

**United Property & Casualty Insurance Company
NEW JERSEY HOMEOWNERS UNDERWRITING GUIDELINES**

UNDERWRITING GUIDELINES

1. Coverages, Forms and Limits

- HO 00 03 – Homeowners Special Form
- HO 00 04 – Tenant Contents Broad Form
- HO 00 05 – Homeowners Comprehensive Form
- HO 00 06 – Condominium Unit-Owners Form

The limits available under this program are:

Section I Property Coverages

COVERAGE	HO-3 & HO-5	HO-4	HO-6
A – Dwelling	\$200,000 Minimum \$1,000,000 Maximum	N/A	\$25,000 Minimum \$300,000 Maximum
B – Other Structures	10% of A	N/A	N/A
C – Contents	50% of A 75% of Coverage A is maximum increase.	\$20,000 Minimum \$150,000 Maximum	\$25,000 Minimum \$300,000 Maximum
D – Additional Living Expense	30% of Coverage A - 40% of Coverage A is maximum increase.	30% of Coverage C	50% of Coverage C

Section II Liability Coverages

E – Personal Liability*	\$100,000, \$300,000 or \$500,000 Options
F – Medical Payments*	\$1,000 Minimum; \$2,000, \$3,000, \$4,000, or \$5,000 Options

- Coverage E limits apply on a “per occurrence” basis; Coverage F limits apply on an “each person” basis.

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2. General Underwriting Requirements

- A. Dwellings must be insured to 100% of replacement cost.
 - B. Dwellings must be protected by smoke detectors in good working order located close to the kitchen and all sleeping areas.
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3. Ineligible Risks

A. Property Type and Characteristics

1. Dwellings older than 50 years, unless all building services (heating/cooling systems, wiring, and plumbing) are in sound condition and have been updated as follows:
 - a. Roof has been replaced as follows: 20 years old or newer if 3-tab composition shingle; 25 years old or newer if architectural composition shingle; 30 years old or newer if metal; 40 years old or newer if slate or tile.
 - b. Electrical system must be a minimum of 100 amp service (200 amp is preferred), and each room must have two or more receptacle outlets. Knob and tube wiring, aluminum wiring, and fuses are unacceptable.
 - c. Plumbing must be either copper, cast iron or PVC – lead, galvanized steel or polybutylene are unacceptable. Plumbing must be less than 50 years old.
 - d. Central heating system must be present and must be less than 20 years old, or the furnace has been completely rebuilt within 20 years.
 - e. Evidence of upgrades must be kept in the agent's file (evidence can include receipts for work performed, a home inspection or appraisal that addresses the updating, or a contractor's statement certifying that the work has been done or that the building services are in sound condition).
2. Townhouses or rowhouses in buildings of more than 4 units, unless separated from units on either side by masonry firewalls, with parapets extending through the roof at least 15 inches.
3. Dwellings that are in the course of construction for more than 120 days.
4. Dwellings in poor condition and/or that have poorly maintained paint, stain, caulking, screens, windows or doors.
5. Dwellings with market value less than 80% of replacement cost.
6. Dwellings with unrepaired damage.
7. Properties with flat or slightly pitched roofs.
8. Dwellings with Exterior Insulation and Finish Systems (EIFS) (e.g Dryvit) or asbestos.
9. Mobile homes, motor homes, houseboats, house trailers or trailer homes.
10. Dwellings with open foundations (unless completely enclosed by masonry skirting). Homes built on pilings/piers for flood control purposes are acceptable.
11. Risks that have been previously rejected, cancelled or non-renewed by any company.
12. Dwellings also insured under another insurance policy.
13. Underground oil tanks.
14. Dwellings with wood stoves, pellet stoves, and/or fireplace inserts (unless inspected to verify proper installation that meets current code).
15. Earthquake Coverage is not available on Concrete/Masonry constructed homes. Masonry veneer constructed homes are not eligible for earthquake coverage unless masonry veneer coverage is excluded.

B. Location

1. Dwellings located entirely or in part over any body of water.
2. Dwellings located in Protection Class 10.
3. Dwellings where prior sinkhole activity has occurred and repairs have not been made to the premises. Documentation must accompany the application which certifies that the property has been stabilized and all necessary repairs have been made.
4. Isolated properties, which are defined as those that are not visible from at least two other dwellings or in sight of a public road.
5. Properties subject to brush or forest fire.
6. Dwellings located in an area that has been condemned for any reason, including urban renewal or highway construction.
7. Dwellings located in Special Flood Hazard Areas (SFHA) (Zones A or V), unless a National Flood Insurance Plan (NFIP) policy has been purchased with matching building and content limits (or the maximum available).

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C. Occupancies

1. Dwellings which are part of a "working farm." "Working farms" are defined as properties with any livestock (such as cows, horses, hogs, goats, etc.), properties on which row crops are grown (other than a domestic garden), or properties with income producing farming operations.
2. Vacant properties, unoccupied properties or properties in foreclosure.
3. Multi-family dwellings for three or more families.
4. Dwellings primarily used for business or with incidental business occupancies, other than an office.
5. Dwellings with home day care exposures.

D. Applicant Characteristics and Loss History

1. Applicants who have ever been convicted of insurance fraud, including arson.
2. Applicants who have declared bankruptcy in the last five years.
3. Applicants who have experienced more than two paid losses in the previous 3 years.

E. Liability Exposures

1. Any livestock or saddle animal exposure exists on the premises.
2. Any vicious, dangerous or exotic animals owned or kept by the insured or a tenant, including, but not limited to dangerous breeds of dogs, lions, tigers, snakes and other exotic animals.
 - a. The following breeds or types of dogs are deemed dangerous per se (due to temperament, strength/musculature, and/or size), thereby rendering the risk ineligible to receive this coverage under any circumstances:
 - 1) Akita
 - 2) Alaskan Malamute
 - 3) American Bull Dog
 - 4) American Eskimo Dog (member of the Spitz family)
 - 5) American Staffordshire Terrier
 - 6) Beauceron
 - 7) Bullmastiff (all Mastiffs)
 - 8) Bull Terrier
 - 9) Cane Corso
 - 10) Caucasian Ovcharka (Mountain Dog)
 - 11) Chow Chow
 - 12) Doberman Pinscher (miniature Dobermans are okay)
 - 13) German Shepard
 - 14) Giant Schnauzer
 - 15) Korean Jindo
 - 16) Mastiff (all variations)
 - 17) Perro de Presa Canario
 - 18) "Pit Bull"
 - 19) Rottweiler
 - 20) Staffordshire Bull Terrier
 - 21) Siberian Husky
 - 22) Staffordshire Bull Terrier
 - 23) Thai Ridgeback
 - 24) Wolf-dog hybrid
 - b. Additional restrictions are:
 - 1) Any mixed breed dog containing any of the above breeds
 - 2) Any dog that has ever been trained as and/or used as a guard dog or attack dog
 - 3) Any dog that has ever been trained or used by the military or police for:
 - a) Enforcing public order by chasing and holding suspects, or detaining suspects by the threat of being released, either by direct apprehension or a method known as "bark and hold"
 - b) Dogs trained for search and rescue, explosive detection, arson investigation, etc. are not ineligible for coverage solely due to their training and experience
 - 4) Any dog belonging to a breed that was historically bred for fighting
 - 5) Any dog that has ever bitten anyone or has exhibited aggressive behavior towards people
 - c. This is not an all-encompassing list. UPC reserves the right to amend this list at any time. It is expected that all UPC representatives and agents exercise sound judgment and common

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sense in dealing with situations not specifically described above. Contact UPC's Underwriting Department for clarification or further discussion in the event of any uncertainty or questions.

3. Firearms.
 - a. Applicants in possession of fully-automatic (i.e. multiple rounds are fired when the trigger is squeezed) firearms.
 - b. Applicants in possession of any type of firearm which is not regularly kept secured (e.g. in a gun safe; trigger locks).
 - c. Applicants in possession of any type of firearm who have not had firearms training or experience.
4. Applicants who own off-road all-terrain/recreational vehicles.
5. Swimming pools and hot tubs.
 - a. Unless the pool is protected by a locking fence at least four-feet high, by an alternately approved, secure enclosure, or (for above ground pools) the outer ladder steps flip up and lock into place to prevent unwanted entry.
 - b. Diving boards, diving platforms, and slides are not permitted.
 - c. Unless the hot tub has a locking cover or is protected by a locking fence at least four-feet high.
6. There is a trampoline on the premises.

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4. Binding Authority

Agents have the authority to bind coverage on any risk that is not identified as "ineligible" in the **Ineligible Risks** section of this underwriting guide. Agent's authority is for the limits stated and the forms of coverage outlined in the various sections of this guide. Any exceptions must be referred to the Company for approval prior to binding.

Agent's binding authority for new business, or for increases in coverage on existing business is suspended immediately when the National Hurricane Center (NHC) of the National Weather Service has issued a Tropical Storm Watch, Tropical Storm Warning, Hurricane Watch, or Hurricane Warning for New Jersey. Renewals will only be issued on an "as expiring" basis for coverage and perils; limits will only be increased to keep pace with established inflation factors. The Company will restore binding authority as soon as the NHC lifts the storm designation for all affected New Jersey areas. If any exceptional circumstances exist which warrant the Company giving consideration to acceptance of additional liability, the line must be submitted to the Company's Underwriting Department for approval. An example is when coverage is required in order to close on the purchase of a home – in this situation, the agent must contact the Company for approval, and proof of the real estate closing must accompany the application along with the appropriate payment.

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5. Application and Submission Requirements

A. Applications

All submissions must be made on forms approved by the Company. Applications and supplemental applications must be complete, and signed in all appropriate areas. Full amount of the calculated premium, or installment premiums on Premium Payment Plans, is due when the application is signed. Checks must be forwarded to the Company within 5 business days of binding. Original signed applications and all other required documentation must be maintained in the agent's files. The Company will perform periodic audits of the agency's files to ensure compliance with all rules and guidelines. Required information in the agency's files includes but is not limited to:

1. Fully completed signed applications (Insured & Producer including license #)
2. Signed Flood Rejection or evidence of flood insurance – Zones A or V
3. Replacement Cost Estimator

B. Additional Information:

Submissions may require information other than that shown on the application. Agents should obtain any information that helps to support acceptance of the risk, especially when the information on the application calls for more explanation or when this manual indicates that additional information is required. Such cases include, but are not limited to:

4. Documentation of updates to roofing, heating, wiring, plumbing, etc.
5. Evidence of NFIP coverage, if required
6. Alarm Certificates
7. Scheduled Articles Appraisals
8. Documentation of auto policy for Companion Automobile Credit
9. Older Home Update Verification form – UPC 200
10. Plumbers Affidavit

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6. Loss Settlement Conditions

Coverage	Form HO 00 03 & Form HO 00 05	Form HO 00 04**	Form HO 00 06
A – Dwelling	Replacement Cost	N/A	Replacement Cost
B – Other Structures	Replacement Cost	N/A	N/A
C – Contents	Actual Cash Value*	Actual Cash Value*	Actual Cash Value*
D – Additional Living Expense	Actual Costs Incurred	Actual Costs Incurred	Actual Costs Incurred

* Replacement Cost on Contents coverage available for an additional premium.

** **NOTE: HO 00 04 has a mandatory \$1,000 deductible on theft.**

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7. Payment Plans

The Company accepts the following methods of payment:

- A. 1 Pay Plan:** Full payment of the total annual premium plus all policy fees at the inception of the policy.
 - B. 2 Pay Plan:** 50% of the total premium, plus fees, at the inception of the policy with the remaining 50% of the premium due 60 days after the inception of the policy. A \$5 service charge is applicable to both installments.
 - C. 3 Pay Plan:** 40% of the total premium, plus fees, at the inception of the policy with the remaining 60% of the premium due in two equal installments 60 and 120 days after the inception of the policy. A \$5 service charge is applicable to all installments.
 - D. 4 Pay Plan:** 25% of the total premium, plus fees, at the inception of the policy with the remaining 75% of the premium due in three equal installments 60, 120, and 180 days after the inception of the policy. A \$5 service charge is applicable to all installments.
 - E. 11 Pay Plan:** 11 equal monthly installments automatically deducted from insured's bank account. A \$2 service charge is applicable to all installments.
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