



## CA LANDLORD PRODUCT & UNDERWRITING GUIDELINES NEW BUSINESS & RENEWALS EFFECTIVE 09/01/18

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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.

<b>Guidelines and Eligibility</b>		
<b>Requirement</b>	<b>Landlord</b>	<b>Landlord - Condo</b>
Occupancy	Owner and/or Tenant Occupied	
Secondary or Seasonal (Owner occupied) dwellings	Primary residence must be insured with CSE. Surcharge applies for Secondary dwellings.	
Number of Units	One to Three (tenant or owner occupied)  Ineligible: Four units and above	One (tenant or owner occupied)
Square Feet	Minimum: 1,250 square feet  Ineligible: 1-unit >3,000 square feet	N/A
Insurance to Value	All new business must be written for full replacement cost based on MSB estimator. At renewal, an inflation factor will apply.	
Coverage A - Minimum Value	\$100,000	\$50,000
Coverage A – Maximum (binding)  Higher limits are Ineligible. Risks must be insured to a minimum of 100% actual replacement cost.	\$1,200,000	\$350,000
Trust As Named Insured	A copy of the trust documentation must accompany the application and be attached to the documents tab in SPInn which will allow Underwriting to verify: 1) the trust name, and 2) purpose. Typically, “Living Trusts” are acceptable and most common.	

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<b>Guidelines and Eligibility</b>		
<b>Requirement</b>	<b>Landlord</b>	<b>Landlord - Condo</b>
LLC As Named Insured	<p>An LLC (but not the “members” of the LLC) may be listed as a named insured if all the following criteria are met:</p> <ul style="list-style-type: none"> <li>• The owner, managing member, or partners is limited to an individual, or an individual and spouse/domestic partner and their family members.</li> <li>• The LLC does not participate in any commercial/business operations other than the rental of investment property.</li> </ul> <p>A “Statement of Information, Form LLC-12” or similar documentation must accompany the application and attached to the documents tab in SPInn which will allow Underwriting to verify: 1) the LLC’s name, 2) the street address of the LLC’s principal executive office, 3) the LLC’s principal business activity, and 4) and the names of managing member/other individual member(s). The name of the managing member will be captured in the system and will have the authority to make policy changes.</p>	
<b>Dwelling Characteristics</b>		
Age of Building	<p>Eligible: Built post-1940                      Ineligible: Built prior to 1940</p>	Not applicable
Building Updates	Dwellings over 40 years old must have had plumbing, heating and electrical updates within the last 20 years.	
Heating	All dwellings must have a central heating system or a thermostatically controlled electrical heating system.	
Plumbing	<p>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>	
Foundation	<p>Continuous concrete slab or raised foundation.</p> <p>Ineligible: Open foundations</p>	Ineligible: Open foundations

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Guidelines and Eligibility		
Requirement	Landlord	Landlord - Condo
Construction Types	Dwelling must be built by a licensed contractor.	
	Frame	Dwelling with structural support walls, floors, and roofs of combustible construction, including construction where combustible materials are combined with other materials such as brick veneer, wood iron-clad and stucco on wood used for appearance purposes rather than structural support
	Masonry	Dwelling with structural support walls of brick, concrete, concrete block, stone, adobe, tile, other masonry materials or non-combustible materials with wood or metal structural supports
Roof	<p>The roof must be in good condition and show no visible signs of wear or deterioration</p> <p>Ineligible:</p> <ul style="list-style-type: none"> <li>• Wood Shake Roofs</li> <li>• Tar and gravel or flat roofs over 15 years old</li> <li>• Composition /asphalt shingle roofs over 25 years old</li> </ul>	<p>Ineligible:</p> <ul style="list-style-type: none"> <li>• Wood Shake Roofs</li> <li>• Tar and gravel or flat roofs over 15 years old</li> <li>• Composition / asphalt shingle roofs over 25 years old</li> </ul>
Electrical	<p>The electrical system must be in good condition.</p> <ul style="list-style-type: none"> <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 dwelling's electrical system is on a circuit breakers.</p> <p>Ineligible:</p> <ul style="list-style-type: none"> <li>• Dwellings equipped with fuse boxes</li> <li>• Knob and tube or aluminum wiring</li> </ul>	

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<b>Guidelines and Eligibility</b>		
<b>Requirement</b>	<b>Landlord</b>	<b>Landlord - Condo</b>
Obsolete, unique, or irreplaceable construction material or components	Functional Replacement Cost must be selected. Otherwise ineligible	
<p align="center"><b>Anchoring &amp; Retrofitting</b></p> <p>† This requirement will be waived for dwellings that have an automatic seismic gas shut-off valve installed.</p>	<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. Structure must be anchored or bolted to the foundation.</li> <li>2. Single-story and multi-story 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.</li> </ol>	Not applicable
<p align="center"><b>Defensible Space</b> (Mountainous, Forest-, Brush- and Grass-Covered Lands)</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 align="center">For more information, visit <a href="http://ReadyForWildfire.org">ReadyForWildfire.org</a></p>	

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<b>Guidelines and Eligibility</b>		
<b>Requirement</b>	<b>Landlord</b>	<b>Landlord - Condo</b>
Hardened Homes	<p><b>Risk in the Wildland-Urban Interface must have hardened home features:</b></p> <p><b>Roof:</b> Materials such as composition, metal or tile. Any space should be blocked to prevent embers from entering the home.</p> <p><b>Vents:</b> Covered with 1/8<sup>th</sup> inch metal mesh (Fiberglass or plastic mesh can melt and burn)</p> <p><b>Windows:</b> Dual-paned windows with one pane of tempered glass</p> <p><b>Exterior Walls:</b> Ignition-resistant building materials such as stucco, fiber or cement siding.</p> <p><b>Fences:</b> Non-combustible fencing materials to protect home during wildfire.</p> <p>For more information, visit <a href="http://ReadyForWildfire.org">ReadyForWildfire.org</a></p>	
Contents	Minimum \$20,000. Note, \$5,000 is available with Plus and \$7,500 is available with Premier.	Minimum \$20,000. Note, \$5,000 is available with Plus and \$7,500 is available with Premier.
Protective Devices	Dead bolts, smoke detectors, and fire extinguishers required on all homes.	
Wood Burning Stoves	<p>Photo or certification by the local Fire Department or building inspector is required within 30 days of binding.</p> <p>Ineligible: if used as the primary heating source, or if it is homemade or self-installed.</p>	
Dwelling under course of construction	Must be written within the Select program. Please see the Select underwriting guidelines for details.	
<b>Location</b>		
ISO FireLine Wildfire Hazard Assessment	Ineligible: moderate, high, extreme or indeterminate	High may be submitted non-bound. Ineligible: extreme or indeterminate
Public Protection Class	<p align="center">1-7 acceptable Ineligible: 8-10</p>	

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**INELIGIBLE EXPOSURES**

- Construction
  - Obsolete, unique, or irreplaceable construction material or components
  - Dwellings located on fill or bay mud (S4) soft soil types
  - Dwellings located on islands
  - All mobile homes, trailer homes, manufactured homes, and house trailers (Modular home is acceptable with other eligible criteria)
- Location
  - Built on or adjacent to a slope greater than 35%
  - Within 100 feet of a commercial or industrial property
  - Water front property directly exposed to large open bays/harbors/oceans
  - Risks within a 1-mile radius of an active wildfire or within a moratorium designated by CSE
  - Properties located on islands
  - Unusually high content fire load
- Other
  - Prior losses (CATs excluded) within 3 years of the policy effective date
  - Bars on windows
  - Dogs with a bite history
  - Guard dogs and dog breeds with a known propensity for viciousness, including (but not limited to) Chows, Dobermans, Pit-Bulls (all types), Working American Bulldogs, Presa Canarios, Rottweilers, Mastiffs (all types), Akita, Wolf Hybrids or any mixed breed containing any of the above dog types
  - Risks purchased through distressed financial sales (i.e. pre-foreclosure, foreclosure, REO, short-sale, auction, etc)
  - Vacant buildings
  - True farming exposures, where a substantial portion of income is derived from farming activities
  - Risks located on more than 5 acres of land
  - Landlords 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
  - Unusual liability exposures (e.g. unfenced swimming pool, swimming pools with slides, diving boards, stairs with no handrail, trampolines, dwellings with lead-based paint, etc.)
  - Designated Historical buildings

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**GENERAL PRODUCT GUIDELINES**

**DESCRIPTION OF PROPERTY COVERAGES**

The following Landlord Policy forms are available: Special and Condominium. The appropriate form should be consulted for coverage details.

There are 3 different tiers under this product – Basic, Plus and Premier.

Landlord Basic Policy may be written with or without Personal Property coverage. If Personal Property coverage is desired, the minimum limit is \$20,000. However, with Plus and Premier endorsement, Personal Property coverage of \$5,000 and \$7,500 respectively is automatically provided at no additional premium. If any increased coverage limit is required, the minimum increase would be \$20,000.

**Deductibles**

\$100, \$250, \$500, \$1,000 \$2,500, \$5,000, \$7,500 and \$10,000 policy level deductible options are available.

\$5,000, \$7,500 and \$10,000 water damage deductible options are available. Note, if this deductible is selected, it must be higher than the policy level deductible.

**DISCOUNT OPTIONS**

**Loyalty Discount**

Loyalty is defined as the number of years the insured’s Landlord policy has been placed with CSE Insurance Group.

<b>Years Insured</b>	<b>Discount</b>
0	0%
1	6%
2	7%
3 and plus	8%

**CSE Appointed Agent 5%**

This discount applies to employees of an appointed agency who purchase CSE Landlord Insurance for their personally owned properties.

**Multi-Policy**

<b>Product</b>	<b>Discount</b>
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Earthquake or Umbrella	2%
Auto or Home	3%
Multiple Landlord >1	5%

The discount is provided if there is an active policy with CSE or Palomar, CSE’s earthquake partner. A valid active policy is required at policy issuance to receive the discount. If the supporting documentation isn’t provided, the discount will be removed. The discount may be applied at any time and, if necessary, will be removed at renewal.

**Protective Devices**

Fire	Fire Alarm/Connected Home – Reports to Fire Department or Central Station.	3%
Security	Burglar Alarm/Connected Home – Reports to Police Department or Central Station.	3%
Flood	Flood Alarm/Connected Home – Reports to Fire Department or Central Station	3%

When discount is first applied, a copy of the current contract, alarm certificate or current invoice with alarm company is required and must be attached to the Policy File tab in SPInn. If the supporting documentation isn’t provided, the discount will be removed.

**Property Manager 8%**

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

- An Active Real Estate Broker license.

Agent to provide property management company name, address, and active Real Estate Broker license in SPInn for validation which will also generate the Additional Insured Notice to the Property Manager.

**Renters Insurance Verification 8%**

A copy of the tenant’s HO4 Renters Policy Declaration must be attached to the Policy File tab in SPInn. A lease copy is not sufficient. If the supporting documentation isn’t provided, the discount will be removed.

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**Neighborhood Watch Credit 10%**

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 credit is applied only to All Other Perils (AOP) (not applied to Fire & Lightning (F&L) Premium).

A copy of Neighborhood Watch certificate/letter from watch captain must be attached to the Policy File tab in SPInn. If the supporting documentation isn't provided, the discount will be removed.

**OPTIONAL COVERAGES**

**Increased Limits**

If the insured selects an amount of Coverage B or D which is over the 10% provided by the Basic or Special Form policy, show only the "increased limits" portion on the Application or Request for Change, and charge a premium for the increased limit portion only. The Declarations issued by the company will show the combined limit.

Coverage B—Other Structures

Use the "Each additional \$1,000" rates for the applicable dwelling.

Coverage D—Fair Rental Value

Use the Tenant-Occupied "Each additional \$1,000" rates for the applicable dwelling (for the number of units).

**Home Replacement Cost Coverage—DAU 01 56 07 98**

Replacement Cost on the Dwelling (Coverage A) may be extended with a 125% cap. A completed current Residential Cost Guide worksheet is required.

\$9 per Dwelling.

**Contents Open Perils coverage (HO5 equivalent) - F.34560A (7/17)**

This endorsement can be purchased at an additional premium. It extends the coverage for Personal Property (Contents) from named perils to open perils. Coverage is provided up to Coverage C limit.

Premium for this coverage is \$60

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**Premier Endorsement – F.34385B (7/17)**

Combines a number of coverages on one endorsement:

- Extended Replacement Cost on Dwelling (Cov. A) - 175% of Cov. A
- Building Ordinance or Law – 20% of Cov. A
- Personal Property (Contents) Coverage \$7,500
- Theft Coverage \$7,500
- Fair Rental Income Coverage 20% of Coverage A
- Extended Fair Rental Value for up to 60 days
- Premises Liability & Personal Injury of \$1,000,000
- Medical Payments to Others \$5,000
- Loss Assessment Coverage \$5,000
- Sewer Backup and Drains \$7,500
- Bed Bug Coverage \$5,000
- Landscape Coverage 10% of Cov. A (DF3 Only)

See endorsement for details. Please check the package factor below.

**Plus Endorsement - F.34090C (7/17)**

Combines a number of coverages on one endorsement:

- Extended Replacement Cost on Dwelling (Cov. A) - 150% of Cov. A
- Personal Property Coverage \$5,000
- Theft Coverage \$5,000
- Extended Fair Rental Value for up to 60 days
- Premises Liability & Personal Injury of \$300,000
- Medical Payments to Others \$5,000
- Sewer Backup and Drains \$5,000
- Loss Assessment Coverage \$3,000

See endorsement for details. Please check the package factor below.

**Package Endorsement Factors**

<b>Package Endorsement</b>	<b>Factor</b>
Plus	1.18
Premier	1.30

**Functional Replacement Cost - (F.34405A 515)**

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“Functional Replacement Cost” means the amount that would cost to repair or replace the damaged building with less costly modern construction materials and methods which are functionally equivalent to obsolete, antique materials used in the original construction. Functional Replacement Cost can also be selected for structures that do not meet CSE’s replacement cost guidelines, such as Victorian and other similar constructions.

Functional Replacement Cost is only available for dwellings built prior to 1940. A 10% credit will apply to the Coverage A policy premium.

**Eviction Expense Reimbursement<sup>®</sup> (F.34415A 515)**

Eviction Reimbursement coverage provides up to \$2,000 for the expenses incurred by a policyholder due to an eviction-related action pertaining to the insured’s tenant. Expense reimbursement is limited to court filing fees, attorney fees, and service of process fees pertaining to an eviction.

Applicants are eligible if:

- No prior liability losses within the last three years
- Single family dwelling

Losses associated with this coverage are not subject to the loss surcharge. Please see coverage form for details.

Premium for this coverage is \$60

**Ordinance or Law Option – Increased Limits (F.34410A 515)**

The policy may be endorsed to increase the basic ordinance or law coverage amount. Compute the premium by multiplying the Base Premium by the appropriate factor below:

**Percent of Coverage A**

<b>Increase in Amount</b>	<b>Total Amount</b>	<b>Factor</b>
20%	30%	1.08
40%	50%	1.16
65%	75%	1.26
90%	100%	1.35

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**Personal Property Replacement Cost Option (F.34420A 515)**

In addition to our eligibility guidelines, any applicant requesting replacement cost on unscheduled personal property must meet the following requirements:

- Coverage must be maintained at 100% replacement cost of personal property contents.
- Any request to reduce Contents Coverage limits must be accompanied by an updated inventory of personal property completed by the named insured.

Flat charge of 40% of Coverage C Base Rate will be charged (minimum flat charge of \$30)

**Comprehensive Personal Liability—DAU CPL 07 98**

Comprehensive Personal Liability and Medical Payments coverage may be purchased if the named insured is:

- The owner/occupant of the premises to which Dwelling (Coverage A) applies, or
- The occupant of the premises to which Personal Property (Coverage C) applies.

Workers Compensation and Employers Liability coverage is mandatory when Comprehensive Personal Liability coverage is purchased.

Note: This option is not available for tenant occupied dwellings.

<b>Limit of Liability/Medical</b>	<b>One-Family Premium</b>	<b>Two-Family Premium</b>	<b>Three-Family Premium</b>	<b>Four-Family Premium</b>
100,000/1,000	48	69	120	120
300,000/1,000	61	88	152	152
500,000/1,000	68	98	169	169
1,000,000/1,000	87	125	217	217

**Premises Liability—All Territories—DAU OLT 07 98**

Premises Liability coverage (without Medical Payments) is available for any dwelling or condominium unit insured on the policy.

<b>Limit of Liability</b>	<b>Premium</b>
100,000	28
300,000	34
500,000	51
1,000,000	58

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**Personal Injury—DAU PI 02 08**

If Comprehensive Personal Liability or Premises Liability has been purchased, the definition of Bodily Injury may be broadened to cover Personal Injury (libel, slander, wrongful eviction, etc.)

The limit of liability for Personal Injury must be the same as for Comprehensive Personal Liability or Premises Liability.

This endorsement may only be added effective the new business date or on a renewal date. It may not be added mid-term. When added on a renewal date the request must be submitted to the company non-bound. \$27 each policy

**Equipment Breakdown Option (F.34395A 515)**

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. 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.

Note: No wear and tear losses are covered under this coverage. Wear-and-tear occurs over time and is typically more foreseeable. It is defined as the gradual deterioration of a machine's ability to function.

Premium: \$30. Limit: \$100,000 Deductible: \$500

**Service Line (DF3 Only) Option (F.34390A 515)**

Provides \$10,000 of coverage for a service line (e.g. water, sewer, underground power, gas line) failure or rupture. A \$500 deductible applies. See endorsement for details.

Premium for this coverage is \$15.

**Broad Form Personal Theft—DAU 04 72 07 98**

If Personal Property (Coverage C) has been purchased and there are no more than two roomers or boarders, coverage is available for Loss Away/From Premises may be included.

**Workers Compensation and Employers Liability—HO 24 90 01 93**

Coverage is automatically provided for occasional private residence employees on all policies with Comprehensive Personal Liability coverage. If the insured employs inservants/outservants, coverage must be endorsed on the policy.

Private Residence Employee—Occasional	Included
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Private Residence Employee—In-servant	\$143 per employee
Private Residence Employee—Out-servant	\$114 per employee

**Loss Assessment—DAU 04 63 07 98**

Coverage may be purchased for losses assessed against the insured as a member of a property owners association

<b>Limit of Liability</b>	<b>Premium</b>
1,000	5
\$3,000	7
\$5,000	9
10,000	11
15,000	16
50,000	22

**Additional Insureds – DAU 04 41 07 98**

The interest of individuals or companies (other than the mortgagee listed in the Declarations) may be shown by using the Additional Insured Endorsement DAU 04 41 07 98. Property Managers are automatically added as an Additional Insured if DAU OLT 07 98 Premises Liability is purchased. This does not apply to DAU CPL 07 98 – Comprehensive Personal Liability. Additional Insured must have in-force professional liability coverage from a recognized carrier.

This endorsement amends the definition of an **insured** to include the person or organization shown as an “additional insured”, but only with respect to liability arising out of the **insured location**.

**Additional Interests**

**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 this policy, the persons or organizations named in the Schedule will be notified in writing. All other provisions of this policy apply. This endorsement is available in the CSE DF3 and DF6 programs.

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**PRODUCT FEATURES SUMMARY**

Feature	Landlord DF3		Landlord - Condo DF6
	Owner Occupied (Seasonal, Primary, or Secondary)	Tenant Occupied	Tenant Occupied
Policy Forms Available	DF3		DF6
Number of Units	2 or 3 1 unit with UW approval	1-3	1
Minimum Coverage	\$100,000 Coverage A		\$50,000 Coverage A \$5,000 Coverage C
Maximum Coverage	\$1,200,000 Coverage A		\$350,000 Coverage A \$50,000 Coverage C
Extended Replacement Cost	125% of Coverage A with DAU 01 56 Endorsement Plus Endorsement: 150% of Coverage A Premier Endorsement: 175% of Coverage A		N/A
Contents Coverage	Plus Endorsement includes \$5,000; Premier Endorsement includes \$7,500		
Replacement Cost Contents	Available		
Functional Replacement Cost	Available for buildings built before 1940		
Contents – Theft Peril	Available with the Broad Form Personal Theft DAU 04 72 Included in Plus & Premier Endorsement up to \$5,000 and \$7,500 respectively		
Contents Open Peril Coverage	Available at flat charge \$60		
Coverage B – Other Structures	10% of Coverage A limit is included – Increased amount is available		10% of Coverage A limit is included
Liability Coverage Applies	DAU CPL or DAU OLT	DAU OLT	DAU OLT
Liability Limits Offered	\$100k, \$300k, \$500k & 1 million Umbrellas available separately		
Medical Payments to Others	\$1,000 Maximum Plus & Premier: \$5,000 Maximum if liability coverage on policy	Not Available Plus & Premier: \$5,000 Maximum if liability coverage on policy	Not Available Plus & Premier: \$5,000 Maximum if liability coverage on policy
Personal Injury	Available by adding Personal Injury Form DAU PI Plus and Premier includes: \$300K and \$1M limit respectively		

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Feature	Landlord DF3		Landlord - Condo DF6
	Owner Occupied (Seasonal, Primary, or Secondary)	Tenant Occupied	Tenant Occupied
<b>Workers Compensation Coverage</b>	Available by adding Endorsement HO90	Not Available	Not Available
<b>Maximum # of Units per Insured (not per structure)</b>	N/A	99 total units per CSE Insured	99 total units per CSE Insured
<b>Building &amp; Ordinance</b>	10% of coverage A and is an additional amount of insurance. Increased limits up to 100% of coverage A are available by endorsement. Premier Endorsement provides 20% of coverage A		
<b>Deductibles Offered</b>	Policy Level: \$100 • \$250 • \$500 • \$1000 • \$2500 Policy Level & Water Damage: •\$5000 •\$7500 •10000		
<b>Backup of sewers and drains</b>	Not Available under Basic; Plus Endorsement: \$5,000 and Premier Endorsement: \$7,500 included		
<b>Equipment Breakdown Coverage</b>	Can be purchased for \$30; Limit: \$100,000 with \$500 deductible		
<b>Service Line Coverage</b>	Can be purchased for \$15; Limit: \$10,000 with \$500 deductible	NA	
<b>Pathogenic Organisms</b>	\$5,000 limitation for clean-up/removal.		
<b>Debris Removal</b>	Reasonable expense from a property loss covered by the policy.		
<b>Fair Rental Value &amp; Additional Living Expense</b>	Basic: 10% of Cov. A limit; Plus: 10% of Cov. A limit; Extends up to 60 days Premier: 20% of Cov. A limit; Extends up to 60 days		
<b>Increased limits of FRV or ALE</b>	Increased limits of FRV may be purchased Increased limits of ALE are not available		
<b>Trees, shrubs and other plants (see policy for perils insured against)</b>	Up to 5% of the Coverage A limit (\$500 max per plant) for named perils Premier: 10% of Cov A limit.		
<b>Loss Assessment</b>	\$1,000, \$3,000, \$5,000, \$10,000, \$15,000 & \$50,000 limits available. Plus includes \$3,000 and Premier includes \$5,000		
<b>Payment Plans</b>	Pay in full • 4 pay plan • 6 pay plan • 9 pay \$6.00 installment fee per payment EFT, Checks, Credit Cards and Electronic Check payments accepted		
<b>Multi-policy discount (MPD)</b>	Available		
<b>Qualifies for MPD on Auto policy</b>	Yes	No	No

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<b>Feature</b>	<b>Landlord DF3</b>		<b>Landlord - Condo DF6</b>
<b>Occupancy</b>	<b>Owner Occupied (Seasonal, Primary, or Secondary)</b>	<b>Tenant Occupied</b>	<b>Tenant Occupied</b>
<b>Protective Devices Discount</b>	Available		
<b>CSE Agent Discount</b>	Available		
<b>Renters Insurance Verification Discount</b>	Available		
<b>Property Manager Discount</b>	Available		
<b>Neighborhood Watch Credit</b>	Available		
<b>Supporting Business</b>	Not Required		
<b>Seasonal / Secondary Residences</b>	Eligible with Supporting Primary at a surcharge (1.15)	N/A	N/A
<b>Determining Replacement Cost</b>	Marshall & Swift RCT Express – Available in SPInn		
<b>CLUE</b>	CLUE required for eligibility.		
<b>Mortgagees</b>	If 3 or more mortgagees, submit non-bound.	N/A	
<b>Earthquake</b>	Mandatory Offer made via Palomar Specialty.		

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**GENERAL OPERATIONAL PROCEDURES**

**POLICY PERIOD**

The CSE Landlord policy is 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 of the 12-month policy premium, or
- The initial premium payment if the policy is being issued under the installment payment plan. (See Installment Payment Plan below).

**Exception**

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.

Note: Be sure to indicate in the designated space on the application the name and address of the individual, and the escrow or mortgage company to be billed for the premium, as well as any special billing procedures.

**Late Payment Cancellation**

If payment has not been received by the cancellation effective date, a cancellation notice will be sent to any additional insureds, loss payees, or mortgagees 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 CSE Landlord premium payment plan is a paid-to-date program. This means that 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.

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There is no mid-term billing of any outstanding balance other than the second payment due from the insured paying under the installment plan.

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.

**Installment Payment Plans and Fees**

**Billing Options**

<b>Number of Payments</b>	<b>Down Payment</b>	<b>Number of Installments</b>	<b>Installment amount</b>	<b>Total Installment fee (\$6 each)</b>
1 Full pay	n/a	0	n/a	n/a
4	25%	3	25%	\$18
6	16.7%	5	16.7%	\$30

Credit card payments are acceptable.

**Fees**

<b>Fees</b>	<b>Amount</b>
Policy	\$12
Reinstatement	\$20
Late Payment	\$15
Non-Sufficient Funds	\$15

**Minimum Premium**

The minimum premium shall be \$200 per policy.

**Rounding of the Premium**

All premiums for coverage must be rounded to the nearest dollar.

**EFT PAYMENT PLAN**

EFT automatically transfers the monthly insurance policy premium payments from the insured's checking account to CSE.

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EFT Payment Plan Description

1. Electronic Funds Transfer (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, CSE Safeguard EFT and CSEICO EFT programs all may impose a service charge on each payment.
4. Because individual policies have different coverage terms and renewal dates, we must have a separate draft authorization 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. Please note that the program is designed to withdraw on the first draft the amount 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. Without a written request for cancellation of the installment draft, 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.

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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.

**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 approval from an underwriter (Coverage is applied for when the named insured, for purposes of binding coverage, signs the application or submits money to the agent.)

**Insurance Binder**

CSE agents have authority to issue an insurance binder for a period of up to 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, 2015 and the insured signs the application on January 01, 2015 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.

**Timeliness**

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

**Address**

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

If the property has no numerical address, clearly specify the location with respect to well-known landmarks or nearby entities which pinpoint locale. Use the remarks section of the application for this information.

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**Signature and Dates**

Each application must be personally or electronically 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 non-catastrophe related loss within the first 60 days of the policy period
- Policy premium is not submitted within required time period

If we cancel the policy 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.

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**Mid-Term**

**Company-Initiated**

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

- There is substantial increase in the hazard insured against (see “Ineligible Criteria” in the Underwriting guidelines)
- Non-payment of premium
- Conviction of a crime increasing hazard insured against
- Vacancy or foreclosure by the mortgagee on the insured’s real property
- Fraud or material misrepresentation has been made by the insured
- Grossly negligent act or omission increasing hazard insured against
- Physical changes in property making it uninsurable
- Or other grounds as stated in the California Insurance Code, section 676

**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.

**NON-RENEWAL**

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

- The agent no longer represents CSE

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- Non-payment of premium occurs
- There is substantial increase in the hazard insured against (see “Ineligible Criteria” in the Underwriting guidelines)
- There is an unacceptable loss history
  - 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 four (4) 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.
  - 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).

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 is an underwriting action that renders the entire contract between CSE and the applicant null and void 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 canceled for non-payment of premium, the policy may 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:

- 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

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- Policies with any prior loss history
- Policies currently set to non-renew

If the Underwriting Department agrees to reinstate, such reinstatement will be processed without lapse in coverage. A reinstatement fee 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 will be approved under the following circumstances:

- Assignment from the named insured to a relative, in the event of transfer of 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 doing business in California to indemnify the public against loss due to the insolvency of individual property and casualty carriers.

Accordingly, the California Insurance Guarantee Association (CIGA) may assess each of its members a fee to help pay for any outstanding policyholder and claimant liability obligations left by an insolvent carrier. When CIGA assesses us this fee, we recoup 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.