

UNDERWRITING GUIDELINES FOR:

STERLING & STERLING, INC

COMPANY APPLICABLE: FIDELITY & DEPOSIT INSURANCE COMPANY OF MARYLAND

**PROGRAM SUMMARY:**

New York Homeowners Insurance Program

Operations and exposures incidental to the targeted classes shown above are permitted.

All other classes of business are prohibited.

**STATES APPLICABLE:** New York

**TERRITORIES ELIGIBLE:**

- Westchester County
- Suffolk County
- Nassau County
- New York City
- Brooklyn (Kings County)
- Queens
- Staten Island (Richmond County)
- Bronx

**COVERAGES & MAXIMUM LIMITS:**

Homeowners Insurance: Maximum property limit of \$1,000,000 and maximum liability limit of \$500,000.

**ELIGIBLE CLASSES OF BUSINESS:**

The following classes of business may be written:

New York Homeowners meeting these criteria:

- Homes, Condo/Coop and Tenants
- Primary Residence
- Multifamily dwellings must be single family or 2 family duplex with one unit owner-occupied
- Homes must be built after 1920
- Homes built prior to 1950 must have updated electric and plumbing systems
- Roof guidelines
  - \*\*Roof must be in at least good condition
  - Ineligible: less than 5 yr expected remaining life.
  - Ineligible: composition or asphalt installed over wood shake or wind shingles

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- \*\*Special roofing materials may, with underwriting manager approval and inspection, be considered acceptable even though the roof is over 15 yrs old, i.e. 50 year architectural shingles
- Square foot area, excluding basements, must be 3200 square feet or less
- No coal, wood, or corn stove without a permit (copy of permit required)
- Pools must be fenced in - minimum height of fence: 6' and must include self locking/latching gate
- Pools with diving boards are ineligible
- Minimum distance from water 2,000 feet
- Min 5% wind deductible in Suffolk and Nassau Counties. Min 2% wind deductible in Bronx, New York, Kings, Queens, and Richmond.

#### **GENERAL INELIGIBLE CHARACTERISTICS:**

- Homes with more than 2 mortgages
- Dwellings on islands with no fire protection, in isolated areas not accessible by road year round, or in declared brush or forest fire areas
- Historic homes
- Properties in foreclosure
- Properties with brush exposure
- With noncombustible roof – must be at least 300 ft from mild/heavy brush
- With combustible roof – must be at least 2500 ft from mild/heavy brush

#### **HOUSKEEPING/MAINTENANCE INELIGIBLE CHARACTERISTICS:**

- Dwellings with inadequate, obsolete or unrepaired roofs, heating, electrical, or plumbing systems
- Dwellings condemned due to condition, urban renewal, highway construction, or other similar reasons
- Dwellings with neighboring structures that are vacant or abandoned or have un-repaired damage, whose condition increases the likelihood of loss to the insured property
- Dwelling that is not maintained in at least good condition or housekeeping that is not at least good (filing gives matrix to make determination)
- Properties with outbuilding(s) in poor condition or not properly maintained, unless the "specific structure exclusion" form is attached to the policy and presents no additional liability hazard

#### **PLUMBING, HEATING, & ELECTRICAL SYSTEMS INELIGIBLE CHARACTERISTICS:**

- Homemade or kit auxiliary heating device or kerosene space heater
- Manufactured heating device or fireplace insert not installed to local building code or manufacturer's specifications

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- Gas space heaters attached by wall mounting or gas lines as the primary heating system UNLESS the heater is:
  - UL approved,
  - Meets local building codes,
  - Approved by the local building inspector or is commercially installed, and
  - Thermostatically controlled
- Fireplace or portable heating device used as the only or primary source of heat. A portable heating device is defined as one
- that is not permanently secured to a wall or floor and connected to a gas line.
- Heat source that uses a liquid fuel tank located below ground.
- Heating systems that is not thermostatically controlled (space heaters and kerosene heaters may not be used as primary
- heating system)
- Property without building that has wood burning or solid fuel auxiliary heating device
- Electrical system without circuit breakers
- Dwellings with electrical service of 60 AMPs or less electrical service

**INELIGIBLE PROPERTY CONSTRUCTION CHARACTERISTICS:**

- Manufactured housing, mobilehomes, modified mobilehomes, modular homes not on a permanent foundation, earth sheltered
- homes or log homes
- Unconventional design or construction
- Cantilever construction or flat pad within 25 feet of hillside
- Dwellings attached to, or occupied as, a commercial risk or commercial building converted into a dwelling
- Hillside exposure (20 slope or steeper)
- Earthquake or earth movement/slide exposure

**DWELLINGS UNDER CONSTRUCTION:**

- Any dwelling that are under construction or undergoing major renovation (e.g. new addition or additional story) are ineligible if:
- Will not be fully enclosed within 90 days,
- Will not be occupied within 90 days,
- Not being constructed by a licensed contractor, and
- Not insured for replacement cost value, or the replacement cost value does not reflect the new addition

**INELIGIBLE LIABILITY CHARACTERISTICS:**

- Dwellings with more than incidental business conducted on the premises
- Swimming pools not completely enclosed by a least a 6 foot high fence with a self-locking gate
- Swimming pools with diving boards

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- Dwellings with underground liquid fuel tanks
- Properties with farm exposures where any or all of the following apply:
  - Applicant earns over \$5,000 per year from farming
  - Applicant farms over 10 acres
  - Applicant employs full or part-time workers
- Applicant rents/leases his land to others

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**Undeveloped Property:**

Vacant or undeveloped land or property cannot be insured. If a homeowner owns undeveloped property, separate insurance must be shown for that vacant or undeveloped property.

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**Age of Home:**

- We will not insure any home built prior to 1920.
- If the home was built before 1950, the applicant must provide proof of updates to the electrical and plumbing systems. Acceptable proof of updates include: contractor invoices for the changes/updates; photographs of the updated boiler/water heater, circuit breaker box, etc.

**Roof of Home:**

- Must be in at least good condition (filed manual gives matrix to make determination – i.e. composite roofs over 15 yrs are considered minor issue, but composite roof over 20 yrs is major issue which makes account ineligible )
- Ineligible: less than 5 yr expected remaining life.
- Ineligible: composition or asphalt installed over wood shake or wind shingles
- Special roofing materials may, with underwriting manager approval and inspection, be considered acceptable even though the roof is over 15 yrs old, i.e. 50 year architectural shingles or slate.

**INELIGIBLE CLASSES AND EXPOSURES:**

Ineligible risks include but are not limited to the following:

- Any risk not meeting the above eligibility criteria

**PROGRAM SPECIFIC UNDERWRITING GUIDELINES:**

**APPLICATION**

- Allstate Representative completes the on-line application
- Allstate representatives are not to complete an application without the participation of, and direct responses from, the customer.
- No application can be submitted without written permission from the customer.
- Deposits required, unless Mortgagee pays

**Square Footage of Home:**

- The home must be 3,200 square feet or less, excluding a finished basement, attic, or garage.

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**Coal, Wood, or Corn Burning Stove:**

- Homes with coal, wood, or corn burning stoves are eligible but only if the applicant holds and provides a copy of a current permit for the stove. Permits are usually available through town/city halls.
- Property with an outbuilding that has wood burning or solid fuel auxiliary heating device is ineligible.

**Business Conducted in the Home:**

- Homes where there is a business on the premises are eligible, under the following condition:
  - Homeowner must carry Commercial General Liability Insurance on the business and provide a copy of the policy for approval.
  - Dwellings with more than incidental business conducted on the premises are ineligible.

**Computer Equipment:**

- Please list all computer equipment with; include type, value and usage.
- If value of computer equipment exceeds \$3,000 a waiver is needed.

**Firearms:**

- We will allow up to two guns (pistols, rifles, other) to be securely kept or stored unloaded on the premises.
- Omission of, or provision of incorrect, information regarding firearm(s), from the application, will subject an Allstate office to exclusion from this program.

**Proximity to Shoreline/Water:**

- We will not insure a home that is within two thousand (2,000) feet of the shoreline or anybody of salt or brackish water (i.e., ocean, bay, inlet, canal, and/or similar body of salt or brackish water).
- Proximity of a home to fresh water (i.e., river, stream, lake, pond, and similar body of fresh water) will be assessed on an individual (i.e., case-by-case) basis.
- **Please confirm the proximity of the proposed insured residence to the shoreline or body of water before submitting the application.** Information provided by the applicant, regarding distance from shore/water must be verified with an independent source such as the Google Earth website.

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**Pool:**

- We will insure a property with a swimming pool, only if the property, or pool area, is properly fenced (i.e., the fence around the pool or the property is at least six (6) feet tall and complies with local building, zoning or property ordinances).
- Pool area must include self locking gate
- Pools with diving boards are ineligible

**Pets:**

- We will not insure homes where residents own, keep, or maintain the following breeds of dogs, among others: Rottweiler; Doberman Pinscher; Bull Terrier; Stafford Shire Terrier; American Stafford Terrier; Pit Bull; Akita; Chow and wolf hybrids.
- We will not insure homes where residents own, keep, or maintain, more than two (2) dogs of any breed or type.
- The application must contain accurate information as to the number, type, breed, and weight of pets.
  - The following animals must receive underwriter approval before coverage can be bound:
    - Farm animals and Exotic pets (Exotic pets include snakes, big cats, wolves, wolf cross breeds, ostriches, monkeys and other non-domestic animals, and some rare or unusual types of fish and birds)
  - No coverage is provided for physical damage coverage of any kind for any animals of any kind

**Hazards/Poor Maintenance:**

- If, upon inspection, a home is found to be poorly maintained or not maintained, will give the Homeowner the opportunity to correct.

**Prior Insurance Requirements:**

- In order for a policy to be issued, the applicant must document a minimum of **one (1) year continuous prior homeowner insurance; this must be for the year immediately prior to the application.**
- An exception to this requirement will be granted to an applicant who lived with his/her parents immediately prior to the purchase of his/her own home. The applicant, however, must provide:
  1. Proof of insurance on their parents' home which lists applicant as a resident of the home; and
  2. Proof of residence with their parents at this address.

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#### **Kitchens:**

- We consider the number of kitchens in the home as compared with the number of families residing in the household. We will insure a home which has a number of kitchens equal to, or one (1) greater than the number of families in the household. For example: A two (2) family home which has three (3) kitchens is acceptable.
- If the number of kitchens exceeds the number of listed families by more than one (1), the property cannot be insured. For example, if two (2) families are listed, but there are four (4) kitchens in the home, we will not insure the property.

#### **Relationship of Residents:**

- The application must list all residents of the home/property, their relationship(s) to the insured, their age(s), and their occupation(s).
- If married owners of the property are separated, we will not insure the property unless the separation is pursuant to a separation agreement or decree. Proof of the agreement or decree will be required. The sole exception to this requirement is under circumstances where the other spouse maintains separate homeowner's or renter's insurance. Proof of such other insurance will be required.
- If the application contains names of persons unrelated by blood or marriage, such application will be considered if all of these conditions have been met:
  1. All parties must be named on the deed.
  2. All parties must reside in the house on a permanent basis. Proof of residence, of all parties, will be required.
  3. The home to be insured is a one (1) family home.

#### **Claims History:**

- The application must list the complete claims history (i.e., all previous claims) of the applicant(s). (Any claims within the past 5 years must be listed in application, EVEN IF there was a zero payout). The information provided in the claims history must include:
  - circumstances of loss/claim
  - structures/property damaged
  - dollar amount claimed/received
  - repairs performed; other damages/payments.
  - Claims history guidelines:
    - Not more than one chargeable claim (Losses assigned a CAT number will not be included)
    - Property claims on prior residences will not be counted as chargeable
    - Property experience period 3 years
    - Liability experience period 5 years
- Description of any claim in excess of \$25,000.

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**Tenants:**

- If any tenant(s) resides in the home, or on the property, he/she/they must maintain separate renters or similar insurance in their own name(s). Proof of such insurance coverage will be required.
- If the home or property is a multi-family dwelling without tenants, the applicant(s) must submit a letter stating that: there are no tenants as of the date of the application; any future tenants will be required to purchase and maintain separate renters or similar insurance.
- Multi-family dwellings must be single family or 2 family duplex with one unit owner-occupied

**Fuel Oil Tank:**

- We will **not** insure any home or property with an underground fuel and/or oil tank.
- The application must indicate whether there is any oil or fuel tank (used or not; functional or not) on the property, and the location(s) of same.
- If there is any oil or fuel tank on the property, the following information is also required: specific location of tank; whether tank is inside/outside; above/below ground; in basement of home; protected/unprotected; active/unused/filled; etc.)

**Signed Application:**

- Advise all applicants that we will be sending them a blank written application form that **must** be completed, signed, and returned to us. Please inform all applicants that failure to complete, sign, and return the written application **will result in the cancellation of their policy.**

**Home Inspections:**

- Advise all applicants that we may send an inspector to their property in order to perform an inspection of their property. The inspection is performed at no charge to the applicant.
- Please advise all applicants that if they refuse or fail to permit the inspection of the home/property, their policy will be cancelled.

**Insurance to Value:** Individual location total insurable values (TIV) will be compared to a benchmark value per square foot to ensure adequate insurance to value. If ITV is deficient, the values will be adjusted to the benchmark value for rating purposes. Business will be declined if adequate ITV cannot be attained. If ITV is higher than then the benchmark, the higher limit may be written subject to proper documentation in the underwriting file as to the reason behind the requested limit of insurance.

**Insured Location Definition:** A location is defined as the total values within four walls and under one roof that are exposed to one occurrence.

All Named Insured's and Additional Insured's lists must be reviewed and insurable interest must be established prior to binding any coverage.

All insured locations must comply with all current building codes.

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All locations must exhibit pride of ownership, and must be regularly maintained.

Balconies:

- Risks with balconies should be inspected every three years.
- Balcony guardrail system needs to be at least 42 inches high.
- A sphere with a diameter of 4 inches should not be able to pass through any openings.
- The balcony needs to meet minimum concentrated load and uniform distributed load in any direction requirements.

Guardrails and load requirements must meet all current code requirements.