



# North Carolina

## Underwriting Binding Guidelines (2-01-2018 Edition)

**100 % REPLACEMENT COST VALUE (RCV) MUST BE USED AS THE COVERAGE "A" LIMIT ON HO3, HO6, DP2 AND DP3 POLICY FORMS.**

**100% ACTUAL CASH VALUE (ACV) MUST BE USED AS THE COVERAGE "A" LIMIT ON THE HO8 & DP1 POLICY FORM. TO DETERMINE ACV, CALCULATE THE RCV AND REDUCE THE LIMIT BY UP TO 25% DEPENDING UPON THE RISK'S CONDITION.**

**FUNCTIONAL REPLACEMENT COST LOSS SETTLEMENT MAY BE USED AS THE COVERAGE "A" LIMIT ON HO3 POLICY FORM FOR HOMES BUILT PRIOR TO 1960 IF THE ENDORSEMENT IS SELECTED.**

### HO3 - Properties Built 1950 and Newer

X-Wind Territories 110, 120, 130, 140, 150 and 160	W/Wind in Coastal, Beach and Inland Areas
Min \$200,000 – Max \$300,000	Min \$100,000 – Max \$1,000,000

### HO8 - Properties Built 1890 and Newer

X-Wind Territories 110, 120, 130, 140, 150 and 160	W/Wind in Coastal, Beach and Inland Areas
Min \$100,000 – Max \$500,000	Min \$100,000 – Max \$1,000,000

### HO4 - Properties Built 1900 and Newer

All Territories	
Min \$20,000 – Max \$300,000	

### HO6 - Properties Built 1900 and Newer

All Territories	Min and Max
Owner Occupied Coverage A	\$15,000 - \$500,000
Owner Occupied Coverage C	\$20,000 - \$300,000
Tenant Occupied Coverage A	\$15,000 - \$500,000
Tenant Occupied Coverage C	\$6,000

### DP1 - Properties Built 1900 and Newer

X-Wind Territories 07, 08, 48, 49 and 52	W/Wind in Coastal, Beach and Inland Areas
Min \$100,000 – Max \$250,000	Min \$100,000 – Max \$400,000

### DP2 and DP3 - Properties Built 1990 and Newer

X-Wind Territories 07, 08, 48, 49 and 52	W/Wind in Coastal, Beach and Inland Areas
Min \$100,000 – Max \$250,000	Min \$100,000 – Max \$500,000



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Age of Home Requirements (Roof & HVAC Restriction do not apply to HO4 or HO6) Roofing, Heating and Electrical updates within 30 years should be confirmed on the application on all other risks Four Point Inspection must be provided for properties older than 60 years on DP1 policy form Use UPCIC 4 PT form or equivalent	
Roof	Plumbing
Shingle/wood roofs must be 25 years or newer <b>(except HO8 &amp; DP1 but must be in good condition)</b>	No PEX plumbing (except HO8 & DP1) <b>Exception:</b> Properties built 2010 and newer or with PEX updated 2010 or newer
All other roof types must be in good condition	No polybutylene pipes (except HO8 & DP1)
HVAC	Electrical
No portable space heaters	Minimum of 100 amps is required
No gas heaters, portable stoves or wood burning stoves, unless professionally installed	No aluminum branch wire (Alumiconn and Copalum are acceptable), cloth, knob-and-tube or double tap wiring
No open flame devices (if primary heat source)	No fuses
Operable heating - vented to each room is required statewide	No Federal Pacific (includes Stab Lok), Zinsco, Sylvania-Zinsco, or Challenger-Zinsco boxes
Solid or alternative fuel based heat sources which are professionally installed/certified are acceptable, if they meet the aforementioned venting requirement	

Ineligible Construction Types and Property Criteria	
No mobile or trailer homes	No exterior insulation finishing system (EIFS)
No dome homes or unusual construction	No pre-existing damage or overall poor housekeeping
No manufactured	No Do-It-Yourself construction
No commercial property/business exposure <b>(Excluding home day care – Liability Exclusion applies)</b>	No builder's risk (properties under construction or extensive renovation while unoccupied)
No historic homes	No properties partially or wholly over sand (acceptable under HO8 only)
No farming, ranches, orchards, groves or agriculture	No properties over water
No homes with Chinese Drywall	
No open foundation - <b>lattice, stilts, piers, pilings etc.</b> (HO8 & DP1 forms are acceptable) <b>Exception:</b> Properties with open foundation built 2002 and newer; or properties meeting the definition of FEMA Diagram 6 are acceptable under the HO3, DP2 & DP3 forms	

Background	
<b>All Forms: Prior arson convictions, fraud convictions or misrepresentations disqualify applicant(s)</b>	
Background eligibility applies to the named insured(s), spouse, relatives, or other person under the age of 21, or a student enrolled in school full time if residents of the household	
HO3, HO4, HO6, DP1, DP2 and DP3 (except HO8)	All Forms
No bankruptcies filed within 5 years	No felony conviction within 10 years
No foreclosure judgments within 5 years	No first party lawsuit against an auto or homeowners insurance company <b>(regardless of time frame)</b>



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Prior Losses	
Prior sinkhole losses on location, or for applicant(s) are unacceptable on all forms (regardless of time frame)	
All Forms Except HO8	HO8 Form Only
One (1) prior loss less than 10K in the <b>last 5-year period</b> is acceptable with a \$1000 AOP deductible	HO8: four (4) or less prior losses during the <b>last 5-year period</b> is acceptable
No water damage, dog bite, fire, or theft (read exception for older than 5 years) *	No prior fire losses (see exception below) **
*One (1) fire, water, dog bite or theft claim <b>older than 5 years</b> is acceptable <b>DP1 only:</b> one (1) prior water loss during the <b>last 5-year period</b> is acceptable	**One (1) fire claim <b>older than 5 years</b> is acceptable

Miscellaneous	
No condo hotels, nursing/assisted living facilities or student housing	All forms protection class 1-9 is acceptable
Rentals must be on an annual (12 months) basis (sub-letting is <b>not</b> acceptable at any time)	PC 10 is <b>not</b> acceptable (Ex: Fire station over 6 miles)
New purchase foreclosure or short sale properties require current interior color photos (AC/Heat, kitchen, all bathrooms and interior electrical panel)	Log homes are acceptable <b>only</b> in protection class 1-8 (PC 1x-8x, 1y-8y, 8B, 9 or 10 are not acceptable)
Trampoline, diving board or pool slides are not acceptable	360 Home Replacement Cost Valuations are <b>only</b> acceptable if completed through Atlas Processing System
Handrails are required on 3 or more steps	Swimming pools must be fenced or enclosed of least (4) feet in height (if unfenced/not enclosed, policy will be set to cancel)
Home day care business (must be licensed and meeting state requirements, exclusion applies HO P 032 06 12)	No vacant or unoccupied properties

Ineligible Animals/Dog Breeds – HO3, HO4, HO6 and HO8	
Chow	Staffordshire Terrier
Presa Canarios	Akita
Pit Bull	Exotic Animals
<b>Exception:</b> All dog breeds are acceptable on the DP policy forms (Liability coverage is not provided)	



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Endorsements Available	
Coverage E - Personal Liability Increase (HO3, HO4 & HO6)	Refrigerated Property (All forms except DP1, DP2 & DP3)
Functional Replacement Cost (HO3 only)	Specified Additional Amount Coverage A 25% (HO3 only)
Limited Water Back-up & Sump Discharge Overflow (all forms except HO8 or DP1, DP2 & DP3)	Specific Structures - Increased Limit (HO3 & HO8)
Ordinance or Law (HO3 only)	Structures Rented to Others – On-Premises (HO3 & HO8 only)
On and Off Premises Theft Increase (HO8 only)	Trust Endorsement (All forms except DP1, DP2 & DP3)
Personal Injury – (All forms except DP1, DP2 & DP3)	Unit Owner Coverage A Special Coverage (HO6 only)
Personal Property – Increased Special Limits of Liability (HO3 & HO6)	Unit Owner Rental to Others (HO6 only)
Personal Property Replacement Cost (HO3, HO4, HO6 & HO8)	Windstorm or Hail Exclusion (can be excluded in areas served by NCUA)

**Note: UPCIC will not backdate cancellations. Please refer to the cancellation provision located on the policy form.**



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Under certain circumstances we will allow an 'Entity' owned property to be insured through our Homeowners or Dwelling Property Insurance programs. The following chart exhibits the relationship between Entity types and the program forms which we may find acceptable but under no circumstance will policies written according to the chart below be acceptable unless the following criteria are met:

1. There must be a clear and transparent relationship between: Occupant - Entity - Property
  - A. The occupant must have clear first party interest in the Entity, and the Entity must have clear first party interest in the property.
  - B. There can be no multiple - Entity relationships i.e. Entity owns another Entity which owns property or multiple entities own property (husband and wife trusts are the only exception).
2. Proof of the preceding criteria must be verified prior to binding and be submitted with the application or the business will be otherwise cancelled.
3. On Homeowners forms the occupant must be the Named Insured and the entity must be listed as an Additional Insured (ISO Form HO 04 41). HO6 tenant occupied is acceptable.
4. Additional Interest (ISO Form HO 04 10) may be added for the purpose of providing proof of coverage.

Entity Type	HO3, HO6, HO8 Occupant as Named Insured Only	DP1, DP2, DP3 Entity as Named Insured Only
<u>Business Entities</u> LLC Corporation LLP LTD Additional Types – refer to Underwriting Department	Entity as Additional Insured Occupant - member/officer as Named Insured HO6 tenant occupied is acceptable	Acceptable as Named Insured
<u>Probate Entity</u> Estate of (decedent)	Not acceptable	Acceptable as Named Insured
<u>Personal Entities</u> IRA FBO (occupant) Life estate	Entity as Additional Insured Occupant - member/officer as Named Insured HO6 tenant occupied is acceptable	Acceptable as Named Insured
Trust entities, individual trust, family trust, realty trust, land trust revocable (living) or irrevocable	Entity as Additional Insured Occupant - member/officer as Named Insured HO6 tenant occupied is acceptable	Acceptable as Named Insured
Residential Associations can be listed as Additional <u>Interest</u> for the purpose of providing proof of coverage to the following associations: Condominium Assoc. Homeowners Assoc.	Additional <u>Interest</u> only	No applicable forms
Co-operative development management companies (HO4 only)	Co-ops are <b>only</b> eligible on HO4 policy form	N/A



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### HOMEOWNERS AND DWELLING FIRE BINDING AUTHORITY GUIDELINES

#### General Requirements

- A. Risks not meeting all of the requirements contained herein may not be bound. Risks not eligible for binding may be submitted unbound if they meet the guidelines contained in the “Manual” and the applicable program section of the manual (Homeowners or Dwelling Fire).
- B. Company underwriting guidelines are located in the NC ISO Manual and may be supplemented in the applicable program section. Rules contained in the program section of the manual must be followed and will prevail in the underwriting and rating of all policies written with Universal Property & Casualty Insurance Company.
- C. All business placed by the agent with the Company must originate from persons licensed for the Agency by the Company. Brokered business (except brokered business placed under a written Brokerage Agreement) is not acceptable and is deemed to be a violation of the Agency-Company Agreement.
- D. All bound applications with supporting documents must be submitted to the Company upon binding of the policy.

#### Binding Requirements

Risks eligible for binding may be bound by obtaining a completed and signed UPCIC application and the required premium payable to UPCIC.

- A. The binder period will end upon the earliest of (a) 30 days following binding, (b) acceptance or declination of the insurance policy, or (c) notice from the Company.
- B. New Business:
  - 1. **Full Payment Option** – The full payment is to be submitted with the application. If paid by the insured, mortgagee or premium finance company within 15 days of the date the policy is effective.
  - 2. **Two Payment Option** – 55% down and 45% due on the 180<sup>th</sup> Day of the policy period.
  - 3. **Four Payment Option** – 30% down and 2 payments of 25% each due on the 90<sup>th</sup>, 180<sup>th</sup> day and 1 payment of 20% on the 270<sup>th</sup> day of the policy period.

C. Payment fee schedule for the two and four payment plans above:

Add \$3 per payment installment fee
A setup fee of \$10 applies to all policies utilizing a payment plan

D. Renewal Business: The billing process is the same as the New Business process. The first payment option will be mailed to the insured 50 days in advance of the renewal date.

**Note:** Universal Property & Casualty Insurance Company seeks to write business and will make every effort to do so responsibly. Risks not meeting the binding guidelines may be submitted unbound. The Company considers all available information in underwriting risks. In some cases, the Company may be able to write risks not meeting one or more underwriting criteria if other characteristics indicate the risk is desirable. The Underwriting Department will be happy to assist with any questions.