



**AMERICAN MODERN  
INSURANCE COMPANY**

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**(077)**

*New Business 03-15-11*

**J. E. BROWN & ASSOCIATES**

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Walnut Creek, CA 94598

Tel.: 925-947-2990 | 800-955-8213

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**Resort Condominium**

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**Homeowners (HO-6) Program Manual**

# PROGRAM COVERAGES & FEATURES

## TARGET MARKET

The **Resort Condominium (HO-6) Program** is designed to target the seasonal and short-term rental condos located in vacation hot spots. The policy will be issued to the owner(s) of a condominium unit which is used exclusively for residential purposes.

Condominiums should be in average or better condition and should show pride of ownership. A risk in average or better condition will have heating, wiring and plumbing systems in good working order. The condominium must have approved fire walls, dead bolt locks and security lighting

## PACKAGE LIMITS AND COVERAGES

Condominium Unit (Coverage A)	\$1,000 to \$300,000. Refer to Condo Association's Master Policy to determine adequate coverage limit.
Personal Property (Coverage C)	\$1,000 to \$300,000
Premises Liability (Increased Limits Available)	\$100,000
Medical Payments (Increased Limits Available)	\$1,000 per Person (\$25,000 each occurrence)
Property Damage to Others	Up to \$1,000 per Occurrence
Loss of Use (Increased Coverage Available)	40% of Coverage A (Maximum Limit of \$100,000)
Loss Assessment (Increased Limits Available)	\$1,000
Ordinance or Law (Increased Coverage Available)	Up to 10% of Coverage A
Deductible (Higher Limits Available)	\$500 All Peril (\$1,000 for Tenant caused Loss or Damage)

## BASIC ELIGIBILITY & POLICY FORM

Policy Form	S6000 (04/07) Homeowners 6 Unit Owners Policy
Insurance to Value	100% Replacement Cost
Loss Settlement	Replacement on Condo Unit and Actual Cash Value on Personal Property (Personal Property Replacement Cost Optional)
Home Value	Minimum Home Value: \$1,000 Maximum Home Value: \$300,000
Age of Home	No Age Requirement
Occupancy	Rental and Seasonal Short Term and Occasional Rentals
Number of Families	One Family Unit Only
Number of Stories per Unit	Up to 3 Stories

## PERILS INSURED AGAINST

Condo Unit	Named Peril
Personal Property	Named Peril

## ADDITIONAL COVERAGE OPTIONS

Identity Recovery	Theft of Personal Property while Rented
Water Back-Up and Sump Overflow	Property Manager - Premises Liability
Equipment Breakdown	

# QUOTING PROCEDURE

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Rate pages are not available for this program.

Quoting and issuance of policies will only be available through **modernLINK®**. If you do not have access to our Award Winning website, you may call Customer Care or your General Agent, whichever applies.

## TERRITORY ALIGNMENT

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**Territory 70**  
Contra Costa, San Francisco  
& City of Fresno

**Territory 71**  
Fresno (Excluding City of Fresno)  
& Orange

**Territory 72**  
City of Los Angeles

**Territory 73**  
City of Long Beach

**Territory 74**  
Los Angeles (Excluding City of  
Los Angeles & Long Beach)

**Territory 75**  
San Mateo, Santa Clara & Sonoma

**Territory 76**  
Marin, Napa & San Joaquin

**Territory 77**  
Alameda (Excluding Cities of Berkeley  
& Oakland), Monterey & Santa Cruz

**Territory 78**  
City of Berkeley & Oakland

**Territory 79**  
Placer, Sacramento & Yolo

**Territory 80**  
Stanislaus

**Territory 81**  
City of San Diego

**Territory 82**  
San Diego  
(Excluding City of San Diego)

**Territory 83**  
Santa Barbara & Ventura

**Territory 84**  
Riverside & San Bernardino

**Territory 85**  
Alpine, Amador, Butte, Calaveras, Colusa, Del Norte, El Dorado, Glenn, Humboldt, Imperial, Inyo, Kern, Kings, Lake, Lassen, Madera, Mariposa, Mendocino, Merced, Modoc, Mono, Nevada, Plumas, San Benito, San Luis Obispo, Shasta, Sierra, Siskiyou, Solano, Sutter, Tehama, Trinity, Tulare, Tuolumne, & Yuba

## DIRECT BILL PREMIUM PLANS

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**Direct Bill** is American Modern Insurance Group's own automated billing and processing system. With the completion of an easy application, this system will automatically produce a declarations page, bills and renewals. All policies can be dispatched from our office to the insured. Please inquire for details.

**We now accept Credit Cards and one-time EFT as a method of payment.**

### ANNUAL POLICIES

1. Paid in Full.
2. 4-Pay Plan - 25% down with 3 installments. Collect the 25% down. We will bill in 3 installments which will be due by day 65, day 155, & day 245.
3. 10-Pay Plan - 16.3% down with 9 installments. Collect the 16.3% down. We will bill in 9 installments which will be due by day 40, day 70, day 100, day 130, day 160, day 190, day 220, day 250, & day 280.
4. EZPay - 2 months downpayment required with 10 additional installments automatically deducted from a savings/checking account. Collect the downpayment and submit signed application form 00220-08-G with application and a voided check or deposit slip. The customer may choose date of automatic withdrawal.

**A SERVICE CHARGE IS ASSESSED FOR EACH INSTALLMENT, INCLUDING THE DOWN PAYMENT. LATE PAYMENT FEES AND REINSTATEMENT/LAPSE CHARGES MAY APPLY.**

# TARGET MARKET, RULES AND DEFINITIONS

## GENERAL RULES AND RATING INFORMATION

- |                                       |   |
|---------------------------------------|---|
| 1. Application(s)                     | The agent's and applicant's <b>signatures</b> are <b>required</b> .   |
| 2. Insurance to Value                 | Condominium must be insured to 100% of its' replacement cost value.   |
| 3. Policy Term                        | All policies are written for a term of <b>one year</b> . Effective time - 12:01 A.M. Standard Time.   |
| 4. Whole Dollar Rule                  | The premium shall be rounded separately for each coverage to the nearest <b>whole dollar</b> .  |
| 5. Cancellation Rule                  | <b>No flat cancellation</b> is allowed if coverage has been provided under our policy.  |
| 6. Transfer or Assignment             | Policies may <b>not</b> be transferred or assigned.   |
| 7. Minimum Written and Earned Premium | There is a <b>\$100 minimum written</b> and <b>earned premium</b> .   |
| 8. Claims Verification                | A Clue report showing past claims activity will be ordered to verify claims.  |
| 9. Inspection Fee                     | An inspection report may be reviewed as part of the underwriting evaluation for any applicant. <b>A \$35 Inspection Fee</b> will be charged when ordered. |

## DEFINITIONS

- |  |   |
|--|---|
| 1. Condominium                               | A condominium is a home in a shared building or development. The buyer gets the title of the space inside the unit, shares the common areas with other unit owners and pays a maintenance fee to the condominium association to pay for needed maintenance, repairs and improvements to the property.   |
| 2. Seasonal/Secondary                        | Condo Units owned by the insured that are occupied on an intermittent or non-continuous basis as the insured's secondary or seasonal residence for less than five (5) consecutive months.<br>Occasional Rentals are eligible.   |
| 3. Rental                                    | Condo Units owned by the insured that are rented to others for residential purposes. Short Term Rentals have a lease term of less than 3 months   |
| 4. Supplemental Heating Device               | Wood, coal or pellet burning stoves, space heaters, and any other heating device that is not centralized. The thermostatically controlled space heaters do not require the Supplemental Heating Device Surcharge.<br><b>Portable kerosene heaters or space heaters are ineligible.</b>  |
| 5. Central Station Burglar and/or Fire Alarm | This system is connected to an independent and fully staffed security agent from whom trained operators are available to act in case of a break in or fire.   |
| 6. Local Burglar and/or Fire Alarm           | This system sets off a loud alarm on the premises if there is a break in or fire. It is designed to alert the inhabitants and neighbors of the break in or fire.  |
| 7. Limited Access Community                  | When a risk is located in a building or gated community/neighborhood, where access is restricted and controlled for residents 24 hours a day. Access can be restricted by one or a combination of any of the following: operational gate(s), uniformed guard(s), keycard access, coded locking mechanism, or similar access restriction device. |

## TEMPORARY SUSPENSION OF WRITINGS

During Temporary Suspensions of Writing, do not accept any applications for new coverage, requests to increase coverage limits, or requests to lower deductibles on existing policies. Existing policies will renew during this time, provided there is no increase in coverage or lapse between policies.

### Impending Severe Weather

Impending severe weather includes, but is not limited to:

- ◆ Tornado watches and/or warnings
- ◆ Flood watches and/or warnings
- ◆ Tropical storm or Hurricane watches and/or warnings

**Earthquake** (This only applies when Earthquake Coverage is provided.)

- ◆ Restrictions begin with the occurrence of an earthquake or aftershock, of 5.0 Richter (or greater), and continue for a period of 72 hours for dwellings located in counties (in their entireties) within 100 miles of the epicenter.

### Wildfire

- ◆ No risks may be bound within a 25 mile radius of any existing wildfire.

For Updates Call (888) 593-3032, or LOG ON to our website: [www.amig.com/agents/bindres.html](http://www.amig.com/agents/bindres.html)

# UNDERWRITING GUIDELINES

A Clue Report will be ordered for all new business ♦ Inspections may be ordered ♦ A Brush Fire Report may be ordered

## PRIOR LOSS HISTORY

		SPECIALTY HOMEOWNER
LOSSES IN THE PAST 3 YEARS		<b>Maximum 3 losses.</b> No more than 1 fire or liability loss. No more than 2 of any other single cause of loss excluding weather.
		If the applicant has <b>more than 5 rental properties</b> and incurred losses exceed these guidelines then, Submit, Do Not Bind.
SUBMIT, DO NOT BIND	<b>FIRE LOSSES &gt; \$10,000</b>	Provide details of fire, including preventative measures taken to prevent future fires. A copy of the fire report is required. Arson, or intentional act by applicant <b>NOT</b> acceptable.
	<b>ALL LIABILITY LOSSES</b>	Maximum Coverage Available: \$100,000 Liability and \$1,000 Med Pay
	<b>THEFT LOSSES &gt; \$5,000</b>	Provide preventative measures taken.
	<b>WATER LOSSES &gt; \$5,000</b>	Mold inspection from applicant may be required
<b>GENERAL GUIDELINES</b>		Prior losses include any loss incurred on any property and/or structure owned, rented, or leased by the applicant. Complete details regarding the loss such as cause, location, date, and the amount paid for the loss are required. All repairs from prior losses must be complete.

## RISK CHARACTERISTICS

- |                                   |   |
|-----------------------------------|---|
| <b>Animals</b>                    | <ul style="list-style-type: none"> <li>♦ Applicants with large, unusual, exotic, vicious, or potentially vicious animals are <b>ONLY</b> acceptable with the Animal Liability Exclusion. Animals in this category include, but are not limited to:                             <ul style="list-style-type: none"> <li>Animals with a previous bite history or vicious propensities</li> <li>Dobermans, Chows, Rottweilers, Akitas, American Staffordshire Terriers (Pit Bulls), attack dogs and Wolf Hybrids, (or any mix thereof)</li> <li>Ostriches, Emus, Horses, Farm or Ranch animals, or any type of wild exotic animals or pets</li> </ul> </li> </ul> |
| <b>Business on Premises</b>       | <ul style="list-style-type: none"> <li>♦ Business with employees must be submitted. Risk must not be bound.</li> </ul>  |
| <b>Wiring</b>                     | <ul style="list-style-type: none"> <li>♦ Fuse box (full or partial) and knob &amp; tube wiring are <b>NOT</b> acceptable.</li> </ul>  |
| <b>Heating</b>                    | <ul style="list-style-type: none"> <li>♦ Primary heat source must be thermostatically controlled and <b>CANNOT</b> be a supplemental heating device.</li> </ul>   |
| <b>Supplemental Heating</b>       | <ul style="list-style-type: none"> <li>♦ Supplemental heating devices include wood/coal/pellet or any other solid fuel burning device.                             <ul style="list-style-type: none"> <li>○ Kerosene and other portable space heaters are <b>NOT</b> acceptable.</li> </ul> <b>Note:</b> Fireplaces are <b>NOT</b> considered supplemental heating devices unless equipped with a fireplace insert.                         </li> </ul>   |
| <b>Steps, Porches and Decks</b>   | <ul style="list-style-type: none"> <li>♦ Must have secured handrails if 3 feet or more above the ground.</li> <li>♦ Risks not meeting this criteria are not acceptable.</li> </ul>  |
| <b>Uninsured Properties</b>       | <ul style="list-style-type: none"> <li>♦ If the risk has been uninsured for more than 30 days <b>DO NOT BIND/SUBMIT</b> with explanation.</li> </ul>  |
| <b>1,000 Feet of Rising Water</b> | <ul style="list-style-type: none"> <li>♦ Within 1,000 feet of rising water, or in an area prone to flooding must be submitted. Risk must not be bound.</li> </ul>   |
| <b>Converted Commercial Risk</b>  | <ul style="list-style-type: none"> <li>♦ Attached to, occupied as, or converted from a commercial risk must be submitted. Risk must not be bound</li> </ul>   |

## RISK CHARACTERISTICS (continued)

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### Non-Renewed Or Canceled

- ◆ Applicants non-renewed or canceled by the prior carrier due to underwriting reasons must provide reason for non-renewal or cancellation.  
**Submit, Do Not Bind applicants with this characteristic.**

## RISKS THAT ARE NOT ACCEPTABLE • DO NOT BIND • DO NOT SUBMIT

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### Applicants

- ◆ Currently unemployed, other than retired or disabled
  - With these characteristics:* ◆ Four or more losses of any kind in the last three years (*For additional guidelines see "Prior Loss History"*)
  - ◆ Past conviction for arson, fraud, or other insurance-related offenses
  - ◆ Mortgage payments 60 days or more past due or currently in foreclosure
  - ◆ More than two lienholders and/or mortgagees
  - ◆ Retaining a residence employee who works over 20 hours per week inside the home or 10 hours per week outside the home
- 

### Dwellings

- ◆ Dwellings in poor physical condition and not properly maintained
  - With these characteristics:* ◆ Condemned
  - ◆ Vacant or unoccupied
  - ◆ Under construction, or undergoing major renovations (minor renovations are acceptable and include painting, roof repairs, carpeting and plastering)
  - ◆ Unrepaired damage or boarded up windows
  - ◆ Hand-hewn log condominiums
  - ◆ Non-conventional construction or design (*Shell homes, Do-It-Yourself construction, or homemade homes*)
  - ◆ Primary heat source that is **NOT** thermostatically controlled or is a supplemental heat source
  - ◆ Kerosene or portable space heaters
  - ◆ Without smoke detectors
  - ◆ Dwellings with water leaks or plumbing in disrepair
  - ◆ Without utilities such as natural gas, electric, or water
  - ◆ In a landslide area
  - ◆ Fraternity, sorority, student housing or other similar occupancy
  - ◆ Owner Occupied Units
  - ◆ Located in a high or very high forest fire, brush fire or fuel rank zone.
  - ◆ Located in low, low urban, low agricultural and moderate zones that are within a 350 ft. radius of a high or very high forest fire, brush fire or fuel rank zone.
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**Circumstances reflecting an unusual exposure or increase in hazard not addressed above are unacceptable.**

## CANCELLATION PROCEDURES

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American Modern Insurance Group, Inc. will accept a request to cancel a policy when we receive that request within 90 days of the requested cancellation date, and the request is accompanied by proper documentation. If the request is received more than 90 days after the requested cancellation date, the effective date of the cancellation will be the date the request was received at American Modern Insurance Group, Inc. unless:

- ◆ Insured no longer had a financial interest in the risk as of the requested cancellation date;
- ◆ The request to cancel is due to a total loss;
- ◆ Duplicate American Modern policy providing coverage for the same risk exists.

# OPTIONAL COVERAGES

Coverage	Available Occup.	Limits	Rates	Included Coverages	Important Information	Codes
<b>Condo Unit Coverage A</b>	Rental Seasonal		modernLINK will calculate			<b>0C6 0D6</b>
<b>Personal Property Coverage C</b>	Rental Seasonal		modernLINK will calculate			<b>7C6 7D6</b>
<b>Premises Liability</b>	Rental Seasonal	\$200,000 \$300,000 \$500,000	\$30.00 \$50.00 \$75.00	\$100,000 Liability. \$1,000 Med Pay each person, \$25,000 each occurrence, \$1,000 Damage to Property of others.		<b>LY</b>
<b>Medical Payments</b>	Rental Seasonal	\$2,000 \$3,000 \$4,000 \$5,000	\$4.00 \$8.00 \$11.00 \$14.00	\$1,000 per person \$25,000 each occurrence		<b>1M</b>
<b>Optional Deductibles</b>	Rental Seasonal	\$1,000 \$1,500 \$2,500 \$5,000	-10% -15% -25% -30%	\$500 All Perils (\$1,000 for Tenant caused Damage or Loss)		<b>H9</b>
<b>Personal Property Replacement Cost</b>	Rental Seasonal		\$1.00 per \$1,000		Limit must be equal to Coverage C	<b>NV</b>
<b>Loss Assessment</b>	Rental Seasonal	\$5,000 \$10,000 \$15,000 \$20,000 \$25,000 \$30,000 \$35,000 \$40,000 \$45,000 \$50,000	\$6.00 \$9.00 \$12.00 \$15.00 \$20.00 \$25.00 \$30.00 \$35.00 \$40.00 \$45.00	\$1,000		<b>LW</b>
<b>Ordinance or Law</b>	Rental Seasonal	Max: 100% of Coverage A	\$3.00 per \$1,000	10% of Coverage A		<b>CK</b>
<b>Theft of Personal Property While Rented</b>	Rental Seasonal	Max: \$5,000	\$10.00 per \$1,000		Not available if prior theft claim within the last 3 years.	<b>QK</b>
<b>Water Back-Up and Sump Overflow</b>	Rental Seasonal	\$5,000	\$50.00			<b>WS</b>
<b>Identity Recovery</b>	Seasonal	\$15,000	\$20.00		Offers coverage for expenses incurred by an insured as a result of an identity theft discovered during the policy period.	<b>RZ</b>
<b>Property Manager - Premises Liability</b>	Rental Seasonal		\$50.00		Property Manager must be listed as additional insured	<b>SK</b>
<b>Loss of Use</b>	Rental Seasonal	Max: \$100,000	\$4.00 per \$1,000	40% of Coverage A		<b>HJ</b>
<b>Earthquake Coverage</b>	Rental Seasonal		<b>Frame</b> \$6.96 per \$1,000 <b>Masonry</b> \$10.44 per \$1,000		Limit must be equal to Coverage A & C. 10% Deductible (\$1,000 minimum)	<b>0A 0C</b>
<b>Equipment Breakdown</b>	Rental Seasonal	\$25,000	\$250 Ded. - \$30.00 \$500 Ded. - \$15.00		Provides equipment breakdown protection for systems and appliances in the home.	<b>RX EO</b>

## CREDITS/SURCHARGES

Credit / Surcharge	Premium	Important Information	Code
Supplemental Heating Device	\$25		H3
<b>Protective Device Credits</b> (see page 3 for more information):		Maximum credit available is 10%	<u>Risk Code</u>
Local Fire & Smoke Alarm	-2%		13
Local Burglar Alarm	-2%		E6
Central Station Fire & Smoke Alarm	-5%		02
Central Station Burglar Alarm	-5%		01
Limited Access Community	-10%		03
Multi-Claim Surcharge			<u>Risk Code</u>
	0 & 1 Claim 0%		L0-L1
	2 Claims 25%		L2
	3 Claims 40%		L3
	4 Claims 50%		L4
Short Term Rental	No charge	Rental Units	<u>Risk Code</u>
			S4
Occasional Rental	No charge	Seasonal Units	<u>Risk Code</u>
			CR
Mature Owner Credit	-5%	Age 50 or Older	

## SETTLEMENT OPTIONS

Options	Definitions	Rates	Codes
Replacement Cost	The full cost to repair or replace property, with no deduction for depreciation.	Included	2



# FORMS LISTING (For Reference Only)

Form Number	Title	HO6	
		R	S
S6000 (04/07)	Homeowners 6 Policy Form		
PEX00 (03/09)	Policy Execution Endorsement		
0110-4269 (5/92)	Declaration Page		
HO6-CA (03/11)	HO-6 Application		
<b>MANDATORY ENDORSEMENTS</b>			
S6A04 (04/10)	Special Provisions - California	X	X
H6U00 (08/09)	Unit-Owners Rental to Others	X	
S6X00 (01/10)	Water Exclusion	X	X
S6C00 (05/09)	Criminal Acts Exclusion	X	X
S6P00 (01/10)	Premises Liability	X	X
H6S00 (02/09)	Swimming Pool Exclusion - Premises Liability	X	X
PLY00 (02/08)	Certified Acts of Terrorism	X	
S6E00 (03/10)	Tenant Caused Loss Deductible	X	
S6M00 (06/09)	Mold Exclusion	X	X
S6T00 (05/09)	Total Pollution, Asbestos, and Lead Exclusion	X	X
<b>OPTIONAL ENDORSEMENTS</b>			
S6W00 (01/10)	Water Sump Back-Up and Sump Discharge or Overflow	X	X
S6E00 (03/10)	Tenant Caused Loss Deductible		X
S6H00 (01/10)	Theft by Tenant	X	X
S6L00 (01/10)	Personal Property Replacement Cost Loss Settlement	X	X
S6I00 (01/10)	Property Manager - Additional Insured - Premises Liability	X	X
H6200 (03/10)	Equipment Breakdown Enhancement - \$250 Deductible	X	X
H6500 (03/10)	Equipment Breakdown Enhancement - \$500 Deductible	X	X
H6U00 (08/09)	Unit-Owners Rental to Others (Risk Code CR)		X
S6J04 (04/10)	Homeowners Earthquake Endorsement - California	X	X
S3X00 (12/09)	Identity Recovery		X
<b>IMPORTANT NOTICES</b>			
DPN02 (07/09)	Important Notice - Occasional & Short Term Rental (Risk Codes CR & S4)	X	X
S6Q04 (04/10)	Earthquake Offer - California	X	X
S6K04 (04/10)	Residential Property Insurance Disclosure - California (Renewal Only)	X	X
RPD04 (09/09)	Residential Property Insurance Disclosure - California (modernLINK Application Only)	X	X
73859 (02/01)	Important Notice - Your Privacy and its Protection, California Insurance Guarantee Association and Consumer Affairs - California	X	X
CAGEN (03/03)	California Dept. of Insurance - Race, National Origin, & Gender Form	X	X
SHN06 (07/06)	California Residential Property Insurance Bill of Rights	X	X
H6N01 (05/09)	Important Notice - Regarding Valuation	X	X
IN614 (04/09)	Important Notice - Flood & Earthquake Exclusion	X	X
V9295 (11/05)	Summary of Rights	X	X

# HOW TO REACH US WHEN YOU NEED US

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## **REPORT A CLAIM:**

**Online:** In modernLINK®, under the Quotes and Policies tab click the Claims link.  
**Phone:** 1-800-375-2075  
**Fax:** Varies by state. Check the list on modernLINK.  
**Mail:** American Modern Insurance Group, Inc.  
Attn: Claims Processing  
PO Box 5323  
Cincinnati, OH 45201-5323

## **BILLING OR POLICY QUESTION:**

**Phone:** 1-800-955-8213

## **modernLINK SUPPORT:**

**Hours:** Monday to Friday, 7 a.m. to midnight Eastern  
Saturday and Sunday, 8 a.m. to 9 p.m.  
**Help:** Talk to your office's modernLINK Profile Administrator  
Click the Help link at the upper right of the modernLINK screen.  
Systems Support: 1-866-527-9583 or systemsupport@amig.com  
Monday to Friday, 8 a.m. to 6 p.m. Eastern  
After hours support handled by voicemail return call.

## **BINDING RESTRICTIONS:**

Check modernLINK for current binding restrictions.

## **ORDER SALES MATERIALS:**

Please **call:**  
1-925-947-2990  
**or**  
1-800-955-8213  
**or Fax:**  
1-925-947-3978

**Supply orders** may be sent to:

**J. E. Brown & Associates**  
303 Lennon Lane  
Walnut Creek, CA 94598

When ordering, please refer to the form number at the lower left hand corner of this page.



**AMERICAN MODERN  
INSURANCE COMPANY**

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**EXECUTIVE OFFICE**  
POST OFFICE BOX 5323, CINCINNATI, OHIO 45201-5323, 1-800-543-2644

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