



Homeowners Program

Rate and Rule Manual

DECEMBER 2016

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UNIVERSAL PROPERTY & CASUALTY INSURANCE COMPANY

RATE AND RULE MANUAL – STATE OF HAWAII

Table of Contents

<u>RULE</u>		<u>PAGE</u>
1	Application of Program Rules	3
2	Applications for Insurance	3
3	Extent of Coverage	8
4	Cancellations	8
6	Commissions	9
7	Policy Period, Minimum Premium and Waiver of Premium	9
8	Rounding of Premiums	9
9	Changes and Mid-Term Premium Adjustments	9
10	Effective Date and Important Notices	10
11	Protective Device Discounts	10
12	Townhouse or Rowhouse	11
13	Underwriting Surcharges	11
14	Mandatory Additional Charges	11
15	Payment and Payment Plan Options	12
17	Additional Underwriting Requirements	13
100	Limits of Liability and Coverage Relationship	15
101	Description of Coverages	16
102	Mandatory Coverages	17
103	Eligibility	17
104	Secondary Residence Premises	18
106	Construction Definitions	18
107	Seasonal Dwelling Definition	18
108	Single Building Definition	19
201	Policy Period	20
202	Changes or Cancellations	20
203	Manual Premium Revision	20
206	Transfer or Assignment	20
301	Base Premium Computation	21
401	Superior Construction	24
402	Personal Property (Coverage C) Replacement Cost Coverage	24
404	Ordinance or Law – Increased Amount of Coverage	24
406	Deductibles	25
407	Additional Amounts of Insurance – Form HO 00 03	26
506	Coverage A Dwelling Association Deductibles Not Assessed Against All Unit Owners – Form HO 00 06	27
507	Coverage A Dwelling (Additions and Alterations) Basic and Increased Limits and Special Coverage - Form HO 00 06	27
508	Units Regularly Rented to Others - HO 00 06	28
510	Permitted Incidental Occupancies Residence Premises	28
511	Loss Assessment Coverage	29
512	Association Deductible	29
514	Other Structures	30
515	Personal Property	30
520	Limited Coverage for Fungi, Wet or Dry Rot, or Bacteria	31
521	Water Back-Up and Sump Discharge or Overflow Coverage	31
533	Mechanical Breakdown Coverage – Forms HO 00 03 and HO 00 06	32
601	Residence Premises – Basic and Increased Limits/Other Exposures – Basic Limits	33
901	Hurricane Coverage and Exclusion	34
902	Hurricane Loss Reduction Credits	34

UNIVERSAL PROPERTY & CASUALTY INSURANCE COMPANY

RATE AND RULE MANUAL – STATE OF HAWAII

<u>RULE</u>		<u>PAGE</u>
903	Special Requirements	34
905	Territory Codes and Definitions	35
906	Policy Forms and Endorsements	35
	Homeowners Premium Calculation Worksheet	37

UNIVERSAL PROPERTY & CASUALTY INSURANCE COMPANY

RATE AND RULE MANUAL – STATE OF HAWAII

RULE 1. APPLICATION OF PROGRAM RULES INSURANCE

This section of the manual contains general information to write the following forms on behalf of the Company's Homeowners Program (HO 00 03, HO 00 04, HO 00 06 and HO 00 08).

RULE 2. APPLICATIONS FOR INSURANCE

Note: Per Hawaii Statutes § 431:10-209:

"All statements or descriptions in any application for an insurance policy or in negotiations therefore, by or on behalf of the insured, shall be deemed to be representations and not warranties. A misrepresentation shall not prevent a recovery on the policy unless made with actual intent to deceive or unless it materially affects either the acceptance of the risk or the hazard assumed by the insurer."

A. Applications

All business must be written and processed through Atlas Bridge, the Company's electronic policy processing system.

B. Application Submission Procedures

All applications for insurance must be signed by the applicant and the agent of record and be accompanied by the required documentation as described in the following paragraphs. Each application or policy change (and Premium Finance agreement, if applicable) must be legible and submitted to the company in accordance with Company/Agency Agreement.

All premium deposits must be submitted with each application on a gross remittance basis.

The premium deposit must be no less than the required term premium which was paid by the insured, mortgagee or premium finance company.

In addition to the information set forth in the application, the Company at its discretion may obtain additional underwriting information through inspection, inquiry of the applicant or insured, or as otherwise set forth in this manual.

C. Additional Limitations on Binding New Business

The Company is able to consider new applications for coverage originating in all areas of Hawaii. However, the Company must ensure that applications received for risks located in areas of the state in which the Company has existing concentrations are assessed for their effect on the Company's overall exposures. From time to time, the Company will identify the areas in which the Company will not authorize the binding of coverage and will require the submission of all policies unbound according to the procedures described below, or areas, forms, or limits in which the Company is unable to consider the acceptance of policies.

All risks not meeting these requirements that include Hurricane coverage in these areas must be submitted on a non-bound basis for consideration. Documentation regarding the unbound risks should be submitted with the application as provided in D. below.

D. Unbound Applications

Risks not qualifying with all requirements contained in this manual may be submitted on a non-bound basis for consideration. The following documentation will be required with the application:

1. A completed but not signed application and a copy of the expiring declaration page from prior carrier must be submitted with each application. A copy of expiring declaration page is not required for a new home.
2. A completed Residential Replacement Cost worksheet must be submitted with each application requiring one.
3. Any other information or documentation deemed necessary by the Company to underwrite the risk.
4. Omit any effective date.
5. Do not require the signature of the applicant.

6. Do not accept any premium deposit from the applicant.
7. Do not issue any form of binder to the applicant.
8. Do not advise the applicant they are covered.
9. You will be notified in writing of the acceptability of the risk and advised if binding is acceptable.

E. Binding Instructions For Properties Eligible for Binding

Producers may bind risks eligible for binding as defined in this manual and in accordance with their Homeowner and Dwelling Fire Binding Authority Guidelines with the following documentation:

1. Completed and signed application, with required premium payment.
2. Documentation required under 2.B. above.
 - a. If **HO 00 03** is written with **HO 04 90** or **HO 00 08** with **UPCIC 23 74 HI**, Replacement Cost Loss Settlement, the amount of coverage carried on the dwelling must be one hundred percent (100%) of the current replacement cost.
 - b. A physical inspection report may be ordered to confirm replacement cost values and/or insurability.

The binder must specifically show the hour, day, month and year coverage is to be effective. The effective time cannot be earlier than the latest of (a) the date the applicant signs the application/binder, (b) the date the agent signs the application/binder, and (c) if applicable, the date of closing.

In addition to the binding procedures in this section additional underwriting requirements of this manual apply.

F. Uninsurable Properties For All Programs

The following risks may not be insured in any program. **DO NOT SUBMIT:**

1. **Commercial Property**
2. **Coverage Limits - Minimum / Maximum**

Properties for which replacement cost (Coverage **A**) or Actual Cash Value (Coverage **C**) is either below the minimum limits or above the maximum limits shown in the respective section of this manual.
3. **Condemned Property**

Properties which have been condemned due to condition, properties located in a condemned area, or properties in an area scheduled to be condemned due to urban renewal or highway construction.
4. **Property In Disrepair / Existing Damage**

Properties in state of disrepair or properties with existing damage with no definitive proof of intent to repair.
5. **Property Over 40 Years Old**

Properties over forty (40) years old unless the wiring, heating and roofs have been updated within the last thirty (30) years. (Restrictions applicable to form **HO 00 03**)
6. **Farms & Ranches**

Properties (dwellings) located on a farm, ranch, orchard or grove; or where farming activities or ranching operations take place.
7. **Business Exposure**

Properties where a business is conducted. Incidental offices or studios (meaning offices for business of professional purposes and studios for music, dance, photography and other instructional purposes) may be acceptable.
8. **Heating and Electrical**
 - a. Properties which have a portable heater or open flame as a primary source of heat, (e.g. portable space heater, wood burning stove, gas heater, or any device utilizing an open flame). Exception: Factory or professionally installed, central gas heat systems and fireplaces.

- b. Properties with any "knob & tube" wiring.
- c. Properties equipped with electrical service less than 60 amps.

9. "Do-It-Yourself" Construction

Buildings or structures that are homemade or rebuilt, or any dwelling constructed with extensive remodeling.

Exception: If approved by local government building or zoning department and a certificate of occupancy has been issued and is submitted with the unbound application. (Standard Homeowners Program Only)

10. Non-Habitational Property

Residential risks used primarily for non-habitational purposes or dwellings that were originally designed or constructed for other than habitational purposes.

11. Fraternity or Sorority Houses

Fraternity, Sorority or any similar housing arrangement.

12. Vacant or Unoccupied Property

Note: "Unoccupied" includes dwellings with contents if the dwelling is no longer a place of usual return or dwellings in which there is no discernable sign of occupation or maintenance for a period exceeding thirty (30) days.

13. Special Flood Hazard Areas (Hurricane Included Policies)

Properties located in Special flood Hazard Areas where a Federal Flood Insurance Policy has not been purchased or has not been continually in effect with matching coverage limits, subject to the maximum limits available under the standard NFIP policy.

14. Arson or Insurance Fraud

Applicants previously convicted of arson or insurance fraud, or previously canceled for insurance fraud or material misrepresentation on an application for insurance.

15. Property Constructed Over Water

Any insured location with a structure constructed partially or entirely over water.

Note: Ineligible structures do not include piers and docks.

16. Property Built on Landfills - Refuse

Properties built on landfills previously used for refuse.

17. Inaccessible Property

Properties not readily accessible year round to fire department equipment. (e.g. isolated property including barrier islands not connected to the mainland by a road).

Exception: Barrier islands with a responding fire station located on the island.

18. Excessive or Unusual Liability Exposure

Properties with excessive or unusual liability exposure. (e.g. skateboard or bicycle ramps, trampolines, or unfenced swimming pools or swimming pools with diving boards or slides).

Exception: May be eligible for an **HO 00 08** policy (including liability) or a Dwelling Fire Policy (excluding liability).

19. Sinkhole Damage

Any property with existing or prior sinkhole damage.

20. Fire loss

Any applicant, insured or resident with a previous fire loss.

21. Certain Breeds of Dogs

Any risk wherein any of the following are maintained or will be maintained on the premises: Chow, Doberman, Akita, German Shepard (unless owned to assist the blind), Pit Bull, Presa Canarios, Rottweiler, Staffordshire Terrier, any mixed breed dog that is half (or greater) with any of the foregoing, or any non-domesticated animal. The Company from time to time may identify additional animals that are not acceptable for coverage.

22. Properties located in Lava Flow Zone 1.

G. Properties to be Submitted to Company for Approval Prior to Binding

The producer may not bind coverage for any property exhibiting **any one** of the following characteristics:

1. Three (3) Mortgages

If a property has three (3) mortgages, the application must be submitted for review. A property with four or more mortgages is not eligible for any coverage.

2. High Value Dwelling

Properties with replacement cost exceeding \$500,000 must be submitted to the company for review with a current appraisal, (not more than three years old), from a Hawaii licensed appraiser reflecting the replacement cost of the building.

3. Properties with pools, skateboard or bicycle ramps, trampolines and similar structures that are not completely fenced, walled or screened may be eligible at the Company's discretion for Form **HO 00 08** coverage only, with maximum liability limits of \$100,000.

4. Properties located in Lava Flow Zone 2.

5. Any risk not meeting the underwriting guidelines/rules included elsewhere in this manual or not meeting the requirements of the Company binding procedures provided to the Producer.

H. Additional Underwriting Considerations

1. Seasonal Homes

A seasonal or unoccupied dwelling is a dwelling with continuous unoccupancy of three (3) or more consecutive months during any one (1) year period.

- a. Homes located in "secured areas" (limited access due to locked gates or guards) or homes with functioning central station fire and burglar alarm systems may be written on any eligible form. If unoccupancy exceeds six (6) consecutive months, up through twelve (12) months, an additional ten percent (10%) surcharge will be applied.
- b. Seasonal or unoccupied risks, that are otherwise eligible, located in areas without evidence of "secured areas" or central alarm systems are eligible for Form **HO 00 08** only.

2. Consideration of Risks

Unless the context otherwise requires, provisions of this Manual providing for assessment of risks include underwriting considerations relevant to the insured property and the applicants, insureds, or residents, as the case may be.

3. Overall Risk Assessment

The Company at its discretion may insure a risk not meeting one or more binding or eligibility criteria if the Company determines that the risk is desirable in light of unique risk characteristics or information available to the Company. (Example: A risk having a swimming pool with a slide is ineligible for coverage. However, the risk may be submitted unbound for special underwriting consideration and may be determined eligible for coverage if other risk characteristics are superior.)

The Company at its discretion may determine that a risk meeting eligibility or binding requirements is not acceptable for coverage. (Example: The property is an older home without recent updates but is within the guidelines. However, inspection reveals poor care of the exterior of the dwelling and risk hazards in the yard.)

4. Application of Hawaii Insurance Code

The Company's Manual is intended to provide guidelines and procedures for the Company's usual and customary review, rating, and acceptance of policies in accordance with the provisions of the Hawaii Insurance Code. To the extent a risk contains characteristics or includes considerations beyond the scope of this Manual, refer to the requirements of the Hawaii Insurance Code and related administrative rules or interpretations. Consult the Company with any questions or considerations that are not otherwise addressed.

I. Special Notes

1. Hurricane or Tropical Storm Suspension

No new or increased coverage will be bound, or applications for new or increased coverage be accepted when a tropical storm or hurricane watch or warning is issued by the National Weather Service for any part of the state.

No new coverage will be bound within the first forty-eight (48) hours after a tropical storm or hurricane watch or warning has been lifted by the National Weather Service.

Exception: The producer has personally inspected the property to verify that no loss has taken place and noted on the application that said inspection was made.

Note: It is the producer's responsibility to be aware of and track hurricanes or tropical storms for the application of binding restrictions.

2. Flood Insurance Requirements

Insureds with properties in Special Flood Hazard Areas (all zones "A" and "V") as defined by the National Flood Insurance Program must also maintain in effect a separate flood insurance policy with coverage limits for building and contents at least equal to those provided under the Company policy, subject to the maximum limits available under the standard NFIP policy.

Exceptions:

- a. Tenant and condominium properties above ground floor;
- b. Apartment or condominium properties located on the ground floor when building coverage has been purchased on a Residential Condominium Building Association Policy (master policy) on or after 10/1/94 (contents coverage with matching limits is still required);
- c. Policies issued by the Company which exclude Hurricane.

UNIVERSAL PROPERTY & CASUALTY INSURANCE COMPANY

RATE AND RULE MANUAL – STATE OF HAWAII

RULE 3. EXTENT OF COVERAGE

A. Property

1. Homeowners – Form **HO 00 03** provides replacement cost coverage on the structures and actual cash value on personal property. Form **HO 00 08** provides actual cash value on the structures (unless endorsed for replacement cost) and actual cash value on personal property.
2. Condominium unit owners - provides replacement cost coverage on additions and alterations that are not the responsibility of the condominium association and actual cash value on personal property.
3. Tenants - provides replacement cost coverage on improvements and betterments and actual cash value on personal property.

Replacement Cost Coverage on personal property may be purchased by Homeowners, Condominium Unit Owners, and Tenants risks.

B. Liability Including Medical Payments

1. Liability - providing individual named insureds with combined single limits of liability of \$100,000, \$300,000 or \$500,000. Limits higher than \$100,000 are not available on Form **HO 00 08**; limits higher than \$300,000 are not available on Form **HO 00 04**.
2. Medical Payments with limits of \$1,000, \$2,000, \$3,000, or \$5,000.

C. Deductibles

Deductible requirements and options are displayed in each applicable section of this Manual.

RULE 4. CANCELLATIONS

A. Cancellation

1. You may cancel this policy at any time by returning it to us or by letting us know in writing of the date cancellation is to take effect.
2. We may cancel this policy only for the reasons stated below by letting you know in writing of the date cancellation takes effect. This cancellation notice may be delivered to you, or mailed to you at your mailing address shown in the Declarations.
Proof of mailing will be sufficient proof of notice.
 - a. When you have not paid the premium, we may cancel at any time by letting you know at least 10 days before the date cancellation takes effect.
 - b. When this policy has been in effect for less than 60 days and is not a renewal with us, we may cancel for any reason by letting you know at least 10 days before the date cancellation takes effect.
 - c. When this policy has been in effect for 60 days or more, or at any time if it is a renewal with us, we may cancel:
 - If there has been a material misrepresentation of fact which if known to us would have caused us not to issue the policy; or
 - If the risk has changed substantially since the policy was issued.This can be done by letting you know at least 30 days before the date cancellation takes effect.
 - d. When this policy is written for a period of more than one year, we may cancel for any reason at anniversary by letting you know at least 30 days before the date cancellation takes effect.
3. When this policy is cancelled, the premium for the period from the date of cancellation to the expiration date will be refunded pro rata.

If the return premium is not refunded with the notice of cancellation or when this policy is returned to us, we will refund it within a reasonable time after the date cancellation takes effect.

UNIVERSAL PROPERTY & CASUALTY INSURANCE COMPANY

RATE AND RULE MANUAL – STATE OF HAWAII

B. Nonrenewal

We may elect not to renew this policy. We may do so by delivering to you, or mailing to you at your mailing address shown in the Declarations, written notice at least 30 days before the expiration date of this policy. Proof of mailing will be sufficient proof of notice. The nonrenewal notice, together with the precise reason for nonrenewal, may be delivered or mailed to you and your agent at the mailing addresses shown in the Declarations or the last known addresses.

Note 1: An additional five (5) day allowance is made for mail time.

Note 2: Disregard February 29 in leap years when determining pro-rata earned premiums.

RULE 5. RESERVED FOR FUTURE USE

RULE 6. COMMISSIONS

The rate of commission payable to producers for all coverages is contractual. An agent must not apply a service charge to an applicant for the completion of an application. Commissions as outlined above must be a producer's only remuneration.

Note 1: In the event any policy premiums are CHARGED OFF, commission will only be paid on collected earned premiums.

RULE 7. POLICY PERIOD, MINIMUM PREMIUM AND WAIVER OF PREMIUM

- A. All policies are issued for a one (1) year term at premiums applicable on the effective date of the policy term.
- B. The minimum policy premium applicable to all Homeowners policy forms is one hundred dollars (\$100).
- C. Additional or return premiums of ten dollars (\$10) or less will be waived or applied to the renewal premium at the option of the Company.
- D. The Company will return any premium due of \$5 or less if requested by the insured.

RULE 8. ROUNDING OF PREMIUMS

The premium for each coverage shown in the policy is rounded to the nearest cent. For all policy cancellations, total policy return premium will be rounded to the nearest cent. For all policy assessments, total assessment will be rounded to the nearest cent.

RULE 9. CHANGES AND MID-TERM PREMIUM ADJUSTMENTS

All changes must be made using the rules and rates in effect at the inception of the policy or latest subsequent renewal date thereafter. A policy to which an endorsement to exclude Hurricane coverage has been applied cannot be endorsed or otherwise changed mid-term to add the Hurricane peril. If Hurricane coverage is desired, it must be issued at the inception of the policy period.

UNIVERSAL PROPERTY & CASUALTY INSURANCE COMPANY

RATE AND RULE MANUAL – STATE OF HAWAII

RULE 10. EFFECTIVE DATE AND IMPORTANT NOTICES

Rules and rates are effective on the dates shown on the Manual pages, unless accompanying or subsequent Important Notices show otherwise and will be part of this Manual until superseded by revised Manual pages or subsequent Important Notices.

RULE 11. PROTECTIVE DEVICE AND OTHER CREDITS

A. General

Certain burglar alarms, fire alarms and sprinkler systems in a dwelling will be recognized for a reduced premium. The amount of the credit is computed by multiplying the NON-HURRICANE PROPERTY PREMIUM by the appropriate factor shown below. Information included on the application is used to confirm the discount.

B. Burglar Alarm - Central Station Reporting

A credit factor applies to all professionally installed functioning central station systems. The credit factor is as follows:
Homeowners = 0.03

C. Fire Alarm - Central Station Reporting

A credit factor applies to all professionally installed functioning central station reporting fire alarm systems. The credit factor for Homeowners = 0.04

D. Automatic Sprinklers

1. **Class A:** A credit factor applies to all functioning automatic sprinkler systems professionally installed in accordance with nationally accepted fire sprinkler design standards. The automatic sprinklers must be in all areas except that attics, bathrooms, closets and attached structure areas may be protected by fire detectors in lieu of sprinklers.

The credit factors for Homeowners = 0.04

2. **Class B:** A credit factor applies to all functioning automatic sprinkler systems professionally installed in accordance with nationally accepted fire sprinkler design standards. The automatic sprinklers must be in all areas including attics, bathrooms, closets, and attached structure areas.

The credit factors for Homeowners = 0.07

E. Discount Limitations

The maximum credit factor granted for a central station reporting burglar alarm and central station reporting fire alarm is as follows: Homeowners = 0.05

F. Endorsements

Use Endorsement **HO 04 16** "Premises Alarm or Fire Protection System" for Homeowners.

G. Total maximum credit for the entire rule is 0.10.

UNIVERSAL PROPERTY & CASUALTY INSURANCE COMPANY

RATE AND RULE MANUAL – STATE OF HAWAII

RULE 12. TOWNHOUSES OR ROWHOUSES

A. Homeowner Policies

Note: Not applicable to **HO 00 04**, **HO 00 06** or **HO 00 08** policies.

The premium for an eligible 1 or 2 family dwelling in a townhouse or rowhouse structure is computed by multiplying the NON-HURRICANE PROPERTY PREMIUM and the HURRICANE PROPERTY PREMIUM by the appropriate factor below.

Total Number of Individual Family Units Within the Fire Division	Factor
1 & 2	1.00
3 & 4	1.10
5 to 8	1.25
9 & Over	1.40

RULE 13. UNDERWRITING SURCHARGES

The following charges apply to properties that have exposures or hazards which are not contemplated by the BASE PREMIUM. The Company will review each risk and determine if additional premium is warranted.

A. Seasonal or Unoccupied Property

Seasonal or unoccupied property which exceeds six (6) consecutive months up through twelve (12) months will receive an additional 10% surcharge. Properties unoccupied more than twelve (12) months will be considered vacant and ineligible (see Vacant Property Rule, F.12).

B. Dwellings 36 or More Years Old

Dwellings with wiring, heating or roofs 36 or more years of age, if determined by the Company to be eligible for coverage (see Property Over 40 Years Old rule, F.5.), will receive an additional surcharge of 10%. This additional charge does not apply to Form **HO 00 04**, **HO 00 06**, or **HO 00 08**.

RULE 14. MANDATORY ADDITIONAL CHARGES

Reserved for future use.

UNIVERSAL PROPERTY & CASUALTY INSURANCE COMPANY

RATE AND RULE MANUAL – STATE OF HAWAII

RULE 15. PAYMENT AND PAYMENT PLAN OPTIONS

A. New Business

1. Full Payment Option

The full policy premium is submitted with the application:

- If paid by the insured or premium finance company within 12 calendar days of the effective date of the policy; or
- If paid by the mortgage company or title company within 17 calendar days of the effective date of the policy.

2. Two Payment Option

- 55% down; and
- 45% due by the 180th day of the policy period.

3. Four Payment Option

- 30% down; and
- 2 payments @25% each due by the 90th and 180th day of the policy period.
- 1 payment of 20% due at the 270th day of the policy period

4. Payment fee schedule for 2 and 3 above:

Total Premium Ranges (Including Fees):			The Fee per Payment is:
\$0	to	\$399	\$3
\$400	to	\$499	\$4
\$500	to	\$649	\$5
\$650	to	\$799	\$6
\$800	to	\$949	\$7
\$950	to	\$1,099	\$8

Add \$1 Fee per Payment for every \$150 over \$1,099

A \$10 set-up fee applies to all policies utilizing the payment plan.

- The applicant or policyholder may choose to finance premiums with a licensed premium finance company.

B. Renewal Business

The billing process is the same as the New Business process above with one exception. The full policy premium is billed 50 days in advance of the renewal date and is due on the renewal date.

C. Late Payment Charge

Payments under any of the plans listed in A. or B. above must be received by the Company on the date due. Failure to timely remit premium will result in a lapse of coverage. The Company at its discretion may reinstate coverage upon receipt of a later payment. If the Company agrees to reinstate coverage and the payment was five (5) or more days delinquent, a fee of \$10 will apply. In determining whether to issue a renewal policy notwithstanding late payment, the Company will request a no loss statement and may request additional documentation.

UNIVERSAL PROPERTY & CASUALTY INSURANCE COMPANY

RATE AND RULE MANUAL – STATE OF HAWAII

D. Insufficient Funds

In the event any payment by the applicant or insured is incapable of or not accepted for deposit or returned as insufficient and the Company does not cancel coverage for nonpayment, the applicant or insured will be subject to an insufficient funds charge of \$15.00 per occurrence. Late payment charges also may apply, if applicable.

RULE 16. RESERVED FOR FUTURE USE

RULE 17. ADDITIONAL UNDERWRITING REQUIREMENTS

The following underwriting rules are in addition to those located elsewhere in the Homeowners section of the manual.

A. Risks meeting one or more of the following cannot be bound.

1. Risks written on Forms **HO 00 03**, **HO 00 04** or **HO 00 06** who have sustained more than one loss, excluding Act of God losses, during the last thirty-six (36) month period. Risks written on Form **HO 00 08** who have sustained more than four losses, excluding Act of God losses, during the last five (5) year period.
2. Risks with a previous water damage loss during the last thirty-six (36) month period. These risks are not eligible for Forms **HO 00 03**, **HO 00 04**, or **HO 00 06**. These risks may be eligible for consideration under Form **HO 00 08** and may be bound in accordance with Company guidelines.
3. First Party Lawsuit—Any applicant or named insured who has been involved in a first party personal lines lawsuit against an auto or homeowners insurance company.
4. Any applicant or named insured who has been convicted of or plead guilty (nolo contendere) to a felony in the last 10 years.

B. Risks meeting one or more of the following will not be bound on Form **HO 00 03**. Risks may be eligible for Form **HO 00 08** in accordance with this Manual and binding guidelines in effect for the Company:

1. Risks subject to any foreclosure judgment in the last 60 months;
2. Risks with one or more water damage claim(s).

C. The Company does not use credit reports or a credit scoring system in initial underwriting, provided, however, that the Company may obtain a credit report to verify representations made by the applicant, insured, or resident. In the event the Company obtains a credit report for verification purposes, the following will apply:

1. The Company will not request a credit report based upon the race, color, religion, marital status, age, gender, income, national origin, or place of residence of the applicant, insured, or resident.
2. The Company will obtain credit reports only from nationally recognized consumer credit reporting agencies (Equifax, Transunion, etc.) or their successors.
3. The Company will not make an adverse decision based solely on the basis of information in a credit report without consideration of any other underwriting or rating factor.
4. The Company will not make an adverse decision based in whole or in part on the absence of a credit history or insufficient credit history, collection accounts with a medical industry code (if identified in the credit report), place of residence, or any other circumstance set forth in a rule promulgated by statute or administrative code.
5. The Company will not consider the number of credit inquiries identified in a report.

6. Upon request of an applicant, insured, or resident, the Chief Underwriting Officer or other designated officer of the Company will review information provided by the applicant, insured, or resident indicating that the credit report is unduly influenced by a dissolution of marriage, the death of a spouse, temporary loss of employment, or medical conditions that were not reported with a medical industry code. The Company will complete its review within ten business days of the applicant's or insured's submission of a request and the Company's receipt of supporting documentation. If the Company determines that the credit report was unduly influenced by any of the listed factors, the Company will treat the applicant, insured, or resident as having neutral credit information or will exclude the credit information, whichever is more advantageous.
 7. If an applicant, insured or resident believes that a credit report contains erroneous information and pursues correction with the applicable reporting agency, the Company will accept a new application and initiate a new underwriting process based upon the corrected information.
 8. The Company's use of credit reports is limited to verification of information provided by the applicant, insured or resident. The Company does not use credit information in policy rating and therefore no use of credit scores will apply to any separately identified component of premium attributable to hurricane risk.
 9. The Company will comply with the requirements of the Fair Credit Reporting Act and applicable state law relating to the use of credit reports.
- D. Renewal Policies** - The following risks are not eligible for offers of renewal coverage:
1. Risks not meeting or continuing to meet eligibility standards applicable to new business set forth at Rule **2.F.** and Rule **103**, provided that the Company will not nonrenew any policy on the basis of filing claims except as permitted by Hawaii Statutes.
 2. Risks failing to maintain flood insurance coverage pursuant to Rule **2.I.2.**
 3. Risks for which grounds for cancellation exists as set forth at Rule **4.**
 4. Risks failing to maintain or repair insured property or premises or failing to mitigate risk hazards.
 5. Risks no longer meeting minimum or maximum coverage limit requirements or failing to maintain proper insurance to value.
 6. Risks determined by the Company to be unacceptable for renewal coverage due to exposure management considerations, company financial performance, business objectives, reinsurance considerations, factors relating to the risk under review that would have adversely affected the company's overall risk assessment if those factors or conditions had existed or been known at the time of initial underwriting, or policyholder interactions (policy change requests, claims handling, etc.) that in the underwriter's overall assessment present a higher prospective risk of loss frequency or severity than known to the company before such interactions.

The Company in its discretion may offer renewal coverage to a risk not otherwise eligible for renewal pursuant to Rule **100.D.1** above based upon characteristics of the risk or an overall risk assessment. In furtherance of the financial stability and business objectives of the Company, the Company may determine pursuant to an overall risk assessment that it will not offer a renewal policy to a risk otherwise meeting eligibility criteria. When considering particular risks, the Company will consider whether factors relating to the risk under review would have adversely affected the company's overall risk assessment if those factors or conditions had existed or been known at the time of initial underwriting, or whether policyholder interactions (policy change requests, claims handling, etc.) in the underwriter's overall assessment suggest a higher prospective risk of loss frequency or severity than known to the company before such interactions.

UNIVERSAL PROPERTY & CASUALTY INSURANCE COMPANY

RATE AND RULE MANUAL – STATE OF HAWAII

RULE 100. LIMITS OF LIABILITY AND COVERAGE RELATIONSHIP

A. The **minimum** limits of liability required under the Homeowners policy are as follows:

1. **Section I - Property Damage**

Coverage	HO 00 03 and HO 00 08	HO 00 04	HO 00 06
A – Dwelling Minimum Limit	\$25,000*	N/A	\$1,000*
B – Other Structures	10% of A	N/A	N/A
C – Personal Property	50% of A	\$6,000*	\$6,000*
D – Loss of Use	HO 00 08- 10% of A HO 00 03 – 20% of A	20% of C	40% of C

* These are program limits and not binding limits. Refer to binding limitations included in your Agency Contract Supplement.

2. **Section II – Liability**

All Forms

Coverage **E** – Personal Liability

\$100,000

Coverage **F** – Medical Payments to Others

\$1,000

Unless otherwise stated, Coverage **E** limits apply on an "occurrence" basis; Coverage **F** limits on an "each person" basis.

B. **All Forms**

The limit of liability for Coverage **C** of Section **I** and Coverages **E** and **F** of Section **II** may be increased however the maximum limit for Coverage **E** on an **HO 00 08** policy is \$100,000.

C. **Form HO 00 03 and HO 00 08**

Under Coverage **B** of Section **I**, an additional amount of insurance may be written on specific structures in an amount not to exceed 70% of Coverage **A**.

D. **Form HO 00 03 and HO 00 08**

Under Coverage **C** of Section **I**, it is permissible to reduce the limit of liability to an amount not less than 25% of the limit on the dwelling.

E. **Form HO 00 06**

The limit of liability for Coverage **A** of Section **I** may be increased and the limit of liability for coverage **C** may not exceed \$6,000 if the property is held for rental.

F. **Form HO 00 08**

The Repair cost or Market Value Loss Settlement provisions in Form **HO 00 08** will be replaced by either:

1. Actual Cash Value Loss Settlement Endorsement **HO 04 81**; or
2. Replacement Cost Loss Settlement Endorsement **UPCIC 23 74 HI**.

UNIVERSAL PROPERTY & CASUALTY INSURANCE COMPANY

RATE AND RULE MANUAL – STATE OF HAWAII

RULE 101. DESCRIPTION OF COVERAGES

A. Section I Coverages - Property Damage

The following is a general description of the coverages provided by the individual Homeowners Policy forms. Form **HO 00 03** is an “all risk” policy for Coverage **A**, subject to certain conditions and exclusions listed in the policy. The policy will be consulted for exact contract conditions. The chart below refers to Coverage **C** for Form **HO 00 03** and to Coverages **A** and **C** for other HO policy forms offered by the Company.

PERIL	HO 00 03	HO 00 04 & HO 00 06	HO 00 08
Fire or Lightning	Yes	Yes	Yes
Hurricane, Windstorm or Hail, Explosion, Riot or Civil Commotion, Aircraft, Vehicles or Smoke	Yes	Yes	Yes
Vandalism or malicious mischief	Yes	Yes	Yes
Theft	Yes	Yes	Yes
Volcanic eruption	Yes	Yes	Yes
Falling objects, weight of ice, snow or sleet, accidental discharge of water or steam, sudden and accidental tearing apart of a heating system or appliance, freezing, sudden accidental	Yes	Yes	No
Additional risks with certain exceptions (Special Coverage)	Yes Cov. A, B & D	Optional for Cov. A in HO 00	No

B. Section II Coverages - Liability - All Forms

Coverage **E** – Personal Liability

Coverage **F** – Medical Payments to Others

- 1. Personal Liability** - Covers payment on behalf of any insured for all sums which the insured becomes legally obligated to pay as damages because of bodily injury or property damage arising out of any insured's premises or personal activities.
- 2. Medical Payments to Others** - Covers medical expenses incurred by persons, other than the insured, who sustain bodily injury caused by an accident arising out of an insured's premises or personal activities.

UNIVERSAL PROPERTY & CASUALTY INSURANCE COMPANY

RATE AND RULE MANUAL – STATE OF HAWAII

RULE 102. MANDATORY COVERAGES

It is mandatory that insurance be written for all coverages provided under both Section I and II of the Homeowners Policy unless changes to the Hawaii Statutes require the Company to make regulated exceptions.

RULE 103. ELIGIBILITY

Note: No Homeowners policy form may be issued in the name of a corporation, partnership or association.

A. Form HO 00 03 and HO 00 08

A Homeowners Policy may be issued:

1. To the owner-occupant(s) of a dwelling or modular home which is used exclusively for private residential purposes and contains not more than 2 families and with not more than 2 boarders or roomers per family; or
2. To the purchaser-occupant(s) who has entered into a long term installment contract for the purchase of the dwelling and who occupies the dwelling but to whom title does not pass from the seller until all the terms of the installment contract have been satisfied. The seller retains title until completion of the payments and in no way acts as a mortgagee. The seller's interest in the building and premises liability may be covered using Endorsement **HO 04 41** - Additional Insured; or
3. To the occupant of a dwelling under a life estate arrangement when the Coverage A amount is at least 100% of the dwelling's replacement cost. The owner's interest in the building and premises liability may be covered using Endorsement **HO 04 41** - Additional Insured; or
4. To cover dwellings in the course of construction provided the policy is issued only in the name of the intended owner-occupant(s) of the dwelling; or
5. When a 2 family dwelling is occupied by co-owners, each occupying distinct living quarters with separate entrances. Given these circumstances, a Homeowners Policy providing building coverage may be issued to the owner covering their respective interest in the dwelling.

It is permissible to extend the Homeowners Policy, without additional premium charge, to cover the interest of a non-occupant joint owner in the building and for premises liability.

Use Endorsement **HO 04 41** - Additional Insured.

B. Form HO 00 04

A Tenant Homeowners Policy may be issued to:

1. The tenant(s) (non-owner) of a dwelling or an apartment situated in any building; or
2. The owner-occupant(s) of a dwelling, cooperative unit or of a building containing an apartment not otherwise eligible for a Homeowners Policy under General Rule **104.A.** above, provided the residence premises occupied by the insured is used exclusively for residential purposes and is not occupied by more than one additional family or more than 2 boarders or roomers.

C. Form HO 00 06

A Unit Owners Homeowners Policy may be issued to the owner(s) of a condominium or cooperative unit which is used exclusively for residential purposes, and is not occupied by more than one additional family or more than two boarders or roomers.

- D.** Subject to all other sections of this rule, a Homeowners Policy may be issued to cover a seasonal dwelling.
- E.** A Homeowners Policy will not be issued to cover any modular home, manufactured home, mobile home, trailer home, or housetrailer. Their contents may be covered under Rule **104.B.**

UNIVERSAL PROPERTY & CASUALTY INSURANCE COMPANY

RATE AND RULE MANUAL – STATE OF HAWAII

- F. A Homeowners Policy will not be issued to cover any property located on a farm, ranch, orchard or grove.
- G. Hurricane Exclusion
The peril of Hurricane may be excluded.

RULE 104. SECONDARY RESIDENCE PREMISES

Homeowners coverage on a secondary residence premises must be provided under a separate policy.

RULE 105. RESERVED FOR FUTURE USE

RULE 106. CONSTRUCTION DEFINITIONS

- A. Light Wood Frame - includes single wall (studless) construction framed with light timber trusses.
- B. Wood Frame - Stud walls are typically constructed of 2x4 inch or 2x6 inch wood members vertically set 16 or 24 inches apart. Exterior wall of wood or other combustible construction, including wood iron-clad, stucco on wood or plaster on combustible supports. Includes aluminum or plastic siding over frame.
- C. Masonry Veneer - Exterior walls of combustible construction veneered with brick or stone
- D. 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 (Disregarding floors resting directly on the ground).

Note: Mixed (Masonry/Frame) - a combination of both frame and masonry construction must be classed and coded as frame when the exterior walls of frame construction (including gables) exceed 33 1/3% of the total exterior wall area; otherwise class and code as masonry.

- E. Superior Construction (Use Construction Code 4.)
1. Non-Combustible - Exterior walls and floors and roof constructed of, and supported by metal, asbestos, gypsum, or other non-combustible materials.
 2. Masonry Non-Combustible - Exterior walls constructed of masonry materials (as described in C. above) and floors and roof of metal or other non-combustible materials.
 3. Fire Resistive - Exterior walls, floors and roof constructed of masonry or other fire resistive materials.

RULE 107. SEASONAL DWELLING DEFINITION

A seasonal dwelling is a dwelling with continuous unoccupancy of three (3) or more consecutive months during any one (1) year period.

RULE 108. SINGLE BUILDING DEFINITION

- A.** All buildings or sections of buildings which are accessible through unprotected openings are considered as a single building.
- B.** Buildings which are separated by space are considered separate buildings.
- C.** Buildings or sections of buildings which are separated by:
 - 1. A six (6) inch reinforced concrete or an eight (8) inch masonry party wall; or
 - 2. A documented minimum two (2) hour non-combustible wall which has been laboratory tested for independent structural integrity under fire conditions; which pierces or rises to the underside of the roof and which pierces or extends to the innerside of the exterior wall is considered separate buildings. Accessibility between buildings with independent walls or through masonry, party walls described above must be protected by at least a Class A Fire Door installed in a masonry wall section.

UNIVERSAL PROPERTY & CASUALTY INSURANCE COMPANY

RATE AND RULE MANUAL – STATE OF HAWAII

RULE 201. POLICY PERIOD

The policy may be written for a period of one year and may be extended for successive policy periods by extension certificate based upon the premiums, forms and endorsements then in effect for the Company.

RULE 202. CHANGES OR CANCELLATIONS

- A.** It is not permissible to cancel any of the mandatory coverages in the policy unless the entire policy is canceled.
- B.** If insurance is increased, canceled or reduced, the additional or return premium is computed on a pro rata basis, subject to the minimum premium requirement. A policy to which an endorsement to exclude Hurricane coverage has been applied cannot be endorsed or otherwise changed mid-term to add the Hurricane peril. If Hurricane coverage is desired, it must be issued at the inception of the policy period.

RULE 203. MANUAL PREMIUM REVISION

A manual premium revision will be made in accordance with the following procedures.

- A.** The effective date of such revision will be as announced.
- B.** The revision will apply to any policy or endorsement in the manner outlined in the announcement of the revision.
- C.** Unless otherwise provided at the time of the announcement of the premium revision, the revision will not affect in-force policy forms, endorsements or premiums, until the policy is renewed.

RULE 204. – 205. RESERVED FOR FUTURE USE

RULE 206. TRANSFER OR ASSIGNMENT

The policy may not be transferred or assigned.

RULE 207. – 209. RESERVED FOR FUTURE USE

UNIVERSAL PROPERTY & CASUALTY INSURANCE COMPANY

RATE AND RULE MANUAL – STATE OF HAWAII

RULE 301. BASE PREMIUM COMPUTATION

The BASE PREMIUM is developed by multiplying the base rate per \$1,000 of primary limit by the desired amount of insurance. Adjustments for additional coverage, surcharges and credits are described on the Homeowners Rating Worksheet.

A. Form HO 00 03 and HO 00 08 Base Rates and Optional Hurricane Deductible Percentages (Credits):
Rate per \$1,000 of Coverage **A:**

1. Non-Hurricane – Frame Construction	\$0.852
2. Non-Hurricane – Masonry Construction	\$0.766
3. Hurricane – Frame Construction	\$2.643
4. Hurricane – Masonry Construction	\$2.132
5. Hurricane – Single Wall Frame Construction	\$6.644
6. Hurricane – Light Metal Roofing Construction	\$6.644

Optional Hurricane Deductible Percentages (Credits):		
1.	2.0%	Base (No Credit)
2.	3.0%	95.6% (4.4% Credit)
3.	3.5%	93.6 (6.4% Credit)
4.	4.0%	91.9% (8.1% Credit)
5.	5.0%	88.7% (11.3% Credit)
6.	10.0%	77.0% (23.0% Credit)

Form **HO 00 03** and **HO 00 08** Policy Form and Classification Tables:

(a) Form Factors:

Non-Hurricane Property Premium and Hurricane Property Premium will be adjusted by the following factors.

HO 00 03	1.00
HO 00 08 with HO 04 81	1.25
HO 00 08 with UPCIC 23 74 HI	1.40

(b) Protection Class Factors:

Non-Hurricane Property Premium will be adjusted by the following factors.

Protection Class	Frame	Masonry
1	0.96	0.96
2	0.97	0.97
3	0.98	0.98
4	0.99	0.99
5	1.00	1.00
6	1.01	1.01
7	1.02	1.02
8	1.20	1.20
9	1.30	1.30
10	1.40	1.40

FOOTNOTES

- * Masonry Veneer is rated as Masonry.
Aluminum or Plastic Siding over Frame is rated as Frame.

UNIVERSAL PROPERTY & CASUALTY INSURANCE COMPANY

RATE AND RULE MANUAL – STATE OF HAWAII

B. Form **HO 00 04** Base Rates and Optional Hurricane Deductible Percentages (Credits):

Rate per \$1,000 of Coverage **C:**

- | | |
|---|---------|
| 1. Non-Hurricane | \$2.578 |
| 2. Hurricane – Frame Construction | \$0.848 |
| 3. Hurricane – Masonry Construction | \$0.443 |
| 4. Hurricane – Single Wall Frame Construction | \$1.060 |
| 5. Hurricane – Light Metal Roofing Construction | \$1.060 |

Optional Hurricane Deductible Percentages (Credits):		
1.	2.0%	Base (No Credit)
2.	3.0%	98.9% (1.1% Credit)
3.	3.5%	98.4% (1.6% Credit)
4.	4.0%	98.0% (2.0% Credit)
5.	5.0%	97.1% (2.9% Credit)
6.	10.0%	93.8% (6.2% Credit)

Form **HO 00 04** Policy Form and Classification Tables:

(a) Form Factors:

Non-Hurricane Property Premium and Hurricane Property Premium will be adjusted by the following factors.

HO 00 04 1.00

(b) Protection Class Factors:

Non-Hurricane Property Premium will be adjusted by the following factors.

Protection Class	Frame	Masonry
1	0.96	0.86
2	0.97	0.87
3	0.98	0.88
4	0.99	0.89
5	1.00	0.90
6	1.01	0.91
7	1.20	0.92
8	1.20	0.93
9	1.60	1.30
10	2.00	1.50

FOOTNOTES

- * Masonry Veneer is rated as Masonry.
Aluminum or Plastic Siding over Frame is rated as Frame.

UNIVERSAL PROPERTY & CASUALTY INSURANCE COMPANY

RATE AND RULE MANUAL – STATE OF HAWAII

C. Form **HO 00 06** Base Rates and Optional Hurricane Deductible Percentages (Credits):

Rate per \$1,000 of Coverage **C**:

1.	Non-Hurricane	\$2.344
2.	Hurricane – Frame Construction	\$0.771
3.	Hurricane – Masonry Construction	\$0.403
4.	Hurricane – Single Wall Frame Construction	\$0.964
5.	Hurricane – Light Metal Roofing Construction	\$0.964

Optional Hurricane Deductible Percentages (Credits):		
1.	2.0%	Base (No Credit)
2.	3.0%	98.9% (1.1% Credit)
3.	3.5%	98.4% (1.6% Credit)
4.	4.0%	98.0% (2.0% Credit)
5.	5.0%	97.1% (2.9% Credit)
6.	10.0%	93.8% (6.2% Credit)

Policy Form and Classification Tables:

(a) Form Factors:

Non-Hurricane Property Premium and Hurricane Property Premium will be adjusted by the following factors.

HO 00 06

1.00

(b) Protection Class Factors:

Non-Hurricane Property Premium will be adjusted by the following factors.

Protection Class	Frame	Masonry
1	0.96	0.86
2	0.97	0.87
3	0.98	0.88
4	0.99	0.89
5	1.00	0.90
6	1.01	0.91
7	1.20	0.92
8	1.20	0.93
9	1.60	1.30
10	2.00	1.50

FOOTNOTES

- * Masonry Veneer is rated as Masonry.
Aluminum or Plastic Siding over Frame is rated as Frame.

UNIVERSAL PROPERTY & CASUALTY INSURANCE COMPANY

RATE AND RULE MANUAL – STATE OF HAWAII

RULE 401. SUPERIOR CONSTRUCTION

The Non-Hurricane Property Premium for a dwelling, apartment, or condominium of superior construction is computed by multiplying the masonry Non-Hurricane Property Premium by a factor of 0.85.

RULE 402. PERSONAL PROPERTY (COVERAGE C) REPLACEMENT COST COVERAGE

- A.** To extend the limit of liability for Coverage **C** to include Replacement Cost Coverage the Non-Hurricane Property Premium and Hurricane Property Premium will be adjusted by the following factors.

HO 00 03 or HO 00 08	1.15
HO 00 04 or HO 00 06	1.35

- B.** When Replacement Cost Coverage is written on form **HO 00 03** or **HO 00 08**, Coverage **C** must be written at 50% of Coverage **A**.

Use Endorsement **HO 04 90** Personal Property Replacement Cost.

RULE 403. RESERVED FOR FUTURE USE

RULE 404. ORDINANCE OR LAW COVERAGE – INCREASED AMOUNT OF COVERAGE

Policies written on form **HO 00 03** and **HO 00 08** include coverage for costs necessary to meet applicable laws and ordinances regulating the construction, use, or repair of the dwelling or requiring the tearing down of the dwelling, including the costs of removing the debris. This coverage is limited to 25% of the dwelling (Coverage **A**) limit. For an additional premium, the limit of this coverage may be extended to 50% of the dwelling (Coverage **A**) limit. The Non-Hurricane Property Premium and Hurricane Property Premium will be adjusted by a factor of 1.05.

Use Endorsement **HO 04 77**.

UNIVERSAL PROPERTY & CASUALTY INSURANCE COMPANY

RATE AND RULE MANUAL – STATE OF HAWAII

RULE 405. RESERVED FOR FUTURE USE

RULE 406. DEDUCTIBLES

All policies are subject to a deductible that applies to loss from all Section I perils.

A. Base Deductibles

\$500 All Other Perils Deductible
2% Hurricane Deductible (Minimum \$500)

B. Optional Hurricane Deductibles

The Hurricane Property Premium for optional Hurricane Deductibles is computed by multiplying the Hurricane Property Premium by the appropriate percentages shown in the Base Rates and Hurricane Deductible Percentages tables.

C. Optional All Other Perils (AOP) Deductibles

The Non-Hurricane Property Premium for optional AOP Deductibles is computed by multiplying the Non-Hurricane Property Premium by the appropriate percentages shown below.

	Deductible Amounts				
Coverage A Limit - HO3/8	\$100	\$250	\$500	\$1,000	\$2,500
\$0 - \$59,999	N/A	N/A	100%	91%	82%
\$60,000 - \$99,999	N/A	N/A	100%	93%	82%
\$100,000 - \$200,000	N/A	N/A	100%	97%	82%
\$201,001+	N/A	N/A	100%	97%	93%

	Deductible Amounts				
Coverage C Limit - HO4	\$100	\$250	\$500	\$1,000	\$2,500
\$0 - \$25,000	N/A	N/A	100%	85%	65%
\$25,001+	N/A	N/A	100%	90%	73%

	Deductible Amounts				
Coverage C Limit - HO6	\$100	\$250	\$500	\$1,000	\$2,500
\$0 - \$40,000	N/A	N/A	100%	84%	62%
\$40,001+	N/A	N/A	100%	88%	68%

RULE 407.**ADDITIONAL AMOUNTS OF INSURANCE – FORM HO 00 03**

- A.** The policy provides loss settlement for buildings insured under Coverage **A** or **B** on a replacement cost basis without deduction for depreciation if, at the time of loss, the amount of insurance on the damaged building is 80% or more of the replacement cost of the building immediately before the loss.
- B.** The policy may be endorsed to provide additional insurance for Coverage **A** only when loss to property insured under Coverage **A** – Dwelling exceeds the limit of liability shown in the policy Declarations. If this option is selected, the Coverage **A** limit of liability must be at least 100% of the full replacement cost of the property insured under Coverage **A** at policy inception or at the time the endorsement is added to the policy. The additional amount of insurance will equal 25% of the Coverage **A** limit and is available only when loss to property insured under Coverage **A** – Dwelling exceeds the Coverage **A** limit of liability shown in the Declarations. This additional amount cannot be applied to any other coverage nor does it increase the Coverage **A** limit.
- C.** The premium for this option is computed by multiplying the Base Premium by 1.03.
- D.** Use Specified Additional Amount of Insurance for Coverage **A** – Dwelling Endorsement **HO 04 20**.
- E.** Do not use this endorsement when the Special Loss Settlement Endorsement or any other endorsement which modifies the required percentage of replacement value is attached to the policy.

UNIVERSAL PROPERTY & CASUALTY INSURANCE COMPANY

RATE AND RULE MANUAL – STATE OF HAWAII

RULE 501. – 505. RESERVED FOR FUTURE USE

RULE 506. COVERAGE A DWELLING ASSOCIATION DEDUCTIBLES NOT ASSESSED AGAINST ALL UNITOWNERS – FORM HO 00 06

Attach **UPCIC 06 99** to all policies written using **HO 00 06**. This amends the Coverage **A** Dwelling portion of the policy to provide coverage for association deductibles when the deductible is not assessed against all unit owners.

There is no charge for this endorsement.

Note: Does not apply to new business written after December 15, 2016. Endorsement **UPCIC 06 99** will only attach to renewal policies where the expiring policy has **UPCIC 06 99 attached** and where Association Deductible Coverage under Rule **512**. Is not elected by the insured.

RULE 507. COVERAGE A DWELLING (ADDITIONS AND ALTERATIONS) BASIC AND INCREASED LIMITS AND SPECIAL COVERAGE – FORM HO 00 06

A. Basic Limits, Coverage A

The policy automatically provides a basic Coverage **A** limit of \$1,000 on a named perils basis. If increased limits are not desired, enter "\$1,000" under Coverage **A** - Dwelling on the Declarations pages.

B. Increased Limits, Coverage A

The basic Coverage **A** limit may be increased. The premium is developed based on the additional limit of insurance. The rate for each additional \$1,000 of insurance is developed as follows:

$((\text{Increased Limit} / \$1,000) \times \text{BASE RATE}) \times 0.80$

C. Special Coverage

The Section **I** Perils Insured Against may be broadened to cover additional risks of loss. The additional premium is developed as follows:

10% Surcharge

Use Endorsement **HO 17 32** Unit-Owners Coverage **A** - Special Coverage.

UNIVERSAL PROPERTY & CASUALTY INSURANCE COMPANY

RATE AND RULE MANUAL – STATE OF HAWAII

RULE 508. **UNITS REGULARLY RENTED TO OTHERS – FORM HO 00 06**

- A.** Form **HO 00 06** provides exclusions for Coverage **C** - Personal Property and Section **II** Liability when the residence premises is regularly rented or held for rental to others. The policy may be endorsed, however, to eliminate these exclusions.
- B.** The Coverage **C** minimum limit of liability may not be less than \$6,000.
- C.** Premium
Non-Hurricane Property Premium and Hurricane Property Premium will be adjusted by a factor of 1.25.
Use Endorsement **HO 17 33** Unit-Owners Rental to Others.

RULE 509. **RESERVED FOR FUTURE USE**

RULE 510. **PERMITTED INCIDENTAL OCCUPANCIES RESIDENCE PREMISES**

- A.** Coverage for a permitted incidental occupancy is limited under Section **I** and excluded under Section **II**.
The policy may be endorsed to provide expanded Section **I** Coverage and Section **II** Coverage on a permitted incidental occupancy in the dwelling or in another structure on the residence premises.
Use Endorsement **HO 04 42** - Permitted Incidental Occupancies - Residence Premises, for Section **I** and **II** Coverages.
- B.** Permitted Incidental Occupancies
Examples of such occupancies are offices or studios meaning offices for business or professional purposes, and studios for music, dance, photography and other instructional purposes.
- C.** If the permitted incidental occupancy is located in another structure, Coverage **B** does not apply to that structure. See **E.** below for charge for specific insurance on the structure.
- D.** The permitted incidental occupancies endorsement also covers personal property pertaining to the permitted incidental occupancy within the Coverage **C** limits stated in the declarations. If increased Coverage **C** limits are desired, see Rule **515.A**.
- E.** Premium
- 1.** Section **I** - Property
 - a.** If the permitted incidental occupancy is located in the dwelling, no additional charge is made.
 - b.** If the permitted incidental occupancy is located in another structure, charge \$6 per \$1,000 of specific insurance on the structure.
 - 2.** Section **II** - Liability
The policy may be endorsed to provide coverage for the increased exposure arising from a permitted incidental occupancy on the residence premises. Use Endorsement **HO 04 42** Permitted Incidental Occupancies Residence Premises and charge a flat \$18 for the residence premises.

UNIVERSAL PROPERTY & CASUALTY INSURANCE COMPANY

RATE AND RULE MANUAL – STATE OF HAWAII

RULE 511. LOSS ASSESSMENT COVERAGE – FORMS HO 00 03 AND HO 00 06

A. Residence Premises

1. Coverage Description

The policy automatically provides, under Section I Additional Coverage and Section II Additional Coverage, a limit of \$1,000 each for assessments relating to the residence premises, excluding assessments resulting from the peril of earthquake.

2. Higher Limits

The policy may be endorsed to provide a single additional amount of insurance to be applied to one or more assessments arising out of a single loss covered under:

- a. Either Section I Additional Coverage or Section II Additional Coverage; or
- b. Both Section I and Section II Additional Coverages.

3. Premium

<u>HO 00 06 without HO 17 32</u>		<u>HO 00 03 or HO 00 06 with HO 17 32</u>	
\$5,000	\$5.00	\$5,000	\$6.00
\$10,000	\$7.00	\$10,000	\$10.00
\$25,000	\$11.00	\$25,000	\$15.00

B. Endorsement

Use Loss Assessment Coverage Endorsement **UPCIC 16 02 09**.

RULE 512. ASSOCIATION DEDUCTIBLE – FORMS HO 00 03 AND HO 00 06

A. Coverage Description

The policy does not provide coverage for an Association Deductible under Section I – Property Coverages relating to the residence premises. The policy may be endorsed to provide for an Association Deductible, excluding assessments resulting from the peril of earthquake.

B. Coverage Limits

The policy may be endorsed to provide for a single amount of insurance in an amount up to \$50,000 to be applied to one or more Association Deductibles charged arising out of a single loss covered under Section I – Property Coverages.

C. Premium

1. Form **HO 00 06** \$6.50 per \$1,000
2. Form **HO 00 03** \$7.00 per \$1,000

D. Endorsement

Use Association Deductible Endorsement **UPCIC 52 19**.

RULE 513. RESERVED FOR FUTURE USE

UNIVERSAL PROPERTY & CASUALTY INSURANCE COMPANY

RATE AND RULE MANUAL – STATE OF HAWAII

RULE 514.

OTHER STRUCTURES – FORMS HO 00 03 AND HO 00 08

A. When insurance is written on a specific structure on the residence premises for:

1. Increased limits, or
2. Rented to others for residential purposes

The rates per \$1,000 of insurance shown below apply separately to each structure.

B. Increased Limits - Up to 70% of Coverage A $((\text{Increased Limit} / \$1,000) \times \text{BASE RATE}) \times 0.80$
Use Endorsement **HO 04 48** Other Structures - Increased Limits.

C. Rented to Others - Residence Premises Use the sum of:

1. $((\text{Amount of Insurance} / \$1,000) \times \text{BASE RATE}) \times 0.80$
2. A premium of \$38 for the increased Coverages **E** and **F** exposure.

Use Endorsement **HO 04 40** Structure Rented to Others - Residence Premises.

RULE 515.

PERSONAL PROPERTY

A. Increased Limit

The limit of liability for Coverage **C** may be increased. The rate is $((\text{Increased Limit} / \$1,000) \times (\text{BASE RATE per } \$1,000 \text{ Primary Limit} \times 0.15))$

B. Reduction in Limit

The limit of liability for Coverage **C** may be reduced to an amount not less than 25% of the Coverage **A** limit.
The rate is $((\text{Decreased Limit} / \$1,000) \times (\text{BASE RATE per } \$1,000 \text{ Primary Limit} \times 0.15))$

C. Refrigerated Personal Property

1. The policy may be endorsed to provide \$500 of coverage for covered property stored in freezers or refrigerators on the residence premises for loss caused by power service interruption or mechanical failure.
2. A deductible of \$100 applies
3. The Additional Premium is \$10.00.
4. Use Refrigerated Property Coverage Endorsement **UPCIC 52 20**.

D. Theft Coverage Increase – HO 00 08

1. On-Premises

The \$1,000 limit for on-premises theft may be increased to a maximum of 40% of Coverage **A**. The rate is \$21 per \$1,000 of insurance.

2. Off-Premises

When On-Premises Theft Coverage is increased, a limit of \$1,000 may be provided for Off-Premises Theft Coverage. Charge \$18 for this additional coverage.

Use Endorsement **HO 04 30** Theft Coverage Increase.

UNIVERSAL PROPERTY & CASUALTY INSURANCE COMPANY

RATE AND RULE MANUAL – STATE OF HAWAII

RULE 520. LIMITED COVERAGE FOR FUNGI, WET OR DRY ROT, OR BACTERIA

- A.** Basic, limited coverage for Fungi, Wet or Dry Rot, or Bacteria is provided by mandatory endorsement as follows:
- Section I- \$10,000 per covered loss, subject to a \$20,000 policy aggregate, to pay for loss to covered real or personal property owned by an insured that is damaged by fungi, wet or dry rot or bacteria on the property covered under Section I- Property Coverages, in accordance with the terms and conditions of the policy and endorsement(s).
- Section II- \$50,000 to pay for damages because of bodily injury or property damage involving the inhalation of, ingestion of, contact with, exposure to, existence of, or presence of any fungi, wet or dry rot, or bacteria, in accordance with the terms and conditions of the policy and endorsement(s).
- B.** Optional increased limits for Section I coverage:
- Option 1: \$25,000 Each Covered Loss
 \$50,000 Policy Aggregate
- The additional premium for Option 1 is \$107
- Option 2: \$50,000 Each Covered Loss
 \$50,000 Policy Aggregate
- The additional premium for Option 2 is \$155
- C.** The endorsements establish sub-limits of liability and do not increase the policy limits. This section of the Manual provides only a summary of the endorsements and related provisions. Consult the endorsement forms for specific policy changes.
1. Use the following endorsements:
- | | |
|--------------------------|---|
| UPCIC 03 33 07 08 | Form HO 00 03 |
| UPCIC 04 33 07 08 | Form HO 00 04 |
| UPCIC 06 33 07 08 | Form HO 00 06 when endorsement HO 17 32 is not attached |
| UPCIC 06 03 32 08 | Form HO 00 06 when endorsement HO 17 32 is attached |
2. Increased limit options will apply only at policy anniversary dates. Midterm endorsements are not available. Requests for increased limits must be submitted in writing, dated and signed by the named insured, and are subject to underwriting and inspection by the company. If no request is made, the basic (standard) limits will apply.

RULE 521. WATER BACK-UP AND SUMP DISCHARGE OR OVERFLOW – ALL FORMS EXCEPT HO 00 08

A. Coverage Description

The policy forms exclude coverage for loss resulting from water or water-borne material which backs up through sewers or drains or which overflows or is discharged from a sump, sump pump or related equipment.

B. Coverage Option

The policy may be endorsed to provide such coverage for a limit of liability of \$5,000 subject to a \$250 deductible. No other deductible option is available.

C. Premium

The premium charge for this coverage is \$100.

D. Endorsement

Use Water Back-Up and Sump Discharge or Overflow Endorsement **UPCIC 52 21**.

RULE 533.
MECHANICAL BREAKDOWN COVERAGE – ALL FORMS EXCEPT HO 00 04 AND HO 00 08

A. Coverage Description

The policy may be endorsed to provide coverage for direct physical loss to covered household appliances located on the residence premises caused by and confined to a mechanical breakdown.

B. Limit of Liability

The basic aggregate limit is \$5,000. This aggregate limit is the most coverage that will be provided during the policy period regardless of the number of claims made or number of appliances which suffer a mechanical breakdown. The occurrence limit of liability does not apply to this coverage.

C. Premium

Premium Cost for \$500 Deductible is \$35.

Premium Cost for \$1,000 or Greater Deductible is \$30.

D. Endorsement

Use Mechanical Breakdown Coverage Endorsement **UPCIC 52 12**

UNIVERSAL PROPERTY & CASUALTY INSURANCE COMPANY

RATE AND RULE MANUAL – STATE OF HAWAII

RULE 601.

RESIDENCE PREMISES - BASIC AND INCREASED LIMITS/OTHER EXPOSURES – BASIC LIMITS

A. Residence Premises

The minimum limit of liability for Coverage **E** (Personal Liability) is \$100,000 and for Coverage **F** (Medical Payments to Others) is \$1,000 per person. The premium for these limits is included in the BASE PREMIUM.

1. The additional charge to increase Coverage **E** Liability to the following amount is:

Limit	Rate
\$300,000	\$18
\$500,000	\$30

The maximum limit of Coverage **E** on **HO 00 08** is \$100,000; the maximum limit on **HO 00 04** is \$300,000.

2. The additional charge to increase Coverage **F** Liability to the following amount is:

Limit	Rate
\$2,000	\$4
\$3,000	\$5
\$5,000	\$11

Limits higher than \$500,000 Coverage **E** and \$5,000 Coverage **F** are not available.

UNIVERSAL PROPERTY & CASUALTY INSURANCE COMPANY

RATE AND RULE MANUAL – STATE OF HAWAII

RULE 901. HURRICANE COVERAGE AND EXCLUSION

- A. The peril of Hurricane may be included by using Endorsement **HO 05 19** – Coverage for Hurricane - Hawaii.
- B. The peril of Hurricane may be excluded by using Endorsement **HO 05 18** – Hurricane Exclusion - Hawaii.

RULE 902. HURRICANE LOSS REDUCTION CREDITS

- A. When a policy covers the peril of Hurricane a risk may be eligible for a premium credit upon appropriate underwriting and, where applicable, the Company's receipt of an attestation by a certified building inspector. The credits are listed below.
- B. Premium Credit Computation

Multiply the Hurricane Property Premium by the appropriate discount factor noted in the table below. The maximum credit for all loss reduction elements is 30%. The calculation is 1 - sum or max of the factors.

- 10% **Hip Roof:** A hip roof has sloping ends and sloping sides down to the roof eaves line.
- 10% **Opening protection:** All windows and doors are designed to the impact resistant standards of SFBC/SSTD 12/ASTM E 1996. These standards apply to both impact resistant glazing and impact resistant coverings (i.e. shutters).
- 5% **Roof to Wall Connection:** Toe nails, clips, single straps or double straps installed in compliance with the current edition of the International Residential Code as adopted by the Hawaii Building Codes Council.
- 5% **Roof Deck Attachment:** Plywood/OSB nailed with a minimum 8 penny common nails at 6" spacing on the edge and 12" spacing in the field on 24" truss spacing.
- 5% **Roof Covering:** Hawaii Building Code Equivalent (roof coverings and attachments).
- 5% **Secondary Water Resistance:** A technique used to protect the interior of the building when the roof cover and underlayment are compromised. It can be applied to plywood roof decks and is a self-adhering polymer-modified bitumen roofing underlayment (thin rubber sheets with peel and stick underside located beneath the roof covering and normal felt underlayment) with a minimum width of 6" meeting the requirements of ASTM D 1970 installed over all plywood/OSB joints to protect from water intrusion.

RULE 903. SPECIAL REQUIREMENTS

- A. **Special Provisions Endorsement - HO 01 52**
Use this endorsement with all Homeowners policies.
- B. **Wind Exterior Paint Exclusion - HO 23 70**
Use this endorsement with all Homeowners policies in Territories numbered from 100 to 299
- C. **No Coverage For Home Day Care Business - HO 04 96**
This endorsement details the exclusions and restrictions of the policy with respect to a home day care exposure. Use this endorsement with all Homeowners policies.
- D. **Existing Damage Exclusion - UPCIC-10**
This endorsement is mandatory for all properties with existing damage. It excludes coverage for future claims related to any existing damage.
- E. **Amendment of Loss Settlement Condition - UPCIC-14 - HI**
This mandatory endorsement provides for Replacement Cost settlement for all additions and alterations losses in form **HO 00 04**.

UNIVERSAL PROPERTY & CASUALTY INSURANCE COMPANY

RATE AND RULE MANUAL – STATE OF HAWAII

RULE 904. TERRITORY CODES AND DEFINITIONS

The entire State of Hawaii is a single territory.

RULE 905. POLICY FORMS AND ENDORSEMENTS

Policy Forms	
HO 00 03	Homeowners 3 – Special Form
HO 00 04	Homeowners 4 – Contents Broad Form
HO 00 06	Homeowners 6 – Unit-Owners Form
HO 00 08	Homeowners 8 – Modified Coverage Form
Endorsements	
HO 01 52	Special Provisions - Hawaii
HO 04 10	Additional Interests - Residence Premises
HO 04 16	Premises Alarm Or Fire Protection System
HO 04 20	Specified Additional Amount of Insurance for Coverage A - Dwelling
HO 04 30	Theft Coverage Increase
HO 04 40	Structures Rented To Others - Residence Premises
HO 04 41	Additional Insured - Residence Premises
HO 04 42	Permitted Incidental Occupancies - Residence Premises
HO 04 48	Other Structures - Increased Limits
HO 04 77	Ordinance Or Law Increased Amount Of Coverage
HO 04 81	Actual Cash Value Loss Settlement
HO 04 90	Personal Property Replacement Cost Loss Settlement
HO 04 96	No Section II Liability Coverage's for Home Day Care Business
HO 05 18	Hurricane Exclusion Hawaii
HO 05 19	Coverage for Hurricane Hawaii
HO 17 32	Unit-Owners Coverage A, Special Coverage Form
HO 17 33	Unit-Owners Rental To Others
HO 23 70	Wind Exterior Paint or Waterproofing Exclusion
UPCIC 23 74 HI	Replacement Cost Loss Settlement – HO 00 08
UPCIC 10 01 98	Existing Damage Exclusion
UPCIC 14 HI	Amendment of Loss Settlement Condition - Hawaii
UPCIC 16 02 09	Loss Assessment Coverage
UPCIC 19	Windstorm Protective Devices
UPCIC 24	Hurricane Deductible
UPCIC SPL	Swimming Pool Liability Exclusion
UPCIC 03 33	Limited Fungi, Wet or Dry Rot, or Bacteria Coverage
UPCIC 04 33	Limited Fungi, Wet or Dry Rot, or Bacteria Coverage
UPCIC 06 33	Limited Fungi, Wet or Dry Rot, or Bacteria Coverage
UPCIC 06 03	Limited Fungi, Wet or Dry Rot, or Bacteria Coverage

UNIVERSAL PROPERTY & CASUALTY INSURANCE COMPANY

RATE AND RULE MANUAL – STATE OF HAWAII

UPCIC 06 99	Coverage A – HO 00 06 Only - HI
UPCIC 52 12	Mechanical Breakdown Coverage
UPCIC 52 19	Association Deductible
UPCIC 52 20	Refrigerated Property Coverage
UPCIC 52 21	Water Back-Up and Sump Discharge or Overflow Coverage

UNIVERSAL PROPERTY & CASUALTY INSURANCE COMPANY

RATE AND RULE MANUAL – STATE OF HAWAII

HOMEOWNERS PREMIUM CALCULATION WORKSHEET

HOMEOWNERS FORM: HO 00 ☐ Hurricane Coverage ☐ Ex-Hurricane Coverage

POLICY LIMITS:

Coverage A: _____, Coverage B: _____ Coverage C: _____ Coverage D: _____

Coverage E: ☐ \$100,000 or ☐ \$300,000, Coverage F = ☐ \$1,000 ☐ \$2,000 or ☐ \$3,000

Territory: _____ Zip Code: _____ Year Built: _____ Construction ☐ Masonry ☐ Wood Frame

☐ Light Wood Frame OR Light Metal Roof ☐ Superior

Protection Class: ☐ 1-6 ☐ 7 ☐ 8 ☐ 9 ☐ 10 All Other Perils Deductible = _____ Hurricane Deductible = _____

PREMIUM BEFORE OPTIONS AND CREDITS OR SURCHARGES

NON-HURRICANE BASE PREMIUM: NON-HURRICANE BASE RATE per \$1,000 Primary Limit x
(Primary Limit / \$1,000) _____

HURRICANE BASE PREMIUM: HURRICANE BASE RATE per \$1,000 Primary Limit x (Primary Limit /
\$1,000) _____

NON-HURRICANE PREMIUM CALCULATION

NON-HURRICANE BASE PREMIUM:

FORM FACTOR: ☐ HO 00 03 = 1.00, ☐ HO 00 04 = 1.00, ☐ HO 00 06 = 1.00,

☐ HO 00 08 w/04 81 = 1.25, ☐ HO 00 08 w/ 23 74 = 1.40

NON-HURRICANE BASE PREMIUM x _____ (Factor)

ADDITIONAL AMOUNT OF INSURANCE FOR COVERAGE A (25%): PRIOR STEP x 1.03 _____

PERSONAL PROPERTY INCREASE / REDUCTION: (not less than 25%, or more than 100% of Coverage A)

PRIOR STEP + (Increased Limit / \$1,000) x (NON-HURRICANE BASE RATE per \$1,000 Primary Limit x 0.15) _____

PRIOR STEP – (Decreased Limit / \$1,000) x (NON-HURRICANE BASE RATE per \$1,000 Primary Limit x 0.15) _____

PERSONAL PROPERTY REPLACEMENT COST: Factor for HO 00 03 = 1.15, HO 00 04 or HO 00 06 = 1.35

PRIOR STEP x _____ (Factor)

OTHER STRUCTURES – INCREASED LIMIT:

PRIOR STEP + (((Increased Limit / \$1,000) x NON-HURRICANE BASE RATE) x 0.80) _____

STRUCTURES RENTED TO OTHERS: PRIOR STEP + _____

Coverages E and F: \$38 for the increased exposure.

Property Damage: ((Amount of Insurance / \$1,000) x NON-HURRICANE BASE RATE) x 0.80 _____

CONDO INCREASE COVERAGE A: (\$1,000 Policy Limit Included) (\$500,000 Maximum Additional)

PRIOR STEP + ((Increased Limit / \$1,000) x (NON-HURRICANE BASE RATE per \$1,000 Primary Limit x 0.80) _____

UNIT OWNERS COVERAGE A: Special Coverage (HO 17 32)

PRIOR STEP x 1.10 _____

UNIT OWNERS RENTAL TO OTHERS: Special Coverage (HO 17 33)

PRIOR STEP x 1.25 _____

PROTECTION CLASS FACTOR: PRIOR STEP x _____ (Factor)

SUPERIOR CONSTRUCTION: ☐ M N-C ☐ FR (PRIOR STEP x .85) _____

PROTECTIVE DEVICE CREDIT: Burglar = 0.03 Fire = 0.04 Sprinkler Class A = 0.04 Class B = 0.07

(Central Station Burglar Alarm + Central Station Fire = Max. 0.05, Total Max. For entire rule = 0.10)

PRIOR STEP x _____ (Factor: 1- Total of Credits)

TOWNHOUSE OR ROWHOUSE: PRIOR STEP x _____ (Factor)

PERMITTED INCIDENTAL OCCUPANCIES - RESIDENCE PREMISES:

PRIOR STEP + Liability: \$18 _____

+ Property: \$6 per \$1,000 (located in another structure) _____

LOSS ASSESSMENT (UPCIC 16 02 09): PRIOR STEP + Premium from Rule 511. _____

REFRIGERATED PROPERTY (UPCIC 52 20): PRIOR STEP + \$10 _____

ASSOCIATION DEDUCTIBLE (UPCIC 52 19): Prior Step + Premium from Rule 512. _____

WATER BACK-UP AND SUMP DISCHARGE Or OVERFLOW (UPCIC 52 21): PRIOR STEP + \$100 _____

MECHANICAL BREAKDOWN COVERAGE (UPCIC 52 12): PRIOR STEP + _____ \$500 Deductible = \$35;
\$1,000 or Higher Deductible = \$30 _____

SEASONAL OR UNOCCUPIED: (More than 6 consecutive months a year) PRIOR STEP x 1.10 _____

DWELLING 36 OR MORE YEARS OLD: (Not Updated) PRIOR STEP x 1.10 _____

DEDUCTIBLE OPTIONS: (CREDIT OR DEBIT) Base All Other Perils Deductible = \$500

PRIOR STEP x Factor _____

ORDINANCE OR LAW COVERAGE LIMIT INCREASE: (50% OPTION) PRIOR STEP x 1.05 _____

LIABILITY INCREASE: PRIOR STEP + _____ Cov. E: 300,000 = \$18; Cov. E: 500,000 = \$30; Cov. F: 2,000 =
\$4, 3,000 = \$5; \$5,000 = \$11 _____

UNIVERSAL PROPERTY & CASUALTY INSURANCE COMPANY

RATE AND RULE MANUAL – STATE OF HAWAII

Mandatory Endorsement with Section I Limit of \$10,000 Each Covered Loss, \$20,000 Aggregate: (\$0)
 Optional Increased Section I Limit: ☐ \$25,000/\$50,000 (\$107) ☐ \$50,000/\$50,000 (\$155)
 PRIOR STEP + _____

SUBTOTAL A: NON-HURRICANE PREMIUM Equals PRIOR STEP

HURRICANE PROPERTY PREMIUM CALCULATION

HURRICANE BASE PREMIUM:

FORM FACTOR: ☐ HO 00 03 = 1.00, ☐ HO 00 04 = 1.00, ☐ HO 00 06 = 1.00,
☐ HO 00 08 w/04 81 = 1.25, ☐ HO 00 08 w/ 23 74 = 1.40

HURRICANE BASE PREMIUM x _____ (Factor)

ADDITIONAL AMOUNT OF INSURANCE FOR COVERAGE A (25%): PRIOR STEP x 1.03

PERSONAL PROPERTY INCREASE / REDUCTION: (not less than 25%, or more than 100% of Coverage A)

PRIOR STEP + (Increased Limit / \$1,000) x (HURRICANE BASE RATE per \$1,000 Primary Limit x 0.15)

PRIOR STEP – (Decreased Limit / \$1,000) x (HURRICANE BASE RATE per \$1,000 Primary Limit x 0.15)

PERSONAL PROPERTY REPLACEMENT COST: Factor for HO 00 03 = 1.15,

HO 00 04 or HO 00 06 = 1.35 PRIOR STEP x _____ (Factor)

OTHER STRUCTURES – INCREASED LIMIT:

PRIOR STEP + (Increased Limit / \$1,000) x (HURRICANE BASE RATE per \$1,000 Primary Limit x 0.80)

STRUCTURES RENTED TO OTHERS: PRIOR STEP +

Coverages E and F: \$38 for the increased exposure.

Property Damage: ((Amount of Insurance / \$1,000) x HURRICANE BASE RATE) x 0.80

CONDO INCREASE COVERAGE A: (\$1,000 Policy Limit Included) (\$500,000 Maximum Additional)

PRIOR STEP + ((Increased Limit / \$1,000) x HURRICANE BASE RATE) x 0.80

UNIT OWNERS COVERAGE A: Special Coverage (HO 17 32)

PRIOR STEP x 1.10

UNIT OWNERS RENTAL TO OTHERS: Special Coverage (HO 17 33)

PRIOR STEP x 1.25

TOWNHOUSE OR ROWHOUSE: PRIOR STEP x _____ (Factor)

SEASONAL OR UNOCCUPIED: (More than 6 consecutive months a year) PRIOR STEP x 1.10

DWELLING 36 OR MORE YEARS OLD: (Not Updated) PRIOR STEP x 1.10

HURRICANE PROTECTION CREDIT: PRIOR STEP x Factor (1-Credit)

DEDUCTIBLE OPTIONS: (CREDIT OR DEBIT) Base Hurricane Deductible = 2.0%

PRIOR STEP x Factor (1+ Debit or 1-Credit)

LAW AND ORDINANCE COVERAGE LIMIT INCREASE: (50% OPTION) PRIOR STEP x 1.05

SUBTOTAL B: HURRICANE PREMIUM Equals PRIOR STEP

TOTAL PREMIUM CALCULATION

SUBTOTAL C: SUBTOTAL A + SUBTOTAL B (NON-HURRICANE PREMIUM + HURRICANE PREMIUM) =

Round All Factors and Calculations to 0.00