



**CA HOMEOWNERS PRODUCT & UNDERWRITING GUIDELINES  
NEW BUSINESS & RENEWALS EFFECTIVE 11/1/18**

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**GENERAL UNDERWRITING GUIDELINES**

Underwriting guidelines provide a general overview of appetite and risk eligibility. The guidelines are **not** an exhaustive list of eligibility criteria. The ultimate determination of risk acceptability resides with the underwriting department.

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<b>General Guidelines</b>	
<b>Requirement</b>	<b>Eligibility</b>
<b>Occupancy</b>	<p><b>Eligible:</b> Owner-occupant of a 1- or 2-family residence. Secondary or Seasonal (owner occupied) dwellings can be covered at a surcharge provided the primary residence is insured with CSE.</p> <p><b>Ineligible:</b></p> <ul style="list-style-type: none"> <li>• Course of Construction risks</li> <li>• Properties vacant for more than 30 days</li> </ul>
<b>Insurance to Value</b>	All risks must be insured for full replacement cost based on MSB estimator. Inflation factor applies at renewal.
<b>Minimum Square Feet</b>	1,100 Square feet
<b>Heating</b>	<p><b>Eligible:</b> Centralized heating system or a thermostatically controlled electrical heating system.</p> <p><b>Ineligible:</b> Wood burning stoves if used as primary heating source, or if homemade or self-installed. A photo of wood burning stove to be submitted within 30 days of binding</p>
<b>Electrical</b>	<p><b>Eligible:</b> The electrical system must be in good condition.</p> <ul style="list-style-type: none"> <li>• A minimum 120 amp capacity service</li> <li>• Circuit breakers are required</li> </ul> <p>Dwellings over 30 years old must have had electrical updates within the last 30 years, unless the home’s electrical system is on circuit breakers.</p> <p><b>Ineligible:</b></p> <ul style="list-style-type: none"> <li>• Dwellings equipped with fuse boxes</li> <li>• Knob and tube panel</li> <li>• Aluminum wiring</li> </ul>
<b>Plumbing</b>	<p><b>Eligible:</b> The plumbing system must be in good condition with no leaks.</p> <p>Dwellings over 30 years old must have had plumbing, updates within the last 30 years, unless the plumbing is made of copper.</p>

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<b>Trust</b>	<p><b>Eligible:</b> Trust as a Named Insured is eligible. A copy of the trust documentation must accompany the application and be attached to the documents tab in SPInn which shows: 1) the trust name, and 2) purpose. Typically, “Living Trusts” are acceptable and most common.</p> <p><b>Ineligible:</b> LLCs as Named Insured</p>							
<b>Coverage A - Minimum Value</b>	\$100,000							
<b>Coverage A – Maximum (binding)</b>	\$1,200,000. Higher limits are Ineligible. Risks must be insured to a minimum of 100% actual replacement cost.							
<b>Vicious Dogs</b>	<p><b>Eligible:</b> Chows, Dobermans, Pit-Bulls (a.k.a. American Staffordshire terriers), Rottweilers, Akita, or any mixed breed containing any of the above dog types.</p> <p><i>Pls note, there is no coverage under the policy for liability losses caused by these dogs.</i></p> <p><b>Ineligible:</b> Guard dogs, Mastiffs (all types), Working American Bulldogs, Presa Canarios, Wolf Hybrids, or dogs with a bite history</p>							
<b>Dwelling Characteristics</b>								
<b>Construction Types</b>	<table border="1"> <tr> <td data-bbox="620 1182 873 1415">Frame without masonry veneer</td> <td data-bbox="873 1182 1390 1415">Dwelling with structural support walls, floors, and roofs of combustible construction, and not covered with exterior masonry veneer.</td> </tr> <tr> <td data-bbox="620 1415 873 1648">Masonry</td> <td data-bbox="873 1415 1390 1648">Dwelling with structural support walls of brick, concrete, concrete block, stone, adobe, tile, other masonry materials or non-combustible materials</td> </tr> <tr> <td data-bbox="620 1648 873 1835">Frame with Masonry Veneer</td> <td data-bbox="873 1648 1390 1835">Dwelling with structural support walls of combustible construction veneered with masonry materials such as brick or stone</td> </tr> </table>		Frame without masonry veneer	Dwelling with structural support walls, floors, and roofs of combustible construction, and not covered with exterior masonry veneer.	Masonry	Dwelling with structural support walls of brick, concrete, concrete block, stone, adobe, tile, other masonry materials or non-combustible materials	Frame with Masonry Veneer	Dwelling with structural support walls of combustible construction veneered with masonry materials such as brick or stone
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	<table border="1"> <tr> <td>Mixed Construction</td> <td>Combination of the above</td> </tr> </table> <p>Dwellings must be built by a licensed contractor.  Modular Homes eligible if satisfy other underwriting criteria</p>	Mixed Construction	Combination of the above
Mixed Construction	Combination of the above		
<b>Age of Dwelling</b>	A home completely re-built with 1 wall remaining for tax purposes should reflect the year built in which construction was completed. Supporting documentation must be attached to the documents tab in SPInn for underwriter review.		
<b>Roof</b>	<p><b>Eligible:</b> The roof must be in good condition and show no visible signs of wear or deterioration.</p> <p><b>Ineligible:</b></p> <ul style="list-style-type: none"> <li>• Dwellings with tar and gravel or flat roofs older than 20 years</li> <li>• Dwellings with composition/asphalt shingle roofs older than 30 years</li> <li>• Wood Shake Roofs</li> </ul>		
<b>Foundation</b>	<p><b>Eligible:</b> Continuous concrete slab or raised foundation</p> <p><b>Ineligible:</b></p> <ul style="list-style-type: none"> <li>• Open foundation;</li> <li>• Where any part of structure is resting on piers, posts or pilings</li> </ul>		
<b>Protective Devices</b>	Dead bolts, smoke detectors and fire extinguishers required on all homes.		
<b>Anchoring &amp; Retrofitting</b>	<p>Buildings constructed prior to 1960 and with an MMI* of 8.0 or greater must meet the following criteria:†</p> <ol style="list-style-type: none"> <li>1. Anchored or bolted to the foundation.</li> <li>2. Homes with crawl spaces or basements must have braced cripple walls.</li> <li>3. Outside brick fireplaces must be reinforced, braced to the structure and roof to minimize separation and falling.</li> <li>4. Water heaters must be secured to the wall with two straps</li> </ol> <p>This requirement will be waived for dwellings that have a seismic gas shut-off (automatic shut off only. Manual does not qualify) valve installed.</p>		

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<p><b>Public Protection Class (PPC)</b></p>	<p><b>Eligible:</b> PPC 1–7</p> <p><b>Ineligible:</b> PPC 8-10</p> <p>In the absence of a PPC score or in case of split PPC score returned by ISO, the applicable class will be assigned based on the following information obtained from the applicant:</p> <p>a. Is the dwelling location within 1000 feet of a fire hydrant</p> <p>b. Is the dwelling located within 5 road miles of the nearest responding fire station</p>
<p><b>Fireline</b></p>	<p><b>Eligible:</b> ISO FireLine Wildfire Hazard Assessment of Negligible and Low eligible</p> <p><b>Ineligible:</b> ISO FireLine Wildfire Hazard Assessment of Moderate, High and Extreme</p>
<p><b>Swimming Pool</b></p>	<p><b>Eligible:</b> Fenced swimming pools accepted at a charge</p> <p><b>Ineligible:</b> Unfenced swimming pool, swimming pools with slides, or with diving boards.</p>
<p><b>Defensible Space</b></p>	<p>The risk must meet the following criteria:          100 feet of defensible space is required by law (under PRC 4291), split into two zones:          Zone 1: 30 feet of lean, clean and green – remove all dead plants, grass, trees, leaves etc.          Zone 2: 30-100 feet of reduced fuel – Cut annual grass down to a max. height of 4 inches; create horizontal / vertical spacing between grass, shrubs and trees, remove fallen leaves, branches, bark, etc. *</p> <p>* For more information, visit <a href="http://ReadyForWildfire.org">ReadyForWildfire.org</a></p>

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<b>Hardened Homes</b>	<p>Risk in the WUI must have hardened home features:</p> <p>Roof: Made of materials such as composition, metal or tile. Any space should be blocked to prevent embers from entering the home.</p> <p>Vents: Covered with 1/8<sup>th</sup> inch metal mesh (Fiberflax or plastic mesh can melt and burn)</p> <p>Windows: Dual-paned windows with one pane of tempered glass</p> <p>Exterior Walls: Ignition-resistant building materials such as stucco, fiber or cement siding.</p> <p>Fences: Non-combustible fencing materials to protect home during wildfire.</p> <p>For more information, visit <a href="http://ReadyForWildfire.org/hardening">ReadyForWildfire.org/hardening</a></p>
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**INELIGIBLE EXPOSURES**

- Obsolete, unique, or irreplaceable construction material or components
- Mobile homes, earth homes, trailer homes, manufactured homes, and house trailers, including with HUD stickers (Modular homes acceptable with other eligible criteria)
- Water front property directly exposed to ocean or large open bays/harbors/oceans
- Location: Risks built on or adjacent to a slope greater than 35%
- Risks within a 1 mile radius of an active wildfire or within a moratorium designated by CSE
- Risks located on more than 5 acres of land
- Risks with unusual high contents fire load
- Any farming exposures, where income is derived from farming activities
- Risks that have been vacant for more than 30 days
- Risks located in islands not connected by a bridge
- Risks purchased through distressed financial sales (i.e. pre-foreclosure, foreclosure, REO, short-sale, auction, etc).
- Risks within 100 feet of a commercial or industrial property

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- Unusual liability exposures such as unfenced swimming pool, swimming pool with slides, diving boards, trampolines, stairs with no handrails and bars on windows etc.
  
- Individuals with the following occupations:
  - Reporters, authors, editors/publishers of newspapers and/or magazines,
  - Broadcasters, television, and/or radio personalities
  - Professional actors, athletes, entertainers, or celebrities.
  - Individuals who have been elected to their occupations.
  - Candidates for elected office.
  
- Prior Loss Rule: Applicants that have had any of the following in the past three years are ineligible:
  - Any liability loss
  - More than one theft loss
  - More than one water loss
  - Any loss where steps have not been taken to mitigate future losses
  - More than two losses > \$500

CLUE is run automatically through Lexis Nexis.

Acceptable risks will be subject to the prior loss surcharge as follows:

<b>Prior 3 year claim count &gt; \$500</b>	<b>F&amp;L and AOP</b>
0	0.98
1	1.30
2	2.70

Note: The loss follows the insured and the surcharge applies if the loss occurred at any location as long as the loss is associated to the named insured. Total losses are included. Catastrophe losses are excluded. Loss related to coverages such as Equipment Breakdown, Service Line and Identity Recovery is excluded.

If the loss is not associated to the named insured, it will not be surcharged.

**Non-Bound Risks (submit for approval)**

- Dwellings exceeding binding authority limits or does not meet underwriting criteria.

**Non-Bound Submission Procedure**

- An agent may not bind an applicant who does not qualify for coverage under the underwriting guidelines of this manual.

Underwriting will review a non-bound application if the following conditions are met:

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1. Does not accept premium;
2. Indicates “Non-Bound” on the application;
3. Applicant and agent do not sign and date the application;
4. Application does not show effective dates but is otherwise completed in full;

Agent must include with the application a detailed description of the circumstances surrounding the non-bound submission.

If Underwriting approves the application for binding Underwriting will return the original application to the agent requesting the premium and an effective date. To assure prompt handling, the agent should forward the application, premium, and Underwriting memo of acceptance through the normal new business submittal process. We will not provide coverage prior to the date that we actually receive the premium.

The supporting documents related to discounts / eligibility must be uploaded to SPINN. Failure to submit will result in removal of the discount(s) or cancellation of policy.

### **Special Form (H003)**

#### Section I—Property Damage

Coverage A—Dwelling

Coverage B—Other Structures

Coverage C—Personal Property

Coverage D—Loss of Use

#### Section II—Liability

Coverage E—Personal Liability

Coverage F—Medical Payments to Others

### **Swimming Pools**

Swimming pools receive a \$65 charge.

A pool is chargeable if an above-ground or in-ground and is over 6 feet in diameter/or across in any direction, with the exception of:

- Inflatable Pools or “Kiddie Pool” type, or categorized as a Jacuzzi or Spa.

### **Optional Coverages**

Refer to the Endorsement Section of this manual for optional coverages.

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**Mandatory Coverages**

It is mandatory that insurance be written for all coverages provided under both Sections I and II of the Homeowners policy.

**H090CA0—Workers’ Compensation and Employers**

Liability Insurance (Mandatory – There is no additional premium for this coverage)

**Replacement Cost Statement**

Dwellings must be insured at 100% of the Marshall & Swift replacement cost estimate to provide adequate protection against a total loss.

California law insurance code and CSE require that agents provide insureds with a copy of the replacement cost estimate used when quoting their dwelling.

**Policy Discounts**

**Multi-Policy Discount**

The multi-policy discounts are available for other in-force policies written for the same Named Insured:

<b>Product</b>	<b>Discount</b>
Auto	15%
Landlord	3%
Earthquake	2%
Umbrella	2%

Note: A valid active policy is required at policy issuance to receive the this discount. If the supporting documentation isn’t provided, the discount will be removed. Discounts can only be combined by different categories. The overall discount cannot exceed 24%.

**Loyalty Discount**

Loyalty is calculated as the difference between the term effective date and original effective date. The discount is not portable from tenure with another carrier, and the credit follows the insured, not the dwelling.

<b>Continuous Renewals</b>	<b>Discount</b>
0	0%

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<b>Continuous Renewals</b>	<b>Discount</b>
1	3%
2	4%
3+	5%

**Newer Home Premium Credit and Older Home Surcharge**

Credits are given for homes constructed within the past fourteen years.

**Tile Roof Credit**

Tile roofs receive a 10% discount

**Civil Servant Professional Occupation Discount**

<b>Occupation</b>	<b>Factor</b>
Educator	0.90
Law Enforcement Officer	0.90
Firefighter	0.90
Other Civil Servant	0.90

Insureds who have retired from the above occupations also qualify for this discount.

\*Law Enforcement Officers consist of police officers, sheriffs, FBI agents, Secret Service agents, officers of the Department of Homeland Security, prison guard and Border Patrol Enforcement personnel and other comparable positions whose duties are primarily the prevention, investigation, apprehension or detention of individuals suspected or convicted of offenses against the criminal laws, including an employee engaged in this activity who is transferred to a supervisory or administrative position; or serving as a probation or pretrial services officer.

**Protective Devices Discount**

<b>Category</b>	<b>Protective Devices Type</b>	<b>Discount</b>
Fire Protection Device	Fire Alarm Report to Fire Dept.	5%
	Fire Alarm Report to Central Station	9%
	Gas Shut Off Valve	3%
Security Device	Complete Local Burglar Alarm	2%
	Burglar Alarm Report to Police Dept.	5%
	Burglar Alarm Report to Central Station	9%
	Gated and Guarded Community	3%

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Water Leak Detection Device	Connected Home Detection Device	3%
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Note: The highest discount in each category takes precedence in that category. Discounts can only be combined by different categories.

For example, if Gas Shut Off Valve (3%), Complete Local Burglar Alarm (2%) and Burglar Alarm Report to Police Dept. (5%) are present in the policy, the discount would be 3% + 5% = 8%

**Sprinkler Factor**

<b>Sprinkler System</b>	<b>Fire &amp; Lightning Factor</b>
Full	0.80
Partial	0.95
None	1.00

**Neighborhood Crime Watch**

For a premium credit, the residence premises must be located within the boundaries of a neighborhood crime watch area and the insured must be an active, participating member of that neighborhood crime watch area. The premium credit is 10%.

**Senior Discount**

One of the named insureds must be at least 55 years old and the insured home must be the insured's principal residence. The discount is 5%.

**Deductible Discount**

<b>Policy level Deductible Amount</b>	<b>All Perils Factor</b>
\$500	1.00
\$1,000	0.88
\$2,500	0.69
\$5,000	0.58
\$7,500	0.50
\$10,000	0.45

<b>Water Damage Deductible Amount</b>	<b>All Perils Factor</b>
\$5,000	0.90
\$7,500	0.87
\$10,000	0.85

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## Endorsements

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#### Homeowners Endorsements

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Service Line	- F.34390A (07/17)
Identity Recovery Coverage	- F.32470A (11/05)
Designation of Additional Party for Notice Purposes	- F.34380A
Additional Interests Residence Premises	- F.33980A (07/11)
Pathogenic Organisms Exclusion Endorsement	- F.31550A
Contact Information Notice	- F.32280A
CSE Safeguard Personal Property Endorsement	- G.30980A (08/99)
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Building Ordinance or Law Increased Amount	- F.34419A (07/15)
Other Structures Increased Limit	- H048ST0 (07/15)
Contents Open Peril Coverage	- F.34560A (07/17)

#### Plus Endorsement F.30960C

Increases special limits of liability for personal property. Increases certain additional coverages. Increases the replacement cost on dwellings from 130% to 175%, provides up to \$7,500 for sewer and drains backup, and increases the maximum we will pay on replacement cost contents. See endorsement for details.

Endorsement Premium 12% of policy premium.

#### Equipment Breakdown Enhancement F.32830

Coverage includes: Expediting Expense, Spoilage Coverage, and Pollutant Clean-up and Removal caused by a covered equipment breakdown, up to specified sub-limits. The loss must be at the residence premises. Equipment / mechanical breakdown is a loss where the machine suddenly breaks or mechanically locks up. If we replace equipment due to a covered equipment breakdown, we may pay up to 25% more than we otherwise would to replace it with equipment that is better for the environment, safer, or more efficient than the equipment being replaced.

Coverage does not include: Wear-and-tear; Rust, mold, etc. For example a worn out water heater is not covered. Wear and tear is defined as a gradual deterioration of a machine's ability to perform its intended function. It occurs over time and is typically more foreseeable.

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Effective 08/01/2017 this coverage is automatically added. Insured can call their agent or CSE's customer service team to opt out.

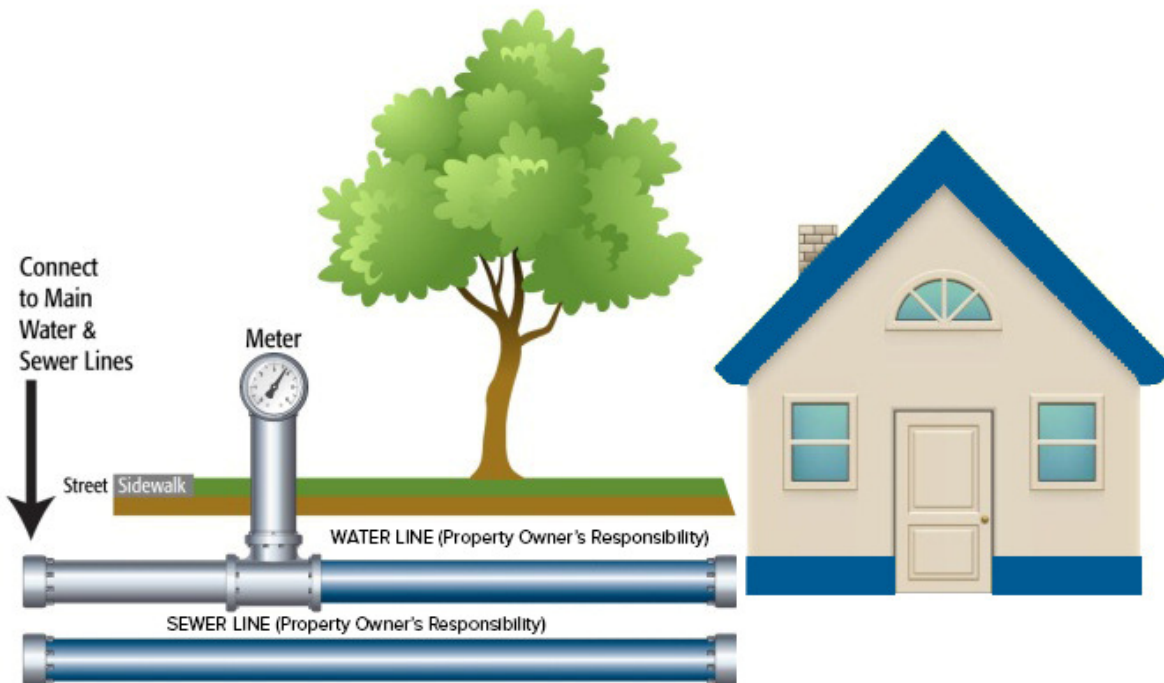
For any claim related issues, insured can call 800-814-4458.

Premium: \$27. Limit: \$100,000 Deductible: \$500

**Service Line F.34390A**

Provides for a service line (e.g. water, sewer, underground power, gas line) failure or rupture.

Effective 08/01/2017 this coverage is automatically added. Insured can call their agent or CSE's customer service team to opt out.



For any claim related issues, insured can call 800-814-4458.

Premium \$15, Limit \$10,000, Deductible \$500.

**Identity Recovery Coverage F.32470A**

Included with CSE Safeguard Plus Endorsement. Optional for policies without Plus for an additional premium. The Identity Recovery Coverage pays for various out-of-pocket expenses due to a covered identity theft, including lost wages, up to specified sub-limits.

Premium \$15

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**Contents Open Peril Coverage (HO5 Equivalent Coverage) F.34560A**

Expands the coverage for contents (Coverage – C) from named perils to open perils. Mysterious disappearance for instance gets covered with this coverage.

Premium \$60

**Designation of Additional Party for Notice Purposes F.34380A**

Pursuant to AB1804 insured can designate one additional individual or entity to receive notice of lapse, termination, expiration, nonrenewal, or cancellation of a policy for nonpayment of premium.

**Additional Interests Residence Premises F.33980A**

In addition to the Mortgagee(s) shown in the Declarations, the persons or organizations named in the Declarations also have an interest in the “residence premises.” If we decide to cancel or not to renew a policy, the persons or organizations named in the Schedule, and the statutory-second person designee, if any and if applicable, will be notified in writing. All other provisions of this policy apply. This endorsement is available in the CSEICO HO3, HO4 and HO6 and CSE Safeguard HO3 programs.

**Property Endorsements (Coverage E and F Increased Limits)**

**Coverage E, Increased Limits**

Initial Residence Coverage E, Increased Liability Limits

Limit \$	Flat Charge
300,000	25
500,000	37
1,000,000	50

**Coverage F, Increased Limits**

***Increased Medical Payments***

Limit	Flat Charge
\$1,000	Included
\$2,000	7
\$3,000	12
\$4,000	15
\$5,000	18

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## **Inland Marine—Scheduled Personal Property**

### **Introduction**

Eligible Inland Marine property may be added by endorsement. The scheduled personal property coverage requires additional premium.

CSE Safeguard policies require the G.30980A endorsement.

### **Non-Bound (Submit for Approval)**

- Items not in the care, custody, or control of the named insured
- Any schedule exceeding agent binding authority.

Policies may be issued covering only engagement rings, wedding rings, and guard rings in the name of the two individuals as their interest may appear, irrespective of domicile.

### **Non-Bound Submission Procedure**

An agent may not bind an application where the risk does not qualify for coverage under the underwriting guidelines of this section of the manual.

Underwriting will review a non-bound endorsement submitted by an agent if the following conditions are met:

- Agent does not accept premium.
- Agent indicates “non-bound” on the endorsement.
- Applicant and agent do not sign and date the endorsement.
- Endorsement does not show effective dates but is otherwise completed in full.
- Agent includes with the endorsement a detailed description of the circumstances surrounding the non-bound submission.

If Underwriting approves the endorsement for binding, Underwriting will return the original endorsement to the agent requesting the premium and an effective date. To assure prompt handling, the agent should forward the endorsement, premium and underwriting memo of acceptance through the normal new business submittal process.



## **Policy Provisions**

### **Coverage**

This endorsement provides coverage for all risks of direct physical loss or damage, subject to exclusions and conditions.

### **Territorial Limit**

This endorsement covers the scheduled property world-wide. However, fine arts are covered only within the United States and Canada.

### **Deductible**

No deductible is applied to a loss for property covered by this endorsement.

### **Pair, Set, or Parts**

#### **Loss to a Pair or Set**

In case of a loss to a pair or set, we may elect to:

- repair or replace any part to restore the pair or set to its value before the loss, or
- pay the difference between actual cash value of the property before and after the loss.

#### **Parts**

In case of a loss to any part of covered property, consisting of several parts when complete, we will pay for the value of the part lost or damaged.

### **No Assignment Clause**

CSE will not transfer the insurance with the property. When the property is no longer owned by the insured, property must be deleted from the policy.

## **Newly Acquired Property**

### **Jewelry, Furs, Cameras, and Musical Instruments**

We cover newly acquired property of a class already insured. The lesser of the following limits applies:

- 25% of the amount of insurance for that class of property, or
- \$10,000.

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When new property is acquired the insured must:

- report these objects to us within 30 days, and
- pay the additional premium from the date acquired.

**Fine Arts**

When fine arts are scheduled, we cover objects of art acquired during the policy period for their actual cash value. However, we will pay no more than 25% of the amount of insurance for fine arts scheduled. For coverage to apply for newly acquired fine arts the insured must:

- report the acquisition of these objects to us within 90 days, and
- pay the additional premium from the date acquired.

**Golf and Sports Equipment, Silverware, Stamps and Coins**

Golf equipment, silverware, sports equipment, and stamp and coin coverages are not automatically covered and must be scheduled for coverage to begin.

**Preparing Endorsements**

The scheduled personal property is an endorsement and, as such, must be added within 30 days of acquisition of the property by the named insured using a current ACORD Policy Change Request form (PCR).

The PCR must indicate which items, sets, or collections are to be added, along with the appropriate values of each item, set, or collection. In addition, all documentation (appraisals, bills of sale, gemologist diagrams, etc.) should be attached to the PCR.

Backdating—Backdating of scheduled personal property is strictly prohibited. “Backdating” is defined as follows: posting an effective date of the coverage prior to the time coverage is bound, without prior underwriting approval.

Rounding of the premium—all premiums for coverage must be rounded to the nearest dollar. For purposes of this rule, an amount of \$0.50 or more shall be rounded up to a \$1.00.

**Categories & Rates**

**Scheduled Personal Property**

<b>Name</b>	<b>Rate per \$100</b>
Fine Arts	0.25
Musical Equipment	0.70
Silverware	0.50
Jewelry	2.00

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Firearms	3.00
Bicycles	3.00
Cameras	1.70
Furs	0.60
Golfer's Equipment	1.60
Stamps	1.60
Rare Coins	1.60
Sporting Equipment	1.60
Trading Cards and Comic Books	1.60

**Scheduled Item Max/Min & Appraisal Requirements**

Scheduled Item	Max \$ per Item	Max % Cov. C	Min. \$ per Item	Appraisal Threshold \$ Amount
Vaulted Item (fur or jewelry)			\$10,000	\$10,000
Fine Art	\$15K	20%	\$200	\$2,500
Coin Collection	\$15K	20%	\$100	\$500*
Individual Coins			\$10	
Stamp Collection	\$10K	20%	\$100	\$500*
Individual Stamps			\$10	
Trading Cards and Comic Books	\$10K	20%	\$10	\$500*
Silver Set	\$10K	20%	\$200	\$1,000
Individual Serving Pieces			\$10	
Camera Body	\$10K	20%	\$200	\$500
Camera Parts / equipments			\$50	
Fur	\$10K	20%	\$500	\$1,000
Golf Equipments	\$10K	20%	\$250	\$1,000
Musical Instruments	\$10K	20%	\$200	\$2,000
Sports Equipments	\$10K	20%	\$200	\$1,000
Firearms	\$10K	20%	\$500	\$500**
Jewelry	\$10K	20%	\$250	\$2,000
Bicycles	\$10K	5%	\$500	\$500
Total (All Items)	\$110K	50%		

\* Or a listing in an official catalog. \*\* List the serial number of the gun.

**Appraisal Requirements:** Items over Appraisal Threshold Amount require appraisal or bill-of-sale not more than 24 months old.

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## Camera

### Property Covered

- Scheduled cameras, projection machines, and related equipment
- Movable sound equipment pertaining to the recording, projection, reproduction, and operation of motion pictures
- Home video cameras, playback recorders and articles of equipment pertaining thereto
- Miscellaneous property such as films, binoculars, telescopes, microscopes and the like, which are used in conjunction with cameras or photographic equipment

### Not Covered

Television cameras and equipment; coin and token-operated devices; cameras or other camera property for account of dealers, manufacturers and individuals principally engaged in photography or videography for remuneration.

## Fine Arts

### Property Covered

Scheduled paintings, etchings, pictures, tapestries, art glass windows, bonafide works of art (such as valuable rugs, statuary, marbles, bronzes, antique furniture, rare blocks, antique silver, manuscripts, porcelains, rare glass, and bric-a-brac) of rarity and historical value, and antique guns built prior to December 31, 1898.

## Fur

### Property Covered

Scheduled fur coats, neckpieces, evening wraps and garments trimmed with fur or consisting principally of fur, being property of insured and resident family members.

## Golf Equipment

### Property Covered

Golf clubs, clothing, and equipment

### Property Not Covered

Watches and jewelry, golf balls (except against loss by fire or burglary), property held for sale.

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## **Jewelry**

### **Property Covered**

Scheduled jewelry, watches, rings, pens, pencils, flasks, smoking equipment, cigarette cases, and similar articles.

Property of the insured and resident family members is covered by the policy. Servants are not considered family members.

### **Property Not Covered**

- Damaged gemstones including chipped or cracked diamonds, or other items of value which need repair
- Loose gemstones

### **Appraisals**

Items valued at more than \$2,000 require a local appraisal no older than 24 months, and should include the following information:

- Each ring should be described as silver, platinum, white or yellow gold with “K” (carat) weight as 10, 14, 18, 20 or 24 and specified as either a signet, engagement, Wedding, or dinner ring.
- Each ring or earring with precious stone settings should be described as having one, two, three or more stones and the color, cut, clarity and weight of stones or gems indicated.
- Each bracelet, brooch or pin should be similarly described giving its size, and indicating color, kind and weight of stones or gems.
- Necklaces should be described indicating the number and length of strands and the kind, number and color of stones or gems.
- Watches and bands must be properly described to indicate man or woman’s jewels, the maker, works, and the jeweled settings in case or wrist band.
- Other articles of jewelry must be clearly identified according to maker, shape, setting, etc.

### **Schedule Requirements**

The application should itemize all articles to be insured, with applicable amounts of insurance, and should be accompanied by a current appraisal or bill of sale.

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Note: To facilitate claim settlement, an application for an article of jewelry worth more than \$25,000 must be accompanied by a photo and jewelry or gemologist diagram in addition to the appraisal. These articles may not be bound. (See non-bound submission procedure.)

**Specific Items in Bank Vaults**

- Items in a bank vault require a minimum value of \$10,000.
- Items may not be out of the bank vault for more than 10 days a year.

Due to a substantially reduced rate, coverage on items in bank vaults shall cease unless the insured notifies the company in advance of any removal from the vault and pays the appropriate additional premium pro-rata for the length of time the property is off bank premises.

**Musical Instruments**

**Property Covered**

Musical instruments, articles, and support equipment

**Property Not Covered**

- Musical instruments played for remuneration are not covered. A professional under this form is designated as a person who receives remuneration for playing a musical instrument during the term of the policy.
- Radios, hi-fi stereo equipment, TVs and tape recorders
- Sheet music

**Silverware**

**Property Covered**

Silverware, silver-platedware, goldware, gold-platedware, pewterware.

**Property Not Covered**

Pens, pencils, flasks, smoking implements, accessories or articles of personal adornment; property pertaining to the business, profession, or occupation of the insured.

**Schedule Requirements**

All property must be scheduled to show name of manufacturer, pattern, and values. CSE does not require a meticulous listing of each item being scheduled; however, the property must be adequately described. For example:

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One set gold, International flatware (or other manufacturer's name) consisting of 4, 6, 8, etc., place settings of the following (list type of spoons as dessert, coffee, soup; forks as dinner, salad, etc.; and any other miscellaneous pieces).

Next, state the pattern of the gold flatware and the value, etc.

## **Sports Equipment**

### **Property Covered**

Scheduled sports equipment and accessories

### **Property Not Covered**

- Clothing
- Boats
- Underwater (SCUBA) equipment

Theft from an unattended automobile is excluded unless there is visible evidence of forcible entry to a securely locked, fully enclosed body or compartment.

## **Schedule Requirements**

All property must be scheduled to show name of manufacturer; identifying marks or numbers (including serial numbers, if applicable); and the amount of insurance for each scheduled item.

## **Stamp and Coin Collection**

### **Property**

#### **Stamps**

Postage stamps including due, envelope, official, revenue, match and medicine stamps, covers, locals, reprints, essays, proofs, and other philatelic property owned by or in the custody or control of the insured, including the books, pages, and mountings

#### **Coins**

Rare and current coins, medals, paper money, bank notes, tokens of money, and other numismatic property owned by or in custody or control of the insured including coin albums, containers, frames, cards, and display cabinets in use with such collection.

## **Bicycles**

### **Property Covered**

- Self propelled bicycles.

### **Property Not Covered**

- Electric or electric assist bicycles, gyro wheels or motorized scooters

## **Firearms**

### **Property Covered**

- Must be legally owned by the policyholder
- Used for recreational hunting etc.

### **Schedule Requirements**

- All property must be scheduled to show name of manufacturer; identifying marks or numbers (including serial numbers, if applicable); and the amount of insurance for each scheduled item
- Should be stored in a fireproof gun safe that are bolted to the wall (pictures of firearms stored in gun safe to be provided)
- Should be in proper working condition
- Appraisal is needed for any gun worth greater than \$3,000

## **Trading Cards and Comics**

### **Property Covered**

Baseball cards, Sports cards, Comic books

### **Schedule Requirements**

- Keep a detailed inventory of every item in your collection
- Item should be in mint condition



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- Should be stored in a safe place using cases designed to keep them from fading, molding, and decaying
- Appraisal is needed for any items worth greater than \$3,000
- Maintain thorough documentation of your collection including purchase receipts, photographs and full descriptions of each item

**Product Features Summary**

<b>Feature</b>	<b>Safeguard – Basic</b>	<b>Safeguard – Plus</b>
<b>Coverage A</b>	Minimum: \$100,000	Maximum: \$1,200,000
<b>Coverage C included</b>	50% of Coverage A	70% of Coverage A
<b>Extended Replacement Cost</b>	125% of Coverage A	150% of Coverage A
<b>Deductibles – Policy Level</b>	• \$500 to \$10,000 available.	
<b>Deductibles - Water</b>	• \$5,000 • \$7,500 • \$10,000 available. Must be higher than Policy Level deductible.	
<b>Building &amp; Ordinance</b>	10% of Coverage A	20% of Coverage A
<b>Loss Assessment</b>	\$2,500 included. Option to increase limit is available.	\$5,000 included. Option to increase limit is available.
<b>Backup of sewers and drains</b>	\$2,500 included	Up to \$10,000
<b>Debris Removal</b>	\$500	\$1,000
<b>Securities, accounts, deeds, etc</b>	\$2,500	\$5,000

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Money, bank notes, bullion, gold other than goldware, silver, silverware, platinum, coins & medals	\$500	\$1,000
Grave markers	\$2,500	\$6,000
Trailers not used for watercraft	\$2,500	\$5,000
Jewelry, watches, furs	\$2,500 per item • \$7,500 max	\$2,500 per item • \$10,000 max
Firearms	\$2,500	\$2,500
Silverware, silverplated ware	\$2,500 per item • \$5,000 max	\$2,500 per item • \$10,000 max
Computer & computer related equipment on premises	\$5,000	10,000
Watercraft	\$2,500	
Business Personal Property, on premises	\$5,000	
Business Personal Property, off premises	\$2,500	
Re-key Locks	\$1,000	
Rug, Carpet or Tapestry	\$5,000 max ( except wall-to-wall carpets)	
Motorized Golf Carts	\$2,000	
Antiques, fine arts, paintings	\$5,000 max	
Bicycles	\$1,000 per item • \$2,500 max	
Baseball Cards or similar memorabilia and comic magazines	\$2,500	
Compact discs, cassettes, tapes, electronic games, etc.	\$2,500	
Scheduled Personal Property	Only the following schedules are available: • Fine Arts • Musical Instruments • Silverware • Jewelry • Bicycles • Firearms • Coins • Stamps • Trading Cards • Golf Equipments • Sports Equipment • Comic Books • Camera • Fur	
Clean up or otherwise remove Pathogenic Organisms	\$5,000 limitation for clean-up/removal. Ensuing damages as a result of a covered loss is reported and occurs within 365 days of the date of a covered loss.	
Identity Theft Recovery	Available	Included
Service Line	Added with CA SG Homeowners Policy; \$10,000 limit. Opt-out available	

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<b>Equipment Breakdown</b>	Added with CA SG Homeowners Policy; \$100,000 limit. Opt-out available
<b>Contents Open Peril (HO5)</b>	Expands coverage C for all perils instead of named perils. \$60 flat
<b>Functional Replacement Cost</b>	Available for dwellings built before 1940
<b>Multi-Policy Discount</b>	Available for associated CSE Auto, Landlord, Earthquake and Umbrella up to 24%
<b>CSE Agent Discounts</b>	5% discount available to appointed agents that place their homeowners with CSE
<b>Senior Discount</b>	5% discount available to policyholders age 55 years and plus
<b>Loss Free Credit</b>	2% credit for policyholders with no losses in prior 3 year period
<b>Tile Roof Credit</b>	10% credit applied to Cov A premium
<b>Payment Plans</b>	Pay in full • 4 pay plan: 25% down + 3 pay with \$6 installment fee per payment or 25% down + 3 EFT pay • 6 pay plan: 16.7% down + 5 pay of 16.66% with \$6 installment fee per payment or 16.7% down + 5 EFT pay of 16.66% • Check or Credit or EFT
<b>Check Payable to</b>	CSE Insurance Group or EFT from Agents Trust Account.

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**GENERAL OPERATIONAL GUIDELINES**

**POLICY PERIOD**

CSE Homeowners policies are written for a term of 12 months. Renewals are continuous and based upon the premiums and coverages in effect at the time of renewal.

**PREMIUM COLLECTIONS**

**New Business**

All new business applications must be accompanied by either full payment or the initial premium payment if paid on an installment plan. If the payment is to be paid by an escrow or mortgage company, the new business application may be sent without payment. The escrow or mortgage company must remit the full 12-month policy premium upon policy issuance.

**Late Payment Cancellation**

If payment has not been received by the cancellation effective date, a cancellation notice will be sent to any additional insureds and loss payees or mortgagees, and the statutory-second person designee, if any, indicating that the policy was canceled for non-payment.

**Renewals**

All renewals are billed to the appropriate party per the agent's instructions 45 days prior to the renewal date, and the premium payment is due by the renewal date.

**Partial Payments**

The premium payment plan is a paid-to-date program. When a partial payment is made and no further payments are received, the policy will be canceled as of the date that the coverage purchased by the initial payment ceases.

A cancellation pending notice will be issued to all concerned parties 15 days prior to the time coverage ceases.

A notice of cancellation will be issued on the date coverage ceases.

There is no mid-term billing of any outstanding balance other than the subsequent payments due from the insured paying under the installment plan depending on the installment payment plan chosen by the insured.

If paid-to-date coverage extends into the renewal billing cycle, any balance due will be carried forward and added to the premium due on renewal.

If paid-to-date coverage ends before the renewal billing cycle begins, the policy will be canceled unless payment of the amount due is received.

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**Installment Payment Plans and Fees**

**Billing Options**

Number of Payments	Down Payment	Number of Installments	Installment amount	Total Installment fee (\$6 each)	Second Installment due (in days) after term eff. date	Remaining Installments * due (in days) after second installment
1 Full pay	n/a	0	n/a	n/a	n/a	n/a
4	25%	3	25%	\$18	70 days	90 days
6	16.7%	5	16.7%	\$30	40 days	60 days

Installments are automatically billed to the insured

\*Automatically billed 30 days prior to due date

**Fees**

Fees	Amount
Policy	\$12
Reinstatement	\$20
Late Payment	\$15
Non-Sufficient Funds	\$15

**Minimum Premium**

The minimum premium is \$200 per policy.

**Rounding of the Premium**

All premiums are rounded to the nearest dollar.

**EFT PAYMENT PLAN**

Electronic Funds Transfer (EFT) automatically transfers the monthly insurance policy premium payments from the insured's checking account to CSE.

A signed EFT Authorization Form must be sent to CSE to authorize the withdrawals. Each policy requires a separate authorization form.

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EFT Payment Plan Description

1. EFT is only available as a monthly installment payment plan. CSE does not draft annually or quarterly.
2. A voided check is needed. A deposit slip will not work since some banking institutions do not code all of the necessary routing numbers on deposit slips.
3. The direct bill payment program may impose a service charge on each payment.
4. A separate draft authorization is required for each policy. If there are two policies, then two separate drafts will occur. Two policies cannot be combined on one EFT draft.
5. The policy effective (renewal) date controls the EFT program. You may choose any withdrawal date you wish that is from 0 to 15 days prior to the policy effective date. If the chosen date is outside of this range, CSE will use the policy effective date.
6. The agent's trust account may be drafted for the first payment, but not thereafter. The client's check may also be used to make the initial payment. EFT draft from the insured's account will begin with the second payment. The first draft amount is needed to place the policy in force and to make it current so that future drafts will be consistent and correctly timed. Therefore, the first withdrawal may be more or less than the future transfers.
7. Because liability for coverage is inherent in the payment drafts, written notice signed by the insured is needed to terminate or change the automatic bank transfers. CSE will refund premiums if withdrawals are made after the requested termination of coverage.
8. When policy changes result in premium changes, a new installment schedule will be provided. The next withdrawal will bring the policy on schedule. Future drafts will reflect the new premium.
9. A new authorization form is not needed for policy renewal. The client will receive a bill with the premium amount and due date. CSE will draft the new premium amount on the normal draft date of the month prior to the renewal date. This will ensure continuous coverage. Once in place, EFT can run for years without any action on the client's part.
10. CSE's EFT plan works only with checking accounts. EFT does not apply to savings accounts or government allotments.
11. The company may terminate the plan immediately if any drafts are not paid when presented for payment.

**PREPARING APPLICATIONS**

Note: Failure to comply with the following guidelines may result in the suspension of the agent's binding authority.

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**Effective Date**

The policy effective date must be the same as or later than the date of the named insured's signature.

Post-dated applications, to be effective within 30 days of the policy submission date, are permissible.

Back-dated applications are prohibited. Backdating is defined as follows: posting an effective date prior to the time the coverage is applied for, without express approval from a CSE underwriter (Coverage is applied for when the named insured signs the application or submits money to the agent.)

**Insurance Binder**

CSE agents have authority to issue an insurance binder for a period of upto 90 days from the effective date of the policy. Under no circumstances may a binder be issued for a period longer than 90 days.

When the effective date of the policy and the date the application is signed by the insured are the same, the binder section must be completed indicating the time signed.

For example, the policy effective date is January 01, 2017 and the insured signs the application on January 01, 2017 at 2:00PM. The time of 2:00PM should be indicated as the time bound. If the time is not modified from 12:01AM, then the coverage is considered to be backdated.

If the effective date of the policy is in the future of the date signed, there is no need to complete the binder section of the application.

**Timeliness**

Applications submitted more than 10 days after binding are subject to cancellation.

**Address**

The applicant must have a definite and permanent address which is clearly stated on the application in the designated area.

If the mailing address differs from the property location or is a post office box, the agent must state the reason for the discrepancy, or, in the case of a post office box, indicate the distance from the property to the post office box. Use the remarks section of the application for this information. If the property has no numerical address, clearly specify the location with respect to well-known landmarks or nearby entities which pinpoint locale.

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## **Signature and Dates**

Each application must be personally signed and dated by a named insured listed on the application, as well as by the issuing agent or a licensed representative acting on behalf of the agent. If the named insured is a minor, the application and attachments must also be signed by a parent or guardian of the minor.

The following forms must be signed and retained on file in the agent's office:

- Application
- Residential Property Insurance Disclosure

## **CANCELLATIONS**

### **New Business**

CSE reserves the right to cancel a new business application for Underwriting reasons at any time within the initial 60-day underwriting period.

General underwriting cancellation reasons include, but are not limited to, the following:

- Policy does not meet underwriting criteria;
- Insured does not provide the required or requested underwriting information;
- Material misrepresentation has been made by the insured;
- CSE does not provide the coverage requested;
- Non-weather or catastrophe related loss within the first 60 days of the policy period;
- Policy premium is not submitted within required time period; or
- Any other reason as permitted by law.

If we decline to process the application due to general underwriting unacceptability, we will mail a notice of cancellation to the named insured with a copy to the agent, as required by statute. Unearned premium, calculated pro rata, will be returned to the named insured under a separate cover.

To request reconsideration of a policy canceled within the initial 60-day underwriting period, the agent must write to the underwriter stating the reasons why the policy should remain in force. If the underwriter agrees to rescind the cancellation, the agent should return the refund check to CSE along with the information requested by the underwriter. Under no circumstances may the agent return a refund check to the company without prior approval from the underwriting department.



## **Mid-Term**

### **Company-Initiated**

We will cancel a policy mid-term for the following reasons:

- a) There is substantial increase in the hazard insured against (see “Ineligible Criteria” in the Underwriting guidelines)
- b) Nonpayment of premium, including nonpayment of any additional premiums calculated in accordance with the current rating manual of CSE Home, justified by a physical change in the insured property or a change in its occupancy or use.
- c) Conviction of a crime increasing hazard insured against
- d) Discovery of fraud or material misrepresentation by either of the following:
  - 1) The insured or his or her representative in obtaining the insurance.
  - 2) The named insured or his or her representative in pursuing a claim under the policy.
- e) Discovery of grossly negligent acts or omissions by the insured or his or her representative substantially increasing any of the hazards insured against.
- f) Physical changes in the insured property which result in the property becoming uninsurable.

### **Insured-Initiated**

The named insured may request the policy to be canceled at any time during the policy period. An ACORD cancellation form should be used to cancel the entire policy. The cancellation form must be signed and dated by the named insured or spouse, with the cancellation effective date indicated. Prohibited is retroactive cancellation where the effective date of cancellation is more than 30 days prior to the date of the named insured’s signature on the cancellation form. The following cases are exceptions:

- Duplicate coverage exists with another policy issued by CSE or another insurance carrier, as evidenced by a declaration page from the new insurance carrier.
- The cancellation is pre-approved by the Underwriting Department
- The dwelling is sold at an earlier date and the insured provides proof of sale

If insurance is canceled at the request of the insured, the earned premium shall be computed on a pro-rata basis.

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## **NON-RENEWAL**

Reasons for non-renewal include, but are not limited to, the following;

- The agent no longer represents CSE as permitted and subject to California Insurance Code section 769;
- Non-payment of premium;
- There is a substantial increase in the hazard insured against (see “Ineligible Criteria” in the underwriting guidelines for examples);
- There is an unacceptable loss history, such as:
  - > One or more loss(es) in the first policy term that indicates insured negligence, deferred maintenance and/or insured has not taken steps to mitigate future losses;
  - > Two or more losses in the prior three (3) years as a result of insured negligence, deferred maintenance and/or insured has not taken steps to mitigate future losses;
  - > Losses involving negligence by any insured; or
  - > Losses involving the lack of maintenance or care of the insured’s personal property and/or premises or due to a moral/morale hazard (i.e. insured carelessness or indifference).
- Any other reason as permitted by law.

We will notify the agent of our intent to non-renew. This notification will also include our reason(s) for the decision.

## **POLICY RESCISSIONS**

Policy rescission renders the entire contract null and void as of the inception date.

We rescind a policy when misrepresentation of material fact on the application is so critical that had the correct information been known at the time of the application we would not have bound the coverage.

## **REINSTATEMENTS**

When a policy is cancelled for non-payment of premium, the policy will be reinstated without lapse in coverage if the full amount due is received by the effective date of cancellation.

Payments received after the date of cancellation will be referred to the Underwriting Department for approval. We will decline to reinstate a policy if:

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There is a history of late payments described as:

- > 2 or more late payments in the last year, or
- > 4 or more late payments in the last 2 years
- There is a history of NSF (non-sufficient funds) check payments described as:
  - > 2 or more NSF checks in the last year, or
  - > 3 or more NSF checks in the last 2 years
- If the amount paid is less than the amount due when received
  - > Policies with any prior loss history.
- Policies currently set to non-renew or cancel due to underwriting cause.
- A statement of no losses is not provided.

If the Underwriting Department agrees to reinstate, such reinstatement will be processed without lapse in coverage. A reinstatement fee of \$20 will be assessed for each reinstatement transaction.

If the Underwriting Department declines reinstatement, the unearned premium will be returned to the insured, and the cancellation will stand.

If payment is received more than 30 days after the cancellation date, the payment will be returned to the insured.

## **TRANSFER OR ASSIGNMENT**

The transfer or assignment of policies is generally prohibited. A transfer or assignment may be approved under the following circumstances:

- Assignment from the Named Insured to a relative in the event of transfer to title to the dwelling, or death of the Named Insured.

In all circumstances, the request must be submitted to Underwriting for prior approval. (See Non-Bound Submission Procedure in the Eligibility Criteria section of this manual.)

## **ASSESSMENT FEES**

The California Insurance Code requires insurance carriers to indemnify the public against loss due to the insolvency of property or casualty carriers. CIGA assesses CSE for this fee, and CSE recoups the amount of the fee from our insureds in the form of an assessment fee factor applied to each policy as required by the state insurance code.