

CA BOP UW Guidelines

Edition date 4/28/15



CSE Insurance Group
Since 1949

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1. COVERAGE BASICS

1.1 ELIGIBLE CLASS OF BUSINESS

Apartment buildings comprised of 1–4 attached units on a single parcel, if owned by an entity other than individual or a trust.

Apartment Buildings comprised of 5 or more units, regardless of ownership.

Condominiums with 2 or more attached units, residential or office occupancy.

Apartment or Condominium with incidental office, wholesale, mercantile, service or processing occupancies which in total do not exceed 25,000 square feet.

Apartment or Condominium with fast food or limited cooking restaurants.

Office buildings—lessors risk coverage provided. Eligible tenancy includes all ISO BOP eligible classes of business.

Mixed occupancy—lessors risk coverage provided. Eligible tenancy includes any combination of ISO BOP eligible classes of business.

1.2 ELIGIBLE CAPACITY

CSE can consider risks up to \$2.5M in San Francisco and Los Angeles Counties, and up to \$5M for the rest of the state.

1.3 COVERAGE FORM AND RECOVERY

1.3.1 SPECIAL FORM

Coverage is offered on ISO BOP form (BP 00 03 07 13). The form provides coverage on a Special Form basis. Special Form provides coverage for all causes of loss except those that are specifically excluded in the policy.

1.3.2 BROADENED NAMED PERIL

Coverage can be modified to a Named Perils basis by attaching the Broadened Named Perils endorsement (F.33800A). The covered causes of loss on a policy with the Named Perils endorsement are: Fire, Lightening, Explosion, Windstorm or Hail, Smoke, Aircraft or Vehicles, Riot or Civil Commotion, Vandalism, Sprinkler Leakage, Sinkhole Collapse, Volcanic Action, Transportation and Water Damage.

1.3.3 BUSINESS INCOME

Business 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

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direct physical loss or damage. Increased periods of restoration at 24 months is available by endorsement for an additional premium.

1.3.4 REPLACEMENT COST (RCV)

Replacement Cost 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 underinsured, whichever is greater.

1.3.5 FUNCTIONAL BUILDING VALUATION (FBV)

Functional building valuation (FBV) can be applied to a policy by attaching the Functional Building Valuation endorsement (BP 06 47 07 13). If this endorsement is attached to the policy, damage to buildings will be repaired or replaced using less costly materials that are functionally equivalent to the materials in use in the building before the loss occurred. Please utilize the following guidelines in determining appropriate utilization of this valuation clause:

- Buildings over 75 years old that have not been structurally remodeled to modern standards and building materials.
- Buildings with unusual, unique and/or ornate construction (i.e. Victorian buildings)
- Buildings built with materials no longer in general use (i.e. lath and plaster walls)

When the functional building value clause is utilized, the building value should be determined using the average construction costs (on a replacement cost basis) for the area.

1.3 PROPERTY VALUATION

Buildings must be insured 100% to value as determined using Marshall/Swift Commercial Express software. When determining the total building value the following components should be included: buildings including clubhouses, recreation buildings and laundry facilities, if any; carports attached and detached garages, elevators, sprinkler and alarm systems, etc.

1.3.1 BUILDING PERSONAL PROPERTY (BPP)

Building personal property (BPP) will be valued at a minimum \$2000 per unit for apartments. Apartments that are fully furnished, have washers and

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dryers provided by the building owner, or any furnishings in common areas should have the BPP valuation adjusted accordingly

1.3.2 BLANKET PROPERTY LIMIT

Property coverage is provided per location on a blanket basis for buildings and business personal property, regardless of number of buildings.

1.4 DEDUCTIBLE OPTIONS

A \$1000 deductible applies to the property coverage. The following optional deductibles are available: \$2500, \$5000, \$10,000, and \$25,000. A minimum deductible of \$2500 is required on all buildings over 40 years of age.

The deductible for optional coverages is \$500

1.5 COVERAGE 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	\$500K, \$1M, \$2M	\$1M, \$2M, \$4M
Personal and Advertising Injury	Included in liability	Included in liability
Product and Completed Operations	Included in liability	\$1M, \$2M, \$4M
Fire Legal Liability (Damage to Premises Rented to You)	\$100K	

1.5.1 SUBLIMITS

Sublimit	Limits
Accounts Receivable	\$10K on premises, \$5K off premises
Debris Removal	up to \$25K in addition to policy limit
Electronic Data	\$10K
Fire Department Service Charge	\$2.5K
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	\$10K

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Interruption of Computer Operations	\$10K
Medical Payments	\$5K
Money Orders and Counterfeit Currency	\$1K
Newly Acquired or Constructed Property	\$250K per building \$100K BPP per building
Outdoor Property	\$2.5K, with no more than \$1K per tree, shrub or plant
Outdoor Signs Attached to Covered Buildings	\$1K per sign
Personal Effects	\$2.5K
Personal Property Off Premises	\$10K

1.5.2 OPTIONAL COVERAGE

Optional coverage	Limits
Employee Dishonesty	\$5K; \$10K; \$25K; \$50K; \$100K
Money and Securities (Special Form only)	\$5k, \$10K, \$25K on premises; \$5K, \$10K, \$25K off premises
Burglary and Robbery (Broadened Named Peril Only)	\$5k, \$10K, \$25K on premises; \$5K, \$10K, \$25K off premises

1.5.3 COVERAGE 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
Business Income Increased Period of Indemnity	18 months included at no additional cost, 24 months for additional premium
Water Back-up and Sump Overflow	\$25K, \$50K, \$100K
Ordinance or Law	Available for additional premium
Equipment Breakdown	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.

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Hired/Non-Owned Auto Coverage	\$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.
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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 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/NON-RENEWAL RULES

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

2.3.1 NON PAY

If non-payment of premium results in a cancellation notice and payment is not received by the cancellation effective date, the company will notify any loss payee, mortgagee, or additional insured that the policy has been cancelled for non-payment.

2.3.2 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.

2.3.3 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.

2.3.4 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:

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nonpayment of premium, conviction of a crime increasing the hazard insured against, fraud or material misrepresentation, grossly negligent acts or omissions that increase the hazard insured against, substantial change in risk, substantial breach of contract duties, or failure to comply with safety recommendation.

2.3.5 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 to 10 days prior to the effective date of the cancellation.

2.3.6 NON-RENEWAL

Non-renewal 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 installment 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.

The available payment options are as follows:

Payment Plan	1st Installment - % of Full Term Premium	Remaining Installments - % of Full Term Premium	Installment Fee
Full Payment	100%	-	-
Financed Premium	25%	75%	\$10
3-Payment	40%	30%	\$10
5-Payment	25%	18.75%	\$10
10-Payment	25%	8.33%	\$10

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.



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3 BUSINESS OPERATION

3.1 OCCUPANCY

3.1.1 APARTMENT AND RESIDENTIAL CONDOMINIUM

Multi-unit dwellings comprised of tenant and/or owner occupied units and appurtenant structures are eligible. If Apartment, owner should not occupy more than 10% of the total area of the premises.

3.1.2 APARTMENT/CONDO WITH INCIDENTAL RETAIL

Risks with incidental wholesaler, mercantile, processing and service occupancies, which in total do not exceed 25,000 square feet or \$3,000,000 in annual gross sales are eligible for lessors risk coverage. The risk should be classified and underwritten as an apartment or condominium.

3.1.3 APARTMENT/CONDO WITH OFFICE

Risks combining apartment and office occupancies with 15% or less of the total floor area used for office occupancy should be classified and underwritten as an apartment. Greater than 15% must be written as an office.

3.1.4 MIX OCCUPANCY WITH RESTAURANT

Mixed occupancy risks containing the following restaurant exposures are eligible for coverage subject to compliance with restaurant specific guidelines listed in the class specific rules section of the guidelines under mixed occupancies. The risk should be classified as mixed-use with restaurant and underwritten according to all applicable class specific guidelines.

- Eligible Fast Food Restaurants: Cafes, Cafeteria Style Buffets, Concession Stands, Snack Bars, Delicatessens and Sandwich Shops, Donut Shops, Drive-in and Service-in Car, Hamburger/Malt Shops, Hot Dog Shops, Asian or Other Ethnic Style restaurants and Pizza Shops.
- Eligible Limited Cooking Restaurants: Cafes, Coffee Bars or Shops, Concession Stands, Snack Bars, Delicatessens and Sandwich Shops, Donut Shops, Drive-in and Service-in Car, Ice Cream and Yogurt Stores and Pizza Shops.

3.2 APARTMENT RULES—ISO CLASS CODE 65132

3.2.1 LEASE AGREEMENT

Lease agreements for new tenants must be 1 year for the initial term.



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3.2.2 UNIT SIZE

Average per unit square footage should be at least 500 feet. If less, refer to underwriting for approval.

3.2.3 STUDENT OCCUPANCY

Apartment complexes in close proximity to college campuses with student occupancy exceeding 20% are acceptable, but designated student housing such as dormitories and fraternity/sorority housing are ineligible.

3.2.4 SENIOR OCCUPANCY

Designated 55+ Active Senior complexes are eligible for coverage, but residential care facilities offering living assistance and/or medical services are ineligible.

3.2.5 EVICTION

Complex should be free of evictions in the past 6 months.

3.2.6 DESIGNATED PREMISES EXCLUSION

Risks with an ineligible occupancy as a portion of an otherwise eligible exposure, (e.g. tanning booths, 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.

3.2.7 PREVIOUSLY FORECLOSED/BANK OWNED PROPERTIES

Eligible for coverage if the below criteria is met:

- Bank owned no longer than six months before new owner acquired the property.
- 75% occupied
- New property owner is an existing CSE client and has at least five years experience managing commercial properties, and has an acceptable, verifiable building maintenance record with his/her current CSE commercial account.
- Pre-approval by underwriting required before agency binds coverage.

3.3 RESIDENTIAL CONDOMINIUMS—ISO CLASS CODE 69145

Condominium complexes must consist primarily of buildings of at least 2 attached units, other than communal buildings such as pool houses or



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complex office. Homeowner associations for planned unit developments of single family homes are not acceptable.

Incidental wholesaler, mercantile/retail, processing or service occupancies which in total do not exceed 25,000 square feet are acceptable.

3.3.1 CC&R

Condominium associations must have established, filed CC&R's in place that clearly defines the insurance requirements and household rules of the homeowners association

3.3.2 OWNER OCCUPANCY

Condominium complexes must be at least 75% owner occupied. Sublets by unit owners to tenants are not considered owner occupied. CC&R's should include rules limiting the number of sublets to no more than 25% of total units.

3.3.3 CONDO CONVERSION

If the complex is a condo conversion, the risk is eligible for coverage only if the conversion is entirely completed and the CC&R's have been filed with the county and approved.

For existing (renewal) business only apartment buildings in the process of converting to condominiums are eligible subject to the following standards:

- The building must be structurally eligible for conversion to a condominium with only cosmetic remodeling to be performed in the units prior to conversion (i.e. new paint, new carpet, new counter-tops)
- The homeowners association must be an existing entity and the CC&R's must be filed and approved. A copy of the CC&R's will be required.
- A professional management company who has the authority for the entire complex including new owners and remaining renters must manage the complex. All tenants must be subject to the household rules of the complex.
- The coverage will be written in the name of the homeowners association only, the prior owner of the apartment complex will not be listed on the policy as named insured or additional insured.
- The policy will have the condominium endorsement attached, which defines business income as homeowner association dues. Rents will not be covered

3.3.4 UNIT SIZE



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Average per unit square footage should be at least 500 feet. If less, refer the account to underwriting for approval.

3.3.5 STUDENT OCCUPANCY

Condominium complexes in close proximity to college campuses with student occupancy exceeding 20% are acceptable, but designated student housing such as dormitories and fraternity/sorority housing are ineligible.

3.3.6 RESIDENTIAL CARE FACILITY

Designated 55+ Active Senior complexes are eligible for coverage, but residential care facilities offering living assistance and/or medical services are ineligible.

3.3.7 DESIGNATED PREMISES EXCLUSION

Risks with an ineligible occupancy as portion of an otherwise eligible exposure, (i.e. tanning booths, 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.

3.3.8 PROPERTIES OWNED BY TENANTS IN COMMON

- Must be at least 75% owner occupied.
- Must have filed CC&R's defining insurance requirements and responsibilities of individual unit owners vs. tenants in common.
- Must have "household rules" defining subleasing rules, pet ownership, maintenance of common grounds, etc.
- Condominium association endorsement BP17010106 must be attached to policy.

3.4 OFFICE CONDOMINIUM—ISO CLASS CODE 60999

Eligible risks are multi-unit buildings of up to 100,000 square feet in total floor area per building comprised of tenant and/or owner occupied units. Appurtenant buildings and structures usual to this type of dwelling (such as carports and garages) are also eligible for coverage.

Incidental wholesaler, mercantile/retail, processing or service occupancies which in total do not exceed 25,000 square feet are acceptable.

3.4.1 CC&R



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Condominium associations must have established, filed CC&R's in place that clearly defines the insurance requirements and household rules of the homeowners association

3.4.2 OWNER OCCUPANCY

Condominium complexes must be at least 75% owner occupied. Sublets by unit owners to tenants are not considered owner occupied. CC&R's should include rules limiting the number of sublets to no more than 25% of total units.

All unit owners / tenants must carry general liability insurance with a minimum of \$1,000,000 per occurrence limits. Certificates of insurance must be obtained by the homeowners association and updated on an annual basis.

3.4.3 ISO BOP OFFICE ELIGIBLE CLASS

Submissions must include a list of occupants that provides the business name, type of business and description of operations at the covered premise. All occupant businesses must be an ISO BOP office eligible class as follows: Accounting Services, Advertising and Related Services, Bookkeeping, Collection Agencies, Credit Reporting Agencies, Detective or Investigative Agencies, Employment Agencies, Engineers or Architects Consulting, Health Maintenance Organizations, Inspection and Appraisal Companies, Insurance Agents, Interior Decorators, Labor Unions, Lawyers, Manufacturers' Representatives, Marine Appraisers or Surveyors, Medical Offices, Payroll Accounting Services, Political Campaign Headquarters or Offices, Real Estate Agents, Security and Patrol Agencies, Ticket Agencies, Title Agents, Veterinarians Office or Water Companies. Other similar occupancies not specifically listed may be submitted to underwriting for pre-approval.

3.4.4 DESIGNATED PREMISES EXCLUSION

Risks with an ineligible occupancy as portion of an otherwise eligible exposure, (i.e. tanning booths, 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.

3.5 LESSORS RISK OFFICE—ISO CLASS CODE 65198

Eligible risks are buildings of up to 100,000 square feet in total floor area per building comprised of tenant and/or owner occupied units. Owner should not

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occupy more than 10% of the total area of the premises. Appurtenant buildings and structures usual to this type of dwelling (such as carports and garages) are also eligible for coverage.

Incidental wholesaler, mercantile/retail, processing or service occupancies which in total do not exceed 25,000 square feet are acceptable.

3.5.1 LEASE AGREEMENT

Lease agreements for new tenants must be 1 year for the initial term. Conversion to a month to month lease after the original lease period is acceptable.

All unit owners / tenants must carry general liability insurance with a minimum of \$1,000,000 per occurrence limits.

3.5.2 ISO BOP OFFICE ELIGIBLE CLASS

Submissions must include a list of occupants that provides the business name, type of business and description of operations at the covered premise. All occupant businesses must be an ISO BOP office eligible class as follows: Accounting Services, Advertising and Related Services, Bookkeeping, Collection Agencies, Credit Reporting Agencies, Detective or Investigative Agencies, Employment Agencies, Engineers or Architects Consulting, Health Maintenance Organizations, Inspection and Appraisal Companies, Insurance Agents, Interior Decorators, Labor Unions, Lawyers, Manufacturers' Representatives, Marine Appraisers or Surveyors, Medical Offices, Payroll Accounting Services, Political Campaign Headquarters or Offices, Real Estate Agents, Security and Patrol Agencies, Ticket Agencies, Title Agents, Veterinarians Office or Water Companies. Other similar occupancies not specifically listed may be submitted to underwriting for pre-approval.

3.5.3 DESIGNATED PREMISES EXCLUSION

Risks with an ineligible occupancy as portion of an otherwise eligible exposure, (i.e. tanning booths, 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.

3.6 MIXED OCCUPANCY WITH FAST FOOD RESTAURANT RULES—ISO CLASS CODE 09001



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Eligible risks are habitational buildings combined with eligible restaurant occupancies. The restaurant portion should not exceed 7,500 square feet in total floor area or \$3,000,000 in annual gross sales.

3.6.1 ELIGIBLE RESTAURANTS

Eligible restaurants are those that include limited cooking type appliances and only the following cooking processes capable of producing grease-laden vapors requiring an exhaust system: grilling, enclosed broiling, deep fryer, roasting or barbecuing. Open broiling and solid fuel cooking (i.e. mesquite, charcoal or hardwood) are not permitted.

3.6.2 AUTOMATIC EXTINGUISHING SYSTEM

Restaurant must have an NFPA Standard #96 equivalent automatic extinguishing system for cooking equipment installed and properly maintained. NFPA Standard #96 includes the following:

- An automatic extinguishing system covering hoods, ducts and all surfaces of grills, ranges, deep fryers and broilers.
- A contract for semi-annual inspection and maintenance for the extinguishing system, hood and ducts.
- A manual release in the path of exit from the cooking area.
- Temperature settings of systems with detectors above the filters or temperature settings of systems with detectors below the filters set at specified levels.

3.6.3 SEATING CAPACITY

Up to 150 with no table service provided.

3.6.4 ALCOHOL SALES

No alcohol sales other than beer and wine. Alcohol must be served in the restaurant only—no bar or cocktail lounge as part of the restaurant. Sales of beer and wine cannot exceed 25% of total sales.

3.7 MIXED OCCUPANCY WITH LIMITED COOKING RESTAURANTS RULES—ISO CLASS CODE 09011

Eligible risks are habitational buildings combined with eligible restaurant occupancies. The restaurant portion should not exceed 7,500 square feet in total floor area or \$3,000,000 in annual gross sales.

3.7.1 ELIGIBLE RESTAURANTS

Eligible restaurants are those where foods are prepared cold or cooked using appliances which do not emit smoke or grease-laden vapors that require an exhaust system (i.e. electric sandwich grills, toasters, warming



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ovens, roller warmers, infrared snack warmers, microwave ovens, domestic ranges, domestic ovens and pizza ovens). No grilling, open broiling, deep frying, roasting, barbecuing, solid fuel cooking or other processes capable of producing grease-laden vapors that require an exhaust system are permitted.

3.7.2 SEATING CAPACITY

Seating capacity up to 75 with or without table service.

3.7.3 ALCOHOL SALES

No alcohol sales other than beer and wine. Alcohol must be served in the restaurant only—no bar or cocktail lounge as part of the restaurant. Sales of beer and wine cannot exceed 25% of total sales.

4 ELIGIBILITY STANDARD- ALL RISK TYPES

4.1 PROPERTY CARE AND CONDITION

4.1.1 MANAGEMENT

Professional management firms with experienced personnel must manage the property with a property inspection/maintenance schedule and a loss control program in place.

Properties managed by the owner must have regular on-site inspections and/or retain on-site experienced management personnel to oversee the property.

4.1.2 EVIDENCE OF GOOD HOUSEKEEPING

All properties should show evidence of good housekeeping practices and must be pre-inspected prior to binding to ensure none of the following conditions exist:

- Barbed wire fencing;
- Derelict vehicles in the parking area;
- Discarded tenant items in common areas;
- Graffiti on the premises;
- Poorly maintained landscaping (weeds, trash, roots lifting walkways);
- Poor building maintenance, including: peeling paint, broken windows or screens, broken stairs or railings, loose wiring, unrepaired or poorly repaired damage to buildings or carports, low quality construction.

The above are examples of ineligible conditions, but is not an exhaustive list.

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4.1.3 HOUSING DEPARTMENT DATABASES

Housing Department Database must be checked on all risks located in Los Angeles County or San Francisco County to ensure no history of housing code violations or tenant allegations of uninhabitable living conditions. These databases can be accessed at:

Los Angeles City

<http://cris.lacity.org/cris/informationcenter/code/index.htm>

Los Angeles County

<https://ehservices.publichealth.lacounty.gov/ezsearch>

San Francisco

<http://dbiweb.sfgov.org/dbipts/default.aspx?page=AddressQuery>

The eligibility rules for government inspections are as follows:

New Business

Type of Inspection	Citation	UW action
Regular/scheduled	Yes	Eligible provided the citation is cleared at the time of follow up inspection. If the citation is not resolved when re-inspected, the risk is ineligible for coverage and cannot be bound.
Complaint	Yes	The nature and frequency of complaint and citation must be reviewed by CSE. Refer to assigned underwriter.
	No	Properties with 2 or more tenant complaints made with the housing department within a one year period whether cited or not are ineligible for coverage. This is regardless of whether the complaints resulted in a citation or not.

Renewal

Type of Inspection	Citation	UW action
Regular/scheduled	Yes	Eligible for renewal provided the citation is cleared at the time of follow up inspection.
Complaint	Yes	Refer to senior underwriters or management staff. (The nature and frequency of complaint and citation must be reviewed.)
	No	Properties with 2 or more tenant complaints made with the housing department within a one

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		year period whether cited or not should be referred to senior underwriters or management staff.
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All risks that are part of a portfolio of properties must meet the standards noted above or the entire portfolio will be declined.

4.2 BUILDING UPDATE

Buildings must comply with all building codes from year of construction. Buildings over 30 years old must have updated building systems (See below).

- Electrical system: 100% circuit breaker, copper/romex wiring.
- Plumbing: Updated in the last 30 years with no history of plumbing deficiencies.
- Roof: Non-flammable roofing material, updated within the past 30 years.
- Heating: No portable supplemental heat sources. Furnace, boilers, or any other central heating systems must be maintained on a set service schedule.

Refer to discounts section for discount requirements.

4.3 LOSS EXPERIENCE

4.3.1 NEW BUSINESS

Three year loss run required. For escrow transactions, loss runs or signed statement from the seller verifying no losses for the prior three years is required.

Risks with unclear prior loss history require detailed explanation, and must be referred to underwriting.

4.3.2 RENEWAL

Existing accounts with paid indemnity claim will be rated with a claim debit. Risks with losses due to deferred maintenance will be non-renewed.

4.4 PREMISES FIRE AND LIABILITY SAFETY PARAMETERS

4.4.1 PROTECTION CLASS

Must be located in public protection class 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.



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4.4.2 VACANCY

Property must be at least 75% occupied at all times.

4.4.3 SMOKE DETECTORS

Minimum of 2 smoke detectors per habitational unit, 1 smoke detector per office unit. Smoke detectors must be tested annually by management with a testing log maintained.

4.4.4 FIRE EXTINGUISHER

Minimum of 1 fire extinguisher per floor, per building. There should be a fire extinguisher every 100 feet on each floor. Fire extinguishers must be 2A 10BC type. Fire extinguishers must be tested annually and serviced if necessary, with a testing and servicing log maintained.

4.4.5 GFI

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

4.4.6 WOOD SHAKE SIDING

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

4.4.7 BBQ

BBQ must be stored and used a minimum of 10 feet from the building. Propane BBQ may be used on private balconies if the insured provides documentation that each resident has received a fire extinguisher and has agreed to mount it on the balcony.

4.4.8 BARRED WINDOWS

All barred windows, including bedroom windows must be equipped with safety releases.

4.4.9 ELEVATOR

Elevators must have a current safety permit posted.

4.4.10 RAILING SPACE

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

4.4.11 SWIMMING POOLS OR WATER EXPOSURES

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



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A protective barrier must surround any open water exposures (e.g. ponds, creeks, fountains).

4.4.12 PLAY GROUNDS

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

4.5 INELIGIBLE RISKS

- Course of construction or major ongoing renovations
- Daycare facilities
- Designated historical buildings
- Designated student housing such as dormitories or fraternity/sorority houses
- Electrical systems on fuses (any portion) or aluminum wiring
- Located within 1,000 feet of a brush area or shoreline
- Manufactured or modular homes
- No Central heating system
- Non-permitted or non-conforming units
- Occupancy < 75%
- On soft soil
- Over 5 stories
- Prior construction defect allegations
- Residential care/assisted living facilities
- Restaurant occupancies with seasonal operations—risks that are closed for more than 30 consecutive days.
- Short term, AirBnB, seasonal, vacation or agricultural rentals
- Slope greater than 20 degrees
- Unfenced swimming pools
- Within 1,000 feet of a brush area or shoreline
- Wood shake roofs

4.6 CONSTRUCTION TYPES

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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.

4.7 PROPERTY INSPECTIONS

4.7.1 NEW BUSINESS

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

5 DISCOUNTS

5.1 RULES FOR APPLYING DISCOUNTS

5.1.1 ASSOCIATION MEMBERSHIP

Membership number required to apply credit

- AOA Membership: any Apartment Owners Association qualifies
- AAGLA: Apartment Association of Greater Los Angeles
- Other

5.1.2 DISTANCE BETWEEN BUILDINGS

Minimum distance between buildings

- 10 feet if 1 story
- 20 feet if 2 stories
- 30 feet if 3 stories

5.1.3 EARTHQUAKE RETROFIT

- a) Automatic gas shut off valve
- b) Bolted or secured foundation
- c) Water heater double strapped
- d) Soft story or cripple wall braced



All must be true if soft story exists; otherwise, a, b and c, must be true to qualify for this credit. No third party verification required.

5.1.4 CENTRAL FIRE ALARM

To qualify for this credit, the fire monitoring system has to be connected to a 24hr central station, and a copy of the contract or current invoice is required.

5.1.5 GATED COMPLEX

Applies to properties that have controlled entrances. Access to the building is through key, card, code or gate.

5.1.6 MULTIPLE POLICIES WITH CSE

Must have more than one location or policies with CSE. This could be Commercial or Personal Lines. HO4, HO6, and umbrella policies do not qualify.

5.1.7 LOYALTY DISCOUNT

A credit is applied to all renewal policies. The amount of credit depends on number of years with CSE.

5.1.8 PEST CONTROL SERVICE

The insured has a monthly or quarterly contract with a vendor, and a copy of the contract or current invoice required to qualify for the credit.

5.1.9 PROFESSIONALLY MANAGED PROPERTY

The property must be managed by a licensed professional management firm that has the following:

- Is in the business of managing rental properties for others full time.
- member of a professional management association or has property management certifications

5.1.10 PITCHED ROOF

The roof may not be flat to qualify for this discount.

5.1.11 RENTAL INSURANCE REQUIRED

Must show proof of tenants HO4 or unit-owners HO6. A copy of dec pages (for the first 5 consecutive units) required to qualify for the credit.

5.1.12 SPRINKLER DISCOUNT

To qualify for the full sprinkler credit, the sprinkler type has to be NFPA 13, & sprinkler heads and spacing meet the NFPA standard. (National Fire Protection Association)



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NFPA 13D, 13R receives 0.95, NFPA 13 gets 0.25 if fully sprinklered. No third party verification required.

5.1.13 SURVEILLANCE CAMERA

Surveillance video cameras, at least 2, installed in common areas and or exterior of the property. Verification required via inspection report or photos.

5.1.14 TENANT SCREENING

Tenant screening service used to check credit history, prior rental history, or check references. This credit is not applicable if property is professionally managed. Invoice of tenant screening service or recent sample of a prospective tenant applicant used required to apply credit.

5.1.15 WORKERS COMPENSATION COVERAGE

Workers Comp coverage in place and a copy of the dec page must be provided to qualify for the credit.

6 REFERRALS AND FILE DOCUMENTATION REQUIREMENT

6.1 ALL NEW BUSINESS UNDERWRITING FILES MUST INCLUDE

- A copy of the Housing Department database records if in LA or SF counties
- Loss experience
- Signed Application
- Supporting document for discounts applied

Risks may be bound prior to receiving all required documentation. The missing documentation must be obtained within 30 days of policy inception.

6.2 REFERRAL DOCUMENTATION

In addition to the documents listed on 6.1, exposure and control documentation may be requested, such as:

- Photos of property
- Safety features
 - Fire Safety (fire doors/walls, sprinklers, standpipes)
 - Life safety (direct exterior access, fire alarms)

With pre-approval from underwriting, accounts may be bound prior to receiving all required documentation.

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7 PREMIUM COMPUTATION

7.1 PREMIUM REQUIREMENTS

Minimum policy premium is \$1,000, regardless of the number of locations insured on the policy.

7.2 SPECIAL PREMIUM DEVELOPMENT RULES

Combined Habitational and Office Occupancies: Rate properties with 15% or less of the total floor area used for office occupancy as apartment/condo; if more than 15% of the total floor area occupied as office, rate as office.

Mixed Occupancy: Habitational or Office with Restaurant: If apartment, condo or office buildings contain eligible restaurant occupancies, rate as restaurant.