and Sump Overflow
BP 04 46 01 06	Ordinance or Law Coverage
BP 04 48 01 06	Additional Insured - Designated Person

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