



**NCIUA BEACH PLAN
HOMEOWNER UNDERWRITING GUIDELINES 02.01.06**

Policy Forms Written

HO 00 03 Replacement/Special Form, HO 00 02 Replacement/Broad Form, HO 00 08 ACV/Modified Form, HO 00 06 Unit-Owners Form, and HO 00 04 Contents Broad Form

Named Insured

HO 00 03, HO 00 02, HO 00 08, and HO 00 06

All policies must be written in the name of the individual(s) as specified by the deed, or trust where the primary occupant is a beneficiary.

HO4

All policies must be written in the name of the individual(s) where the primary occupant is a beneficiary.

Application Requirements

All policy forms should include the appropriate Homeowner Application submitted in either Association or ACORD format. Forms HO 00 03, HO 00 02, and HO 00 08 should include two (2) photographs of the dwelling, one (1) front and one (1) back along with a replacement cost estimator from Marshall and Swift/Boech. A current Uniform Appraisal may also be submitted to help justify value. Reminder that the HO 00 08 form is Actual Cash Value and the estimator should be depreciated to allow for this figure. We require 100% of estimated premium at time of application as down-payment.

Basic Limits of Policy

HO3 and HO2

1. Coverage A minimum coverage limit of \$75,000 to a maximum limit of \$1,000,000.
2. Coverage B equals 10% of coverage A, may be increased by optional endorsement.
3. Coverage C equals 50% of coverage A and may not be increased unless optional endorsement HO 04 90 (replacement cost contents) applies, then policy is increased to 70% of coverage A.
4. Coverage D equals 20% of coverage A, may not be increased.

HO8 ACV HO0481 Loss Settlement-ACV

1. Coverage A minimum coverage limit of \$50,000 to a maximum limit of \$300,000.
2. Coverage B equals 10% of coverage A and may be increased by optional endorsement.
3. Coverage C equals 50% of coverage A and may not be increased.
4. Coverage D equals 10% of coverage A and may not be increased.

HO 00 06

1. Coverage A, HO 00 06 \$1,000 and may be increased by endorsement to a maximum of \$50,000.
2. Coverage B, HO 00 06 is not available.
3. Coverage C, HO 00 06. minimum coverage limit of \$12,000 to maximum of \$300,000
4. Coverage D, HO 00 06 equals 40% of coverage C and may not be increased.

HO 00 04

1. Coverage A, HO 00 04 is not available.
2. Coverage B, HO 00 04 is not available.
3. Coverage C, HO 00 04. minimum coverage limit of \$12,000 to maximum of \$100,000
4. Coverage D, HO 00 04 equals 20% of coverage C and may not be increased.

All Forms

1. Coverage E, minimum coverage of \$25,000 to maximum of \$300,000. NCIUA default standard coverage is \$100,000.
2. Coverage F \$1,000 and optional coverage is not available.

Residency Requirement

The dwelling must be owner occupied for 75% of the year or nine (9) months in order to qualify for the Beach Plan including the Coastal Territories within the Beach Plan. This program is meant for an owner occupied principal residence. Continuous occupancy is required. No rental of the property is allowed.

Flood Policy Requirement

The owner of the dwelling must carry flood coverage unless in flood zones B, C and X. Proof of coverage is not required but the application must be complete with carrier and policy information. This will be verified at each renewal by the Association.

Construction Requirement

Manufactured Homes are not eligible; however, these type structures that have been placed on a continuous masonry foundation and titled as "real property" will qualify for the Homeowner Program on the North Carolina HO 00 08 Modified Form.

Insurance to Value Requirement**HO3**

90% to replacement value, Special Loss Settlement may be applied in special circumstances based on construction cost and market value of property. Replacement value should not exceed market value by more than 20%.

HO2

80% to replacement value, Special Loss Settlement may be applied in special circumstances based on construction cost and market value of property. Replacement value should not exceed market value by more than 20%.

HO8

100% of ACV. Actual cash value will equal replacement cost minus depreciation.

Deductible Requirements**HO2, HO3, and HO8**

1. Under \$100,000, a \$500 minimum all peril deductible will apply including wind.
2. \$100,000 to \$249,999, a \$500 minimum all other peril, and \$1,000 windstorm and hail deductible will apply.
3. \$250,000 and greater, a \$500 minimum all other peril, and \$2,000 windstorm and hail deductible will apply.

HO4 and HO6

1. Contents limit under \$50,000, a \$500 minimum all peril deductible will apply including wind.
2. Contents limit \$50,000 to \$100,000, a \$1,000 minimum all peril deductible will apply including wind.
3. Contents limit \$100,000 and greater, a \$2,500 minimum all peril deductible will apply including wind.

(Note: HO4 and HO6 policy forms are not eligible for a separate windstorm and hail deductible.)

Protection Class Requirements

1. Protection classes one (1) through nine-s (09S) may be written up to a Coverage A value of \$1,000,000.
2. Protection class ten (10) maybe written up to a Coverage A value of \$500,000.

Subject to individual form maximum limits as shown in Minimum and Maximum Requirements.

Prior Loss Activity Requirements

1. If more than one (1) non weather claim in last three (3) years not eligible.
2. If more than two (2) non catastrophe weather claims in last three (3) years not eligible.
3. Any combination of the above cannot exceed more than two (2) claims in last three (3) years excluding catastrophe losses.

If there is any prior loss of a liability nature, steps must have been taken to correct the problem and proof of correction submitted at time of application.

Major fire events require a copy of the fire report indicating no negligence on the part of the applicant and are subject to plan approval.

Exception requests to loss history will be considered with prior approval by the Association.

Age of Home Requirements

HO3 and HO2

1. Dwelling must be thirty (30) years or newer.
2. If the dwelling is 30 years or older, then verification of the updating to the electrical, heating, plumbing, and roofing within the last thirty (30) years is required by a licensed home inspector or general contractor.

HO8

Dwelling is older than 30 years, but 60 years or newer. No specific updating requirements; however, the electrical, heating, plumbing, and roofing must be in compliance of state code at time of construction and currently in good condition.

Historic homes are not eligible under the homeowner program. These exposures may be considered by the Association under the dwelling program, subject to plan guidelines. Definition: Those properties registered by the preservation of historical organizations.

Proximity to Tidal Waters

No restriction for owner occupied dwelling.

Occupancy Requirements

1. Vacant homes are not eligible.
2. Unoccupied homes under renovation are not eligible until they become occupied by the owner. These exposures may be considered under the dwelling program subject to plan guidelines.

General Rules of Condition

1. The home should reflect pride in ownership, with good exterior maintenance and housekeeping. The home should be free of "attractive nuisance" which present a liability hazard.
2. The home should have a thermostatically controlled centralized heating system.
3. The home should have a minimum of 100 amp electrical service with no aluminum or knob and tube wiring exposure.
4. The agent as indicated on the application should inspect the home, or the supplemental BP16 form, verifying it meets the criteria for beach or coastal property.

General Rules of Liability

1. In-ground swimming pools require a minimum four (4) foot high fence with self-latching gate.
2. Above-ground swimming pools require removable steps or locking gate if decking has been built around the structure.
3. Diving boards and/or slides are not a permitted exposure.
4. High liability exposure items such as trampolines and ATVs (all terrain vehicles) that are owned by the insured are not a permitted exposure.

5. Vicious animals or exotic pets are not permitted. Dogs that are known to present a hazard in the industry are: Pitbull, Staffordshire Terrier, Doberman Pincher, Rottweiler, Chow, any mixed breed with these traits, or other breeds of a known aggressive nature.
6. Dogs or other animals with a known bite history are not eligible.
7. Horses; one horse per occupant for personal use only is permitted where allowed by local code, and standards are met to contain the animal at all times.
8. Day Care exposure is not permitted.
9. Steps and decking require protective handrailing.

NOTE: Unacceptable liability exposures will be addressed by utilization of the standard exclusion endorsement indicated in Rule 209 of General Rules:

If a policy would not be issued because of unusual circumstances or exposures, the named insured may request a restriction of the policy provided no reduction in the premium is allowed. Such requests shall be referred to the company.

Failure to submit a required exclusion form would result in policy termination according to state statute.

Standard Optional Endorsements offered by the NCIUA

1. HO0312 Windstorm/Hail Percentage Deductible.
2. HO0410 Additional Interest-Residence Premises.
3. HO0416 Protective Device Credit-Restricted to local fire and burglar or combination of two (2).
4. HO0430 Theft Coverage Increase HO8 only.
5. HO0441 Additional Insured-Residence Premises.
6. HO0448 Other Structures-Increased Limits.
7. HO0456 Special Loss Settlement-HO3 and HO2 only allows for lower limit on value to replacement cost on dwelling.
8. HO0461
 - a. HO3, HO2, HO6, and HO4 Scheduled Personal Property Endorsement, maximum \$5,000 any one item, or total schedule that does not exceed 20% of coverage A or \$100,000 maximum.
 - b. HO6 or HO4 total schedule should not exceed 50% of Coverage C limit.
 - c. Appraisal within the last 5 years is required for any item over \$2,000. Part of Inland Marine main categories are jewelry, furs, cameras, musical instruments, silverware, golfer's equipment, fine arts, postage stamps, and coins.
9. HO3288/HO0465 HO 00 03, HO 00 02, HO 00 06, and HO 00 04 Increased Special Limits-Jewelry, Money, Silverware, Firearms, Electronic Apparatus. (Form HO3288 used for jewelry and furs in NC)
10. HO0451 Building Additions and Alterations Increased Limit on HO4.
11. HO0490 Replacement Cost on Contents-HO 00 03, HO 00 02, HO 00 06, and HO 00 04.
 - a. HO 00 03 and HO 00 02 contents increased to 70%.
 - b. HO 00 06 and HO 00 04 contents increased to \$12,000 minimum.
 - c. HO 00 08 not available.
12. HO2470 Additional Residence Rented to Others 1, 2, 3, or 4 Family, maximum of four (4) locations.
13. HO3218 Renewal Increase Inflationary Factor HO3 and HO2 only.
14. HO3220 Additional Amounts of Insurance Coverage A 25% option is only available.
15. HO3237 Special Computer Coverage-HO3-All forms. (Countrywide Form HO0414)

Incidental Farming or Farm Liability

This is not written by the NCIUA

Builders Risk

Not eligible on homeowner form.

Incidental Office Exposures

These are permitted according to the following guidelines:

1. The operation is incidental to the property exposure.
2. There is very limited exposure from visitors to the operation and there are no employees.
Coverage is limited to the operation of the office exposure.

Golf Carts and other Miscellaneous Land Conveyance

Not written by the NCIUA, no additional coverages are available other than provided in basic contract, which is protection for liability while on a golf course.

Business Pursuits

This coverage is not offered by the NCIUA