

National Insurance Underwriters, Inc
Homeowners and Condo Unit Program
Underwritten by:
“Certain Underwriters at Lloyds”

Program Guidelines HO3 &HO6

General Rules

This manual contains information and guidelines for writing the following lines of insurance through National Insurance Underwriters, Inc (NIU). These programs are underwritten by: 100% Certain Underwriters at Lloyds, London:

1. Homeowners
2. Condominium Unit Owners

These are general rules, and they apply to all lines of insurance except where indicated. These guidelines are subject to change without notice and it's up to NIU underwriting to determine what rate and coverages may be applied to any policy based on the risk.

Producer Appointment:

- A) All Producers must hold a valid P&C agent's license in all states in which they are writing business.
- B) All Producers must execute an agency contract with NIU prior to soliciting any business.
- C) The Agency shall maintain Errors and Omissions coverage in the amount of at least \$500,000 per occurrence with a minimum annual aggregate of \$1,000,000. This coverage must be underwritten by an eligible insurer with an AM Best rating of at least A-.

Eligibility

All applicants must report all information of a material nature on the policy application. Any incorrect or misleading statements in the application may act to void coverage. Inquiries may be made on applicants as to their individual claims histories utilizing third party information. NIU reserves the right to inspect all insured properties and may increase or decrease dwelling values, amend coverage, cancel the policy or exclude certain coverage based upon information developed from such inquiries.

The risk must be an owner occupied one or two family dwelling.

Row houses, town homes, triplexes etc. are considered to be multiple family residence structures and are ineligible for these programs.

The insured property must be properly maintained. This includes but is not limited to walkways, steps, and porches. Safety handrails must be installed anywhere there are two or more stairs.

The risk must be centrally heated with coal, oil, gas or electric.

Transfer or Assignment of a policy is not available. New application is required.

Risks with fuel tanks installed in the basement, garage, or storage shed are acceptable only if they are not older than 15 years and /or have passed inspection within 12 months of the application date.

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Outside fuel tanks must be installed above ground and must meet current zoning and building requirements. Any such tank must be installed using either a double bottom featuring an enclosed spillage reservoir, or an approved containment system. Risks with tanks installed below ground are ineligible.

The risk must be located within 5 miles of a fire station or no more than 1000 ft from the nearest fire hydrant. Risks may not be located in any area which is inaccessible to fire fighting equipment.

The risk shall not be located in a high crime area, nor shall it be exposed to a hazardous environment including derelict buildings.

Trees shall be trimmed so as not to cause damage to the risk or to adjacent properties by reason of falling on or brushing against structures. Unsound trees which could endanger either the risk or any neighboring property shall be removed.

Risks with in-ground or above-ground swimming pools or spa's must be in compliance with local municipal ordinances pertaining to security and fences. **Note:** all NIU property forms exclude liability coverage for losses which occur in, at, or around a swimming pool and/or swimming pool patio or deck, including but not limited to a diving board or slide.

NOTE: all NIU property forms exclude coverage for bodily injury or property damage caused by any animals owned by, kept by, or in the care, custody or control of any insured.

For HO-3, every risk must be insured for its true replacement cost. A replacement cost estimator must be utilized by the agent to determine true replacement cost. (RCV will be adjusted by the underwriting company based on inspection/or replacement cost indicators, on or after date coverage was requested)

On risks where the insured is a purchaser under contract, the seller/deed owner will be listed as an additional insured for Section I, Coverage A only. There will be no coverage under Coverage C or under Section II for the seller/deed owner.

All other structures on the residence premises and their usage must be disclosed to the company and photos must be submitted.

All policies must include liability and medical payments in the amount of \$300,000 and \$1000 respectively and be written for a 1 year term.

Any risk where the expiring carrier is Lloyd's must not be charged a premium less than the expiring rate.

A \$900 minimum premium applies to all HO3 policies, and \$600 for HO6 policies. No Commission on Fees or Taxes.

A 25% minimum earned premium applies to all policies.

In the event of a total loss, 100% of the premium will be fully earned.

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Unacceptable Risks

1. Risks containing any daycare or assisted living operations.
2. Farms, ranches, orchards or groves.
3. Dwellings containing any EIFS/Dryvit (synthetic stucco), or Chinese Drywall.
4. Risks containing any religious operations (churches, synagogues, mosques, etc).
5. Any risk that is for sale.
6. Risks in foreclosure proceedings. (Submit to NIU)
7. Any insured with a bankruptcy. (Submit to NIU)
8. Any insured with a conviction for arson, fraud, larceny, or any other crime of dishonesty.
9. Protection class 9 or 10. (Writing agent should verify protection class prior to submission)
10. Risks with more than 1 location.
11. Dwellings rented to others.
12. Risks with more than 2 mortgages.
13. Risks with a trampoline or any other such rebounding device and/or any skate boarding ramps /jumps or rails; ***Note: Risk is acceptable, but policy will Exclude Liability.**
14. Risks where any animals (including but not limited to dogs or show dogs) or livestock are bred, boarded or raised are not eligible for coverage.
15. Risks with attractive nuisances such as unfenced pools, junked vehicles, unregistered vehicles.
16. Risks with wood stoves.
17. Risks with galvanized or polybutylene plumbing.
18. Risks with electrical supply containing fuses or knob and tube wiring.
19. Risks with corrugated stainless steel tubing gas lines. Such risks may qualify if adequate remediation measures have been taken. Submit any such risk to NIU for consideration.
20. Square footage valuation below **\$75 per square foot**. (Sq ft valuations are state specific and can vary by state: (contact NIU Underwriting for assistance; Sq Ft valuations may change without notice).
21. Risk with any prior or current sinkhole activity on the premises whether or not it resulted in a claim.
22. Dwellings under renovation (may be submitted for approval to NIU).
23. Mobile homes, house trailers, or travel trailers
24. Any home built on active or expansive soils

Additional Requirements

For HO-3, risks should be fully updated within the last 20 years with either proof of updates and /or the signed “Certification of Updates” form. Any dwelling 60 years or older must have documented updates and may be subject to higher deductibles and must be submitted to NIU for consideration.

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The following are ineligible for the HO-3 and HO6 policy forms:

1. Secondary/seasonal residences where the insured’s primary residence is insured elsewhere.(HO3 only)
2. Dwellings designed to house more than one family.
3. Dwellings that have 2 or more roomers/boarders.
4. Risks containing any primary office for professions including but not limited to physicians, dentists, attorneys, or accountants.
5. Any dwelling that is in the process of being constructed for other than the insured’s own occupancy.
6. Any risk in the name of a corporation, company, trust, or estate (such risks may be submitted to NIU for consideration)
7. Any risk that is vacant and/or unoccupied for more than 30 consecutive days.
8. Any risk without working smoke detectors.
9. Any risk with an unfenced spa, swimming pool, or a swimming pool/spa that is not in compliance with local municipal ordinances pertaining to fences and/or other safety measures. **Note: Liability coverage will be excluded for all incidents that occur in or around the pool or deck. (exclusion-POOL 03/11)**

Requirements for HO-6 Condo Owners

The following are eligible for the HO-6 policy form

1. Condominium units may be owner occupied as a primary or seasonal residence.
2. Condominium units may be rented out seasonally or annually (short term rentals are unacceptable).
3. Coverage must be written for at least \$35,000 and no more than \$150,000.
4. Minimum \$1,000 deductible.
5. Multiple risks may be written in a single condominium building; however, the maximum total insured value (TIV) in any one building may not exceed \$1,000,000.

Application Submissions

APPLICATION SUBMISSIONS

All new business must be submitted online through our agent portal (no exceptions). Go to www.nrde.com and enter your assigned NIU user ID: and password. Then click on “Lloyds Homeowners.” You must be appointed and approved by National Insurance Underwriters to have authority to access the site. Complete underwriting information must be provided including but not limited to: year built, construction, building update information, protection class, prior carriers, prior loss information, and distance from coast. If you question the acceptability of a risk, please refer to the risk to NIU Underwriting for consideration. **For all risks, you must submit the original application, affidavit of diligent effort, supporting documentation, and any monies due. All items must be submitted within 7 calendar days to:**

National Insurance Underwriters, Inc.
800 Yamato Road Suite 100
Boca Raton, FL 33431

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800-338-2680 ext. 507

Affidavit of Diligent Effort: as this is an Excess and Surplus lines product, producers are responsible for complying with all state requirements relative to exportability. The Affidavit of Diligent Effort must be completed on EVERY application submitted PRIOR to application submission, thereby affirming compliance. The original Affidavit of Diligent Effort and Applicant Acknowledgement form must be submitted to our office with the application.

*NOTE: If the completed affidavit of diligent effort is not submitted, a notice of Cancellation will be issued to all parties (Insured, Agent, and Mortgagee). The application will not be considered until the documentation is received by NIU.

Required Documentation:

- Original Signed Application
- Completed Affidavit of Diligent Effort (State specific)
- Alarm(s) Certificate (if credit applied)
- Proof of Updates
- Prior Loss information

Miscellaneous:

- Backdating of applications is strictly prohibited.
- All submissions are subject to underwriting approval.
- Failure to provide documentation for premium credits will result in the removal of the credit and an invoice to the insured.
- **Brokers/ Agents do not have binding Authority.**

Payments and Billing

Payment options include payment in full, a two-pay plan, or a four-pay plan. Payment may be submitted by check, ACH or credit card (Visa, Master Card or Am Express-(note☺ a service charge may be applied for the use of any credit card transaction). Checks may be issued by the applicant or agency.

Payment in full requires the gross annual premium amount inclusive of all fees and taxes to be paid at the time that the application is submitted.

A two-pay plan requires a 55% down payment.

The four-pay plan requires a down payment of 25 %.

NIU shall cancel a policy or binder if the insured:

1. Has failed to pay premium due under the policy
2. Fails to report all information of material nature
3. Fails to pay original premium payment (binder will be null and void if the down payment instrument is declined for any reason upon first presentation).

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Additional or return premiums of \$5 or less shall be waived. However, NIU will return any premium due if requested in writing by the insured.

Premium financing is accepted for the gross annual premium plus all taxes and fees. Copies of the signed premium finance contract must be attached to the signed application and mailed to NIU with the full payment. *Each Submission and Premium Finance Company must be approved by NIU prior to Binding. No Exceptions.*

Non-Sufficient Funds

A \$35.00 NSF fee will be charged on any check or other instrument that is returned or dishonored by the financial institution on first presentation. Failure of an insured to pay the NSF fee will result in policy cancellation (flat cancellation from inception on down payment, and 10 days notice on subsequent payments). Replacement payments must be in the form of a credit card, money order or certified funds.

Any installment payment transmitted with incorrect credit /debit card or checking account numbers (including bank routing numbers) will be treated as a NSF transaction. Fees will be charged in accordance with our normal NSF provisions.

Cancellations:

Premium refunds will be calculated on a pro-rata basis net of all applicable fees. If the policy is canceled by insured request the return will computed pro rata less a 10% cancellation fee. There is a 25% minimum fully earned premium applied to all policies. No flat cancellations are permitted except for material misrepresentation or fraud. All cancellation or non-renewal notices will be sent to the last known address of the insured as shown in the policy declarations. The insured will be notified of such cancellations or non-renewals via US mail.

Reinstatements

In the event that NIU approves a reinstatement request, we must receive the written reinstatement request within 5 days from the cancellation date. You must obtain a “no loss statement” from the named insured on a company approved form, and transmit this document to NIU with your request to reinstate. All monies due (including the \$10 reinstatement fee) must be paid to NIU to bring the account current. We will not honor any reinstatement request that is submitted more than 10 days after policy cancellation. In this situation, the policy must be rewritten.

Payment by Mortgage Company- NIU must receive the signed application and full payment from the Mortgage Company within 10 days of the application date. It is the agent’s responsibility to ensure that the full annual premium plus all fees and taxes is promptly submitted to NIU. Any application/premium that is received after ten days will not become effective until the date and time they are received by NIU.

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Severe Weather Restrictions

No new business or increase in coverage shall be bound, nor shall applications for new or increased coverage be accepted when any named Tropical Storm or Hurricane is within 300 miles of the US coast, or if any of the following has been posted for the risk location:

- Tropical Storm or Hurricane Watch
- Tropical Storm or Hurricane Warning
- “Severe Weather Alert” by the National Weather Service
- Any “Natural Disaster” declaration by any governmental entity (wildfire, flood, hail, tornado, etc).

Binding will resume when NIU lifts the restriction, typically 48 hrs after the alerts are discontinued.

Note: It is the producer’s responsibility to be aware of and track hurricanes, tropical storms, and or any impending Natural Disaster for the application of binding restrictions.

Inspection Procedures

NIU will use its best efforts to ensure that inspections are completed on all new business submissions prior to policy issuance. However, there will be instances in which a risk is inspected subsequent to policy issuance, and the inspection reveals that the risk does not meet underwriting standards. In such cases, a 30 day notice of cancellation will be issued; however, in the event of a material misrepresentation on the policy application, we reserve the right to void the policy from inception.

When an inspection reveals an increased hazard, a recommendation letter will be sent to the insured. If hazard remediation is not completed within 30 days, a notice of cancellation or non-renewal may be issued for failure to correct the hazard.

We reserve the right to re-inspect any property at or after renewal. A new inspection is required every second renewal. Inspections will generally be used to assist in determining:

- A. Acceptability of risk.
- B. Adequate insurance to value.
- C. Hazard identification.
- D. Verification of underwriting information provided on application.
- E. Replacement Cost

A cancellation notice will be issued if any material change to the risk is subsequently discovered.

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Coverage Amounts: HO-3

Coverage A: \$120,000 to \$500,000. (For higher or lower limits contact NIU).

Residence must be insured for minimum of 80 % of the Replacement cost (It is the writing agent's responsibility to accurately determine the actual replacement cost for the dwelling at the time of submission). Failure to insure to 80% of replacement cost will result in substantial co-insurance penalties in the event of a claim.

Coverage B: Base policy includes coverage B limit of 10% of Coverage A

Coverage C: Base policy includes coverage C limit of up to 40% of Coverage A. Lower options are available. Replacement cost coverage for contents is available for an additional premium.

Coverage D: Base policy includes Coverage D limit of 20% of Coverage A

Liability Limits: \$300,000 with \$1,000 MPC

Available All Other Perils (AOP)* Deductibles: (most states)

\$1000

\$2500

\$5000

*Windstorm deductibles are discussed below.

Coverage's Amounts HO-6

Coverage A: N/A

Coverage B: N/A

Coverage C: \$35,000 Minimum and \$150,000 Maximum *

Coverage D: Up to 40% of coverage C

* Personal Property, and Improvements & Betterments limits are combined in Coverage C

Liability Limits: \$300,000 with \$1,000 MPC

Available AOP* Deductibles: (most states)

\$1000

\$2500

\$5000

*Windstorm deductibles are discussed below.

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Prior Losses

Applicants with prior losses may be considered. Final risk acceptance rests solely with NIU. Acceptability of any risk with a prior loss is subject to the following guidelines and surcharges: ***Applicants with prior losses that occurred within 5 yrs of the effective date of coverage will be subject to a minimum of \$2,500 AOP deductible***; moreover, they will be surcharged as follows:

1) More than 2 prior losses caused by any natural disaster will be ineligible. If there have been two or fewer prior losses due to natural disaster, all damage must have been completely and fully repaired prior to the application date. Proof required for the completion of the repairs. Submit to NIU for consideration.

2) Any prior loss due to water will be subject to a surcharge. In all cases, the damage must have been completely and fully repaired prior to the application date. Proof must be submitted in the form of a certified statement completed and signed by a licensed General Contractor, or Certified Building Inspector for all repairs completed. No more than 1 water related incident not caused by natural disaster can have occurred within the last 5 years.

* If prior water loss was subrogated by the prior carrier and the carrier was 100% reimbursed for that loss, surcharge may not apply and the incident may be waived. Submit to NIU for consideration.

3) Prior loss surcharges are as follows:

a) Burglary, Robbery, Theft or VMM – subject to surcharge. Insured must have a monitored central station alarm currently installed. (Proof of current alarm certificate is required from the alarm company).

b) Personal Liability loss of any type-subject to surcharge; (Submit Only- risk must be approved by and NIU underwriters for acceptability).

c) Any other property loss- subject to surcharge. Submit to NIU for consideration.

4) More than 2 losses of any type within the past 5 years is unacceptable.

5) Any prior fire loss within the last 5 years is unacceptable. Any other fire loss must be submitted to NIU for consideration.

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Wind/Hail ACV Roof

Actual cash value applies to roof damage from the covered peril of Windstorm or Hail if not excluded on all policies in New Jersey. NIU encourages you as the retail agent or broker to adequately disclose to your policyholder the difference in coverage regarding ACV vs RCV as it pertains to a loss by windstorm or hail.

***Windstorm, Hail and Water Damage Percentage Deductibles**

Windstorm, Hail and water damage deductible are set at 2 % of coverage A. for form NIU HO-3 or coverage C for form NIU HO-6. Available percentage options may vary by state. Such deductible applies to any loss due to the perils of Windstorm, Hail or Water Damage. Note: the minimum Windstorm, Hail and Water deductible for all policy forms is \$2400

Windstorm and Hail Exclusion

The peril of Windstorm and Hail may be excluded in any state or county as determined by NIU. Territories in which such perils may be excluded are subject to change without prior notice. (Form HO 03 04 12 applies)

*Deductibles may not be increased or decreased during the policy term unless agreed to in writing by National Insurance Underwriters.

Special Water Damage Deductible

With respect to any covered loss in which covered property is damaged by water or water borne debris, We will pay only that part of the loss that exceeds the percentage deductible indicated on the schedule and/or the Declarations. 2% Deductible applies to the Coverage A amount.

(Form : NIU HO3 FL Special Ded 11/1/2013

Credits/Surcharges

- Gated and Patrolled Community- .02% credit to base rate (not additional to CSA credit)
- Central Station Burglar Alarm-(proof required- alarm cert or current bill, no more than 30 days old) credit base rate by 0.03%
- Central Station Fire Alarm-(proof required- alarm cert or current bill, no more than 30 days old) credit base rate by 0.03%
- Video Surveillance Systems that are hosted off site and recorded to a Central Station DVR- credit base rate by 0.03% (proof required).
- Personal Property Replacement Cost: AP of 5%.
- Optional Coverage-Backup of Sewers or Drains: \$100 flat premium for \$10,000 coverage.
- Mold Endorsement Special Sub limit: Limit \$5,000 AP \$100
- Mold Endorsement Special Sub limit: Limit \$10,000 AP\$150
- Year of Construction Credit will be based on the year the home was completed. Credits are applied to base rate:

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New Home	0.10%
Year One	0.09%
Year Two	0.08%
Year Three	0.07%
Year Four	0.06%
Year Five	0.05%
Year Six	0.04%
Year Seven	0.03%
Year Eight	0.02%
Year Nine	0.00%

No Prior Coverage

No Prior Insurance/Declaration page- Applicants who do not provide proof of prior insurance shall be subject to a surcharge of .05% of base rate. ***Form NPC8/2012 must be signed by the applicant (owner) at the time of submission.*** The surcharge will remain in effect for a period of one year from the policy effective date. Proof of prior coverage shall be in the form of a current or immediately expired declarations page, cancellation notice, notice of non renewal or other acceptable documentation as determined by NIU.

*A 30 day waiting period is required for any customer with no prior insurance, unless it is a new home purchased within the 30 days preceding the application date. Such acceptable risks will become effective 30 days from the date the application and initial payment is submitted to NIU.

Claims

The most important service we can provide to you and your client is fast, fair claims service. All claims **must** be reported directly to the Claims Administrator as soon as the loss is discovered. Please note that reporting delays may be grounds for claim denial. Have the insured or their representative contact:

Precise Adjustments

4101 McEwen Road Suite 300
Dallas, TX 75219

(O) 972-227-0722
(O) 877-801-4276
(F) 877-801-4279

claims@preciseadjustments.com

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Optional Coverage Extensions

HIS Water	Back-up of sewers/drains-Max limit \$10,000
HO 04 90 10 00	Personal Property Replacement Cost
NIU/LMA 5018	Mold, Fungi, or Other Microbes Coverage- Optional limit available \$5,000 or \$10,000

Territory 1 – Tier 1:

Excludes Windstorm and Hail on any risk in the following(Counties Cape May, Ocean, Atlantic, and Monmouth) or if within 5 miles of the ocean in the following counties:

Over 5 miles from the Ocean-(Cape May, Ocean, Atlantic, and Monmouth) Windstorm ,Hail and Water damage is 2% or \$2400 whichever is greater of dwelling value and AOP is \$1000 Ded or may be higher bases on NIU underwriters discretion

**Territory 2 Remainder of State Minimum AOP Ded. is \$1000
2% Windstorm, Hail and Water Damage Ded Applies**

Reserved For Future Use: