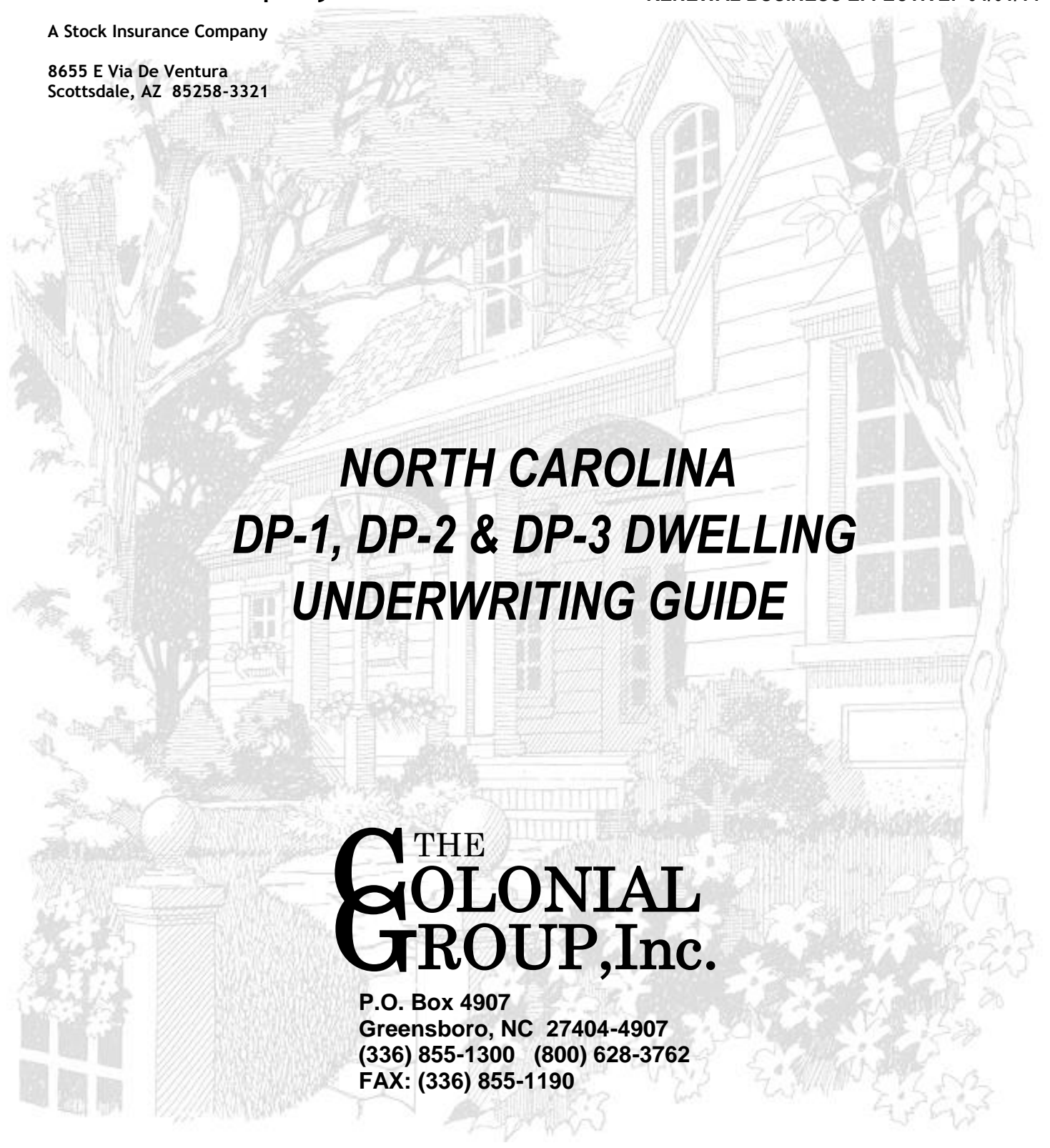


# American Reliable Insurance Company

A Stock Insurance Company

8655 E Via De Ventura  
Scottsdale, AZ 85258-3321

NEW BUSINESS EFFECTIVE: 04/01/14  
RENEWAL BUSINESS EFFECTIVE: 04/01/14



## **NORTH CAROLINA DP-1, DP-2 & DP-3 DWELLING UNDERWRITING GUIDE**

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*This manual is provided for your use as one of many decision-making tools in the acceptability of a risk. Some situations may arise that are outside the scope of this manual. In those circumstances, you should obtain as many facts about the risk as possible and contact your General Agent to discuss acceptability. This manual is not all-inclusive. Please use it as a guideline for acceptability and call your General Agent with any questions you have or risks you are uncertain about.*

# PROGRAM INDEX

|  | <u>PAGE</u> |
|--|-------------|
| PROGRAM INDEX .....                                      | 1           |
| DEFINITIONS .....  | 1-2         |
| ELIGIBILITY AND COVERAGES .....                          | 3           |
| GENERAL INFORMATION AND PAYMENT OPTIONS .....            | 4           |
| DWELLING UNDERWRITING GUIDELINES (DP-1, DP-2& DP-3)..... | 5           |

## DEFINITIONS

### OCCUPANCY DEFINITIONS:

- Primary/Permanent:** Dwelling owned by the named insured and occupied by the named insured on a permanent basis. The dwelling must be occupied by the named insured for at least nine (9) months out of the year.
- Rental:** Dwelling owned by the named insured but occupied by others. The dwelling is rented to others for residential purposes.
- Seasonal/Secondary:** A dwelling that is not a primary residence of the named insured, but one that is used on an intermittent basis by the named insured.
- Townhome/Rowhome:** One dwelling of a row of dwellings sharing common walls. They differ from condominiums as an individual owns and maintains the exterior of the dwelling and owns the land where the dwelling resides.
- Vacant:** Absence of most of the furniture and other items needed for human occupancy as a dwelling.
- Unoccupied:** Dwellings without human inhabitants but contain enough furnishings or other personal property to show intent to return and occupy the dwelling.

### DWELLING CONSTRUCTION:

- Frame:** Exterior walls of wood or other combustible construction, including wood ironclad, stucco on wood or plaster on combustible supports. If frame construction is mixed with any other type, rate risk as frame.
- Masonry:** Exterior walls constructed of masonry materials such as adobe, brick, concrete, gypsum block, hollow concrete block, stone, tile or similar materials, and floors and roof of combustible construction.
- Masonry Veneer:** Exterior walls of combustive construction, veneered with brick or stone. For rating purposes, Masonry Veneer should be rated as Masonry.

# DEFINITIONS (continued)

## PROTECTION CLASS:

The Protection Class listings in the Community Mitigation Classification Manual apply to risks insured under Homeowners policies.

The protection class indicated applies in a municipality or classified area where a single class of fire protection is available throughout (8,7,6, etc.).

In a classified area where a single classification is "9E", the classification is determined as follows:

| Distance To Fire Station      | Class |
|-------------------------------|-------|
| 1. 5 road miles or less       | 9S    |
| 2. Between 5 and 6 road miles | 9E    |

In a classified area where two or more classifications are shown (Example: 6/9 or 6/9S or 6/8B), the classification is determined as follows:

| Distance To Fire Station                                | Class       |
|---|-------------|
| 1. 5 road miles or less with hydrant within 1,000 feet  | *           |
| 2. 5 road miles or less with hydrant beyond 1,000 feet  | 9, 9S or 8B |
| 3. Over 5 road miles                                    | 10          |
| * First protection class (Example: 6/9 ... use Class 6) |             |

In a classified area where two or more classifications are shown and an "E" is designated, (Example: 6/9E), the classification is determined as follows:

| Distance To Fire Station                                 | Class |
|--|-------|
| 1. 5 road miles or less with hydrant within 1,000 feet   | *     |
| 2. 5 road miles or less with hydrant beyond 1,000 feet   | 9S    |
| 3. Between 5 and 6 road miles                            | 9E    |
| 4. Over 6 road miles                                     | 10    |
| * First protection class (Example: 6/9E ... use Class 6) |       |

In a classified area where split classifications are shown where no hydrants are installed (Example: 9/10), or where the hydrant distance does not apply due to an alternate creditable water supply (Example: 7/10), the classification is determined as follows:

If the split class is X/10 (Example: 7/10):

| Distance To Fire Station   | Class |
|--|-------|
| 1. Within 5 road miles of fire station, unless otherwise indicated | *     |
| 2. Over 5 road miles from fire station                             | 10    |
| * First protection class (Example: 7/10 ... use Class 7)           |       |

If the split class is X/9E (Example: 7/9E):

| Distance To Fire Station   | Class |
|--|-------|
| 1. Within 5 road miles of fire station, unless otherwise indicated | *     |
| 2. Between 5 and 6 road miles of fire station                      | 9E    |
| 3. Over 6 road miles from fire station                             | 10    |
| * First protection class (Example: 7/9E ... use Class 7)           |       |

Rural Fire Protection Districts are areas which have been inspected and for which protection classes are published.

All other properties are Class 10.

# ELIGIBILITY AND COVERAGES

| ELIGIBILITY                  | DP-1 (ISO DP 00 01 12 02)   | DP-2 (ISO DP 00 02 12 02)  | DP-3 (ISO DP 00 03 12 02)  |
|------------------------------|---|--|--|
| <b>Market</b>                | The dwelling program is for risks that do not desire or qualify for Homeowners Coverage.<br>The dwelling must meet the underwriting rules as outlined in this manual.   |  |  |
| <b>Policy Term</b>           | 12 months   | 12 months  | 12 months  |
| <b>Minimum Value</b>         | 40,000  | 50,000   | 60,000   |
| <b>Maximum Value</b>         | 300,000   | 300,000  | 300,000  |
| <b>Year Built</b>            | No restrictions   | 1900 or newer  | 1930 or newer  |
| <b>Occupancy</b>             | Owner, rental, seasonal and vacant  | Owner, rental and seasonal   | Owner, rental and seasonal   |
| <b>Number of Families</b>    | 1 - 4 family  | 1 - 4 family   | 1 - 4 family   |
| <b>Protection Class</b>      | Protection Class 1-10   | Protection Class 1-10  | Protection Class 1-10  |
| <b>Loss Settlement</b>       | Actual Cash Value   | Actual Cash Value or Replacement Cost  | Actual Cash Value or Replacement Cost  |
| <b>Condition of Dwelling</b> | Dwelling must be of sound structure.<br>The dwelling may be in need of paint or minor repair.   | Dwelling must be of sound structure with no existing damage.   | Dwelling must be of sound structure with no existing damage.   |
| <b>Wiring</b>                | Dwelling must have at least 100 amp service. No knob and tube wiring.   | Dwelling must have at least 100 amp service. No knob and tube wiring.  | Dwelling must be entirely on circuit breakers or a combination of fuses and circuit breakers with at least 100 amp service.  |
| <b>Plumbing</b>              | Updates are not required.   | Updates are not required, however, polybutelene pipes are unacceptable.  | Updates are not required, however, polybutelene pipes are unacceptable.  |
| <b>Heating</b>               | Updates are not required.   | Updates are not required.  | Updates are not required.  |
| <b>Roof</b>                  | Updates are not required.   | Updates are not required. If the roof is 20 years or older, an endorsement will be added to the policy limiting windstorm and hail losses for roof surfacing to actual cash value. | Updates are not required. If the roof is 20 years or older, an endorsement will be added to the policy limiting windstorm and hail losses for roof surfacing to actual cash value. |
| <b>Prior Losses</b>          | Submit for approval if the applicant has had 2 or more property losses in the past 36 months or any single fire, theft, liability, or flood loss in the past 36 months. | Submit for approval if the applicant has had 2 or more property losses in the past 36 months or any single fire, theft, liability, or flood loss in the past 36 months.            | Submit for approval if the applicant has had 2 or more property losses in the past 36 months or any single fire, theft, liability, or flood loss in the past 36 months.            |

| ELIGIBILITY   | DP-1 (ISO DP 00 01 12 02)  | DP-2 (ISO DP 00 02 12 02)  | DP-3 (ISO DP 00 03 12 02)   |
|---|--|--|---|
| <b>Other Structures</b>                                     | Up to 30% of Coverage A is optional.   | 10% of Coverage A is included as an additional amount of insurance.<br>Up to 30% of Coverage A is optional.                          | 10% of Coverage A is included as an additional amount of insurance.<br>Up to 30% of Coverage A is optional.                         |
| <b>Personal Property</b>                                    | Up to 50% of Coverage A is optional on primary risks and up to 20% of Coverage A is optional on rental and seasonal/secondary risks. | Up to 50% of Coverage A is optional on primary risks and up to 20% of Coverage A is optional on rental and seasonal/secondary risks. | Up to 50% of Coverage A is optional on primary risks and up to 20% of Coverage A is optional on rental risk and seasonal/secondary. |
| <b>Personal Property Replacement Cost</b>                   | Not Available  | Optional   | Optional  |
| <b>Fair Rental Value</b>                                    | Up to 10% of Coverage A is available   | Combined Limit: Up to 10% of Coverage A is included as an additional amount of insurance.  | Combined Limit: Up to 10% of Coverage A is included as an additional amount of insurance.   |
| <b>Additional Living Expense</b>                            | Not available  |  |   |
| <b>Radio &amp; TV Antennas, Signs &amp; Awning Coverage</b> | Optional   | Optional   | Optional  |
| <b>Vandalism and Malicious Mischief</b>                     | Optional   | Included   | Included  |
| <b>Personal &amp; Premises Liability</b>                    | Optional   | Optional   | Optional  |
| <b>Medical Payments</b>                                     | Optional   | Optional   | Optional  |
| <b>Earthquake Coverage</b>                                  | Optional   | Optional   | Optional  |

## GENERAL INFORMATION

1. **POLICY PERIOD:** The policy will be written for a period of one year.
2. **BINDING AUTHORITY:** For coverage to begin as requested, the application must be mailed within 72 hours of the effective date of coverage. Otherwise, coverage is bound at 12:01 a.m. the day of the postmark. No coverage may be increased within 72 hours of the announcement of an impending disaster, i.e. hurricane, tropical storm, volcanic eruption, earthquake, flood, mudslide, brushfire, etc.  
**EARTHQUAKE:** If an earthquake occurs generating a reading of 5.0 or greater on the Richter Scale, new business policies and increased coverage request on inforce business policies will be restricted on the day of the earthquake and for a 3 day period following the earthquake. Any aftershock readings of 5.0 or greater will be considered a new earthquake. The restrictions will apply for risks located within 150 miles of the epicenter.  
**WILDFIRE:** No new policies, binders or increases in coverage will be accepted when a wildfire is within 25 miles of the dwelling.
3. **APPLICATION:** The application must be completed in full and signed.
4. **VALUATION:** Dwellings must be insured for 100% of their actual cash value or replacement cost. The value of the land is not to be considered in the value of the dwelling. Replacement cost estimators must be submitted on risks that are valued at replacement cost.
5. **POLICY TRANSFER OR ASSIGNMENTS:** In the event of dwelling title transfer, the policy may not be assigned from one insured to another. However, subject to underwriting guidelines, a policy may be written for the new owner.
6. **UNDERWRITING REPORTS:** Credit and C.L.U.E. Property reports will be run on all risks. The results of these reports may impact the acceptability of the risk.

## PAYMENT OPTIONS

If the insured desires to pay their premium on an installment basis, American Reliable Insurance Company will allow a 2-payment, 4-payment, or 8-payment option to be selected. For the 2-payment option, a 50% down payment is required, plus the policy fee with the remaining balance due on Day 160. For the 4-payment option, a 25% down payment is required, plus the policy fee with the other payments due on Day 70, Day 140, and Day 210. For the 8-payment option, a 20% down payment is required, plus the policy fee with the other payments due on Day 44, Day 88, Day 132, Day 176, Day 220, Day 264, and Day 308. Each installment will include a \$6 service charge.

# HOMEOWNERS UNDERWRITING GUIDELINES

## UNACCEPTABLE RISKS – DO NOT BIND, DO NOT SUBMIT

1. Applicants that have been convicted of arson or insurance fraud.
2. Dwellings with no permanently installed water, electricity, and sewage utility services. (Submit Seasonal and DP-1 risks for approval.)
3. Dwellings with existing structural damage.
4. Dwellings that are in foreclosure.
5. Dwellings with more than 4 individual family units.
6. Dwellings with liquid fuel-powered space heaters or existence of any heat reclaiming device(s).
7. Dwellings where the **primary** source of heat is a wood/coal/pellet burning device (does not apply to seasonals).
8. Other structures or garages with a wood/coal/pellet burning device.
9. Dwellings that have knob and tube wiring or electrical with less than 100 amp service.
10. Dwellings or other structures used to store flammables or explosive materials.
11. Dwellings under construction or major renovation.
12. Dwellings next to any burned out or abandoned building.
13. Dwellings with a brush clearance of less than 100 feet.
14. Mobile homes, dome homes, earth homes, straw built homes or condominiums.
15. Dwellings with childcare, homecare, lodging, auto repair, commercial operations or chemical processing conducted on the premises. All other business pursuits must be submitted for approval.
16. Dwellings with polybutelene pipes. **(Pertains only to DP-2 and DP-3 programs)**
17. Dwellings with Exterior Insulation Finish System (EIFS) and/or asbestos siding.
18. Dwellings that are equipped with fuses only. **(Pertains only to DP-3 program)**
19. Dwellings that are vacant. **(See Vacant Program)**
20. Townhomes or Rowhomes built prior to 1970. **(Townhomes must be Functional Replacement Cost if DP3 and must have been updated in last 15 years for heat and electrical and 20 years for plumbing and roof.)**

## RISKS TO BE WRITTEN WITH NO LIABILITY COVERAGE

1. Any premises with a swimming pool or spa that is not completely fenced and not in compliance with all city and/or county ordinances. The swimming pool or spa must have a fence minimum of four feet high with a self-latching gate, motorized pool cover or other comparable safety device that is securely fastened to the perimeter of the pool/spa thus rendering it inaccessible (Risk may be acceptable with Swimming Pool and Spa Exclusion attached).
2. Applicants who own, keep, or shelter any Akita, Anatolian Shepherd, Chow, Doberman, Pit Bull, Presa Canario, Rottweiler, Wolf or Wolf Hybrid, or any mix of these breeds with any other breed whether listed or not.
3. Applications who own, keep, or shelter any animal with a previous bite history or non-domestic animal.
4. Owner occupied risks in the name of a corporation.
5. Any premises with a trampoline.

## RISKS TO BE WRITTEN WITH NO LIABILITY COVERAGE

1. Applicants that have had 2 or more property losses (paid or unpaid) in the past 36 months or any single fire, theft, liability, or flood loss in the past 36 months. If yes, give date of loss, describe the loss and the amount paid to repair the damage.
2. Applicants that have had a homeowners/dwelling policy cancelled or non-renewed for underwriting reasons (except age of dwelling) during the past 36 months.
3. Applicants that have filed for bankruptcy in the past 36 months.
4. Applicants that have been 30 days past due on mortgage payments in the last 12 months.
5. Applicants who are unemployed. (Retirees with guaranteed income and disabled persons with a consistent income are considered employed.)
6. Dwellings with more than 2 lien holders. Two lien holders are acceptable if one is a financial institution.
7. Dwellings with unrepaired damage or existing non-structural damage.
8. Dwellings that have been uninsured for more than 30 days immediately prior to the requested effective date. (Does not apply to a new purchase)
9. Dwellings attached to, occupied as or converted from a commercial risk.
10. Dwellings that have an open foundation or are built on stilts, posts or piers. **Photos must be included.**
11. Dwellings equipped with a supplemental heating device that was not installed by a licensed contractor. **Photos and the Woodstove Inspection Report must be included.**
12. Dwellings with steps or porches, over 2 feet in height that do not have a railing. **Photos must be included.**
13. Dwellings with no permanently installed steps at all entrances. **Photos must be included.**
14. Dwellings within 1,500 feet of water (river, ocean, or creek) or dwellings located on an island or in a Special Flood Hazard Area.
15. Dwellings with multiple horses, livestock or farm animals on the premises.
16. Any premises with a dock, pier or boathouse. **Photos must be included.**
17. Any premises with 5 or more acres.
18. Dwellings with farming activities conducted on the premises.
19. Dwellings with business activities conducted on the premises.
20. Other Structures that exceed 30% of the insured value of the dwelling.  
Personal Property that exceeds 70% of the insured value of the dwelling for Primary risk dwellings or 20% of the value of the dwelling for rentals or seasonals.

# American Reliable Insurance Company

A Stock Insurance Company

8655 E Via De Ventura  
Scottsdale, AZ 85258-3321

## TO REPORT A CLAIM

Please call American Reliable Insurance Company and report claims directly to a claims representative. You may give this number to your insured to call direct.

**Call: 1-800-245-1505**

**Fax: 1-800-224-4170**

Normal business hours are from 5:30 a.m. – 5:00 p.m. Mountain Standard Time. After normal business hours an answering service will take a message. All calls will be returned the next day.

## TO OBTAIN SUPPLIES

Please call your General Agent for all your supply needs. Their phone number is listed on the front of this guide.