

American Reliable Insurance Company

NEW AND RENEWAL BUSINESS EFFECTIVE: 04/01/2011

A Stock Insurance Company

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Scottsdale, AZ 85258-3321
(800) 535-1333 (480) 483-8666



CALIFORNIA MOBILE HOME PROGRAMS UNDERWRITING RULES



King
Support Systems Insurance Services

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HOW TO CONTACT US

CLAIMS – (800) 245-1505 / FAX: (800) 224-4170 or (480) 483-2912

BILLING/STATUS – (800) 891-3392

PREMIUM RULES

POLICY TERM:

A policy may be written for a term of 12 months. Renewal policies will be based upon the rules, rates and forms in effect on the effective date of the renewal.

WHOLE DOLLAR PREMIUM ROUNDING:

All policy and endorsement premiums will be a full dollar amount. For this purpose, an amount of fifty (50) cents or more will be rounded to the next whole dollar.

INSTALLMENT BILLING OPTIONS:

A fully earned premium up to \$6.00 for each installment will be collected from those insureds who elect to pay via an installment billing plan.

CHANGES:

All changes requiring adjustment of premium will be computed pro rata. All changes will be based upon the rules, rates and forms in effect on the effective date of the change.

WAIVER OF PREMIUM:

If a policy is changed and results in a premium increase of less than \$5, this adjustment will be waived.

CANCELLATIONS:

If the insurance is canceled at the request of the Company or the insured, the unearned premium will be computed on a pro-rata basis.

MINIMUM WRITTEN PREMIUM: \$75.00 per policy

MINIMUM RETAINED PREMIUM: \$35.00 per policy

Monetary endorsements are subject to a minimum written premium amount of \$5.

POLICY FEE: \$15.00 (fully earned)

RATING RULES: Base Premium in the rating rules below refer to Mobile Home, Unattached Structures, Personal Effects, Liability, and Medical Payments premiums.

RATING RULE - PREFERRED:

1. Determine use of the home and determine proper program the risk will be written in.
2. Determine the location of the risk (county, territory, type of park or private property).
3. Determine the age of the unit, and the age of the insured.
4. Determine the Replacement Cost value of the risk.
5. Find the appropriate column in the rate pages based on the above information.
6. Add together the applicable credits (up to 15%) and apply to the new base premium.
7. Determine the deductible desired and apply any applicable deductible credit.
8. Add any optional coverages.
9. Add the Supplemental Heating Surcharge, if applicable.
10. Add the policy fee.
11. The result is the total premium.

RATING RULE - SPECIAL:

1. Determine use of the home and determine proper program the risk will be written in.
2. Determine the location of the risk (county, territory, type of park or private property).
3. Determine the age of the unit, and the age of the insured.
4. Determine the ACV or Replacement Cost value (if Mobile Home Replacement Cost is added) of the risk.
5. Find the appropriate column in the rate pages based on the above information.
6. Apply the claim free credit, if applicable, to the new base premium.
7. Determine the deductible desired and apply any applicable deductible credit.
8. Add any optional coverages.
9. Add the Supplemental Heating Surcharge, if applicable.
10. Add the policy fee.
11. The result is the total premium.

RATING RULE - VINTAGE & ALL PURPOSE:

1. Determine use of the home and determine proper program the risk will be written in.
2. Determine the territory the risk is located in.
3. Determine the ACV of the risk.
4. Determine the base premium on the unit.
5. Apply mobile home surcharge, if applicable.
6. This becomes the new base premium.
7. Determine the deductible desired and apply any applicable deductible credit.
8. Add any optional coverages.
9. Add the policy fee.
10. The result is the total premium.

CREDITS / SURCHARGE:

Special Program:

Claim Free Credit: If the mobile home has been insured and been claim free for the past 12 months, a 5% credit to the base premium applies.

Preferred Program:

Multi-Sectional Credit: If the mobile home is manufactured as a multi-sectional unit (greater than 16 feet wide), a 10% credit to base premium applies.

Claim Free Credit: If the mobile home has been insured and been claim free for the past 12 months, a 5% credit to the base premium applies.

All Programs:

Supplemental Heating Surcharge: Risks with homemade supplemental heating devices; supplemental heating devices that are a primary source of heat; supplemental heating devices that are not properly maintained are not eligible.

TERRITORY DEFINITIONS

Territory A

Alameda	Glenn	Madera	Napa	San Bernardino	San Mateo	Sonoma	Ventura
Butte	Kern	Marin	Orange	San Diego	Santa Barbara	Stanislaus	Yolo
Colusa	Kings	Mendocino	Riverside	San Francisco	Santa Clara	Sutter	Yuba
Contra Costa	Lake	Merced	Sacramento	San Joaquin	Santa Cruz	Tehama	
Fresno	Los Angeles	Monterey	San Benito	San Luis Obispo	Solano	Tulare	

Territory B

Alpine	Del Norte	Imperial	Mariposa	Nevada	Shasta	Trinity
Amador	El Dorado	Inyo	Modoc	Placer	Sierra	Tuolumne
Calaveras	Humboldt	Lassen	Mono	Plumas	Siskiyou	

EARTHQUAKE ZONE DEFINITIONS

Zone A - Counties of:	Alameda	Lake	Mendocino	Napa	San Francisco	Santa Clara	Solano
	Contra Costa	Marin	Monterey	San Benito	San Mateo	Santa Cruz	Sonoma

Zone B - Counties of:	Kern	Los Angeles	Orange	San Luis Obispo
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Zone C - Counties of:	Santa Barbara	Ventura
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Zone D - San Diego County

Zone E - Counties of:	Alpine	Inyo	Imperial	Mono	Riverside zip codes: 92225, 92272, 92280
	San Bernardino zip codes: 92242, 92267, 92277, 92278, 92309-92311, 92327, 92332, 92338, 92351, 92363-92365, 93558, 93562				

Zone F - Counties of:	<i>(Except the zip codes in Zone E)</i>	Riverside	San Bernardino
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Zone G - Counties of:	Amador	El Dorado	Lassen	Nevada	Shasta	Tehama	Yuba
	Butte	Fresno	Madera	Placer	Sierra	Trinity	
	Calaveras	Glenn	Mariposa	Plumas	Siskiyou	Tulare	
	Colusa	Humboldt	Merced	Sacramento	Stanislaus	Tuolumne	
	Del Norte	Kings	Modoc	San Joaquin	Sutter	Yolo	

GENERAL RULES

INSURANCE TO VALUE –

Mobile Home, Adjacent Structures, and Personal Effects are to be insured to 100% of their Actual Cash Value. If the mobile home has recently been purchased, use the purchase price (less any finance charges) as the base value. Additions attached to the mobile home should be considered in the value of the mobile home.

The ACV rule applies to all programs except for the Preferred Program. On the Preferred Mobile Home Program, mobile homes must be insured to 100% of Replacement Cost.

For help in evaluating mobile homes on the Special Program, you may use the chart below. For Replacement Cost in the Preferred Program, please use the excellent rate of the current year of the mobile home as the minimum. Be sure it is insured for replacement cost of a new home.

ACV VALUATION CHART			
MODEL YEAR	AMOUNTS PER SQUARE FOOT*		
	FAIR	GOOD	EXCELLENT
2006	53	59	61
2005	52	58	60
2004	51	57	59
2003	50	56	58
2002	49	55	57
2001	48	54	56
2000	46	52	54
1999	45	51	53
1998	44	50	52
1997	43	49	51
1996	42	48	50
1995	41	46	48
1994	40	45	47
1993	39	44	46
1992	38	43	45
1991	37	42	44
1990	36	41	43
1989	35	40	42
1988	34	39	41
1987	33	37	39
1986	32	36	38
1985	31	35	37
1984	30	34	36
1983	29	33	35
1982	28	32	34
1981	27	31	33
1980	26	29	31
1979	25	28	30
1978	24	27	29
1977	23	26	28
1976	22	25	27
1975	21	24	26
1974	20	23	25
1973	19	21	23
1972	18	20	22
1971	17	19	21
1970	16	18	20
1969 & Older	15	17	19

*Valuations may exceed these ranges according to upgrades, equipment and attached structures.

Excellent – The unit is in nearly perfect condition.

Good – The unit is still attractive and useful, but the unit shows minor signs of deterioration.

Fair – Normal wear and tear due to both climate and to deferred maintenance are apparent. The unit is not as attractive as a unit in good condition, but obviously still useful.

DEFINITIONS –

Primary/Permanent Residence – The insured or member of the immediate family lives in the mobile home a minimum of nine months a year. The mobile home must be rated based on the principal occupant.

Secondary/Seasonal Residence – A home that is not the insured's primary residence, but one that is used on an intermittent basis by the insured or the insured's immediate family for vacation, weekend, or recreational purposes. May not be rented to others.

Rental – Unit is rented to others for monetary compensation.

Protected – Protection Class 1-8. Must be within five miles of a Fire Department **and** 1,000 feet of a fire hydrant.

Unprotected – All other risks.

Preferred Program:

Preferred Park – A Mobile Home Park which:

1. has at least 51 spaces;
2. has a full-time resident manager and security;
3. is completely fenced with paved and lighted streets, and off street parking;
4. an enforced skirting requirement.

Preferred Park – A Mobile Home Subdivision which:

1. has at least 51 spaces;
2. has paved and lighted streets and off street parking;
3. an enforced skirting requirement.

Private Property/Standard Park/Mobile Home Subdivision – Which:

1. has 20 or more spaces in a Mobile Home Park or subdivision; or
2. is within five miles of a responding Fire Department

Special Program:

Preferred Park – A Mobile Home Park or Subdivision which:

1. has at least 51 spaces;
2. has a full-time resident manager and security;
3. is completely fenced with paved and lighted streets, and off street parking;
4. an enforced skirting requirement.

Standard Park – A Mobile Home Park which:

1. has at least 25 occupied spaces; and
2. has a full-time resident manager.

(A Mobile Home Community which has at least 25 occupied spaces will also be considered a Standard Park.)

Private Property – All other than Preferred Park or Standard Park.

COVERAGE LIMITS –

The maximum values to be written are shown below (anything greater must be submitted unbound.):

- **Mobile Home** – \$200,000 in the Preferred Program, \$150,000 in the Special Program, \$50,000 in the Reliable Vintage Program, and \$100,000 in the All Purpose Program.
- **Unattached Adjacent Structures** – 60% of the mobile home value or \$25,000 maximum per structure. All structures other than private garages, fences, freestanding carports, and utility sheds must be listed on application with full description and values.
- **Personal Effects** – \$25,000 or 75% of the mobile home value, whichever is greater.
- **Scheduled Personal Property** – Maximum amount of \$5,000 for any one item or \$10,000 for all classes combined.
- **Comprehensive Personal Liability** – \$500,000 (For limits over \$300,000, contact your Underwriter for acceptability requirements.)

GENERAL RULES (Continued)

PHOTO REQUIREMENTS –

Photos are required on the following risks:

- Auxiliary heating devices showing the stove or fireplace as well as inside and outside venting. Photos are required only if non-factory installed or if source of installation is unknown.
- Units that have been substantially modified.
- Swimming pools, jacuzzis, spas, trampolines, and other unusual hazards on the premises.

We strongly recommend that you obtain photos of all risks for your use in underwriting.

UNDERWRITING REPORTS —

Credit reports will be run on all applications where the insured has had a lapse in coverage greater than three months. The credit report will only be used to verify information shown in the application. CLUE reports will be run as necessary to verify prior loss information as well as paid amounts.

RELOCATION —

If the mobile home is relocated, the producer or the Company must be notified within 30 days and the premium adjusted if necessary.

TRAVEL TRAILERS ON MOBILE HOMEOWNERS POLICIES —

To be written on a Mobile Homeowners policy, Travel Trailers must:

- Have wheels and hitch removed.
- Be anchored or tied down.
- Be hooked up to permanent utilities (water, sewer, and electric) and not rely on selfcontainment facilities such as holding tanks or portable generators.
- Have photos sent in with the application.

BINDING

BINDING AUTHORITY –

Bound applications that do not meet our underwriting criteria for eligibility will be processed and a Notice of Cancellation will be issued to terminate coverage. Unbound applications that do not meet our underwriting criteria for eligibility will be returned to the agent with a letter of explanation.

For coverage to begin as requested, the application must be mailed within 72 hours of the effective date, otherwise coverage is bound at 12:01 a.m. the day it was received by the company or Your Underwriter.

NATURAL CATASTROPHES – BINDING

HURRICANES AND TROPICAL STORMS: No new policies, binders, or increases in coverages will be accepted in counties where a Hurricane Watch, Hurricane Warning, or Tropical Storm Warning has been posted by the National Weather Bureau.

When a hurricane or tropical storm has diminished to a point where it is no longer classified by the National Hurricane Center as a hurricane or tropical storm, all restrictions above are lifted.

FLOOD WARNING: No new policies, binders, or increases in coverages will be accepted when flooding is within five miles of the mobile home. This only applies when Flood Coverage is provided.

EARTHQUAKE RESTRICTIONS: When a major earthquake occurs, the Company will impose binding authority restrictions on all agents in the affected area:

- Binding authority will be restricted when an earthquake reading 5.0 or greater on the Richter scale occurs.
- Binding authority will be restricted for the day of the quake and for the 3-day period following the quake.
- An aftershock reading 5.0 or greater on the Richter scale will be considered a new earthquake, and will result in a new period of suspended binding authority.
- The restrictions will apply to all counties located within 150 miles of the earthquake's epicenter.
- The same above restrictions apply to any requests to increase coverage limits.
- Renewals are not affected by these restrictions.

This only applies when Earthquake Coverage is provided.

As a rule, if a threat exists, agents should not bind coverage until they have called the Company and verified that no binding restrictions are in effect.

TIE-DOWN REQUIREMENTS

We recommend that all units be tied-down. Recommended tie down requirements are as follows:

- All tie-downs must be designed and manufactured of a tensile strength (ultimate breaking strength) of 4,800 pounds.
- All adjacent structures and additions to the home, including expandos and tip outs, must be tied down as well.

- Both ends of the adjacent structures must be tied down and one additional tie down must be installed for each space of 20 feet between the two tie-downs on the end. Over-the-top- straps or vertical bars can be substituted on any structure where frame tie-downs cannot provide the proper stability and protection.

UNACCEPTABLE RISKS

1. Applicants with duplicate coverage.
2. Applicants who have been convicted of arson, fraud or a felony.
3. Homes without permanently installed water, electricity, and sewage utility services.
4. Homes that have been salvaged or have existing structural damage.
5. Homes under construction or major renovation.
6. Homes that are vacant or in foreclosure. Vacant homes in the Vintage Program are okay.
7. Homes isolated and not easily accessible to public roadways.
8. Homes with coalburning stoves, kerosene heaters, portable space heaters, heat reclaiming devices, homemade heating devices or any potentially hazardous supplemental heating device.
9. Homes where the primary source of heat is a wood or pellet burning device.
10. Homes with fireplaces that were not installed by the manufacturer or a licensed contractor.
11. Homes with fuses or polybutylene pipes.
12. Homes or structures used to store flammables or explosive materials.
13. Homes that have an open foundation or which are built on stilts, posts, or piers.
14. Homes located on hillsides.
15. Homes located in forested areas.
16. Homes located in an area designated as a flood hazard area (100 year flood plain) by the NFIP, must have flood coverage excluded.
17. Homes located on an island, key, peninsula or within 1,000 feet from any river or body of saltwater.
18. Risks where the brush clearance is less than 350 feet from the home.
19. Risks located in designated brush fire areas and zip codes immediately surrounding these areas.
20. Homes with more than 2 lien holders. Two lien holders are acceptable if one is a financial institution.
21. Homes with business, childcare, homecare, lodging, or farming activities conducted on the premises.
22. Risks with unattached adjacent structures not incidental to the use of the home as a dwelling including:
 - a. Any structure that exceeds 800 square feet in floor area.
 - b. Unattached structure that is a home, site built house, barn (livestock structure), or used as living quarters.
 - c. Greenhouses that are made out of glass.
 - d. Seawalls
23. Risks with an awning made of cloth or canvas.
24. Homes with wood shake shingles as a roof covering or used decoratively on sides of the mobile home.
25. Any premises with activities being conducted on it, such as woodworking, cabinet making, auto repair, chemical processing or if the home is attached to a tavern or restaurant.
26. Any premises with a swimming pool or jacuzzi that does not have a four-foot fence with a selflocking gate or any swimming pool that has a diving board or slide. Risk may be written if **NO** liability coverage is purchased.
27. Any premises with a trampoline. Risk may be written if **NO** liability coverage is purchased.
28. Any premises with a dock, pier or boathouse. Risk may be written if **NO** liability coverage is purchased.
29. Homes without permanently installed steps at all entrances. Risk may be written if **NO** liability coverage is purchased.
30. Applicants who own, keep, or shelter any of the following breeds: This includes but is not limited to Akitas, Chows, Dobermans, Great Danes, Pit Bulls, Rottweilers, Wolves or Wolf Hybrids, any mix of these breeds, any animal with a previous bite history or any exotic (snakes, monkeys, etc.) animals. Risks with more than 2 horses. Risk may be written if the Animal Liability Exclusion is attached. The maximum liability limit for the policy is \$50,000.

SUBMIT RISKS – DO NOT BIND

1. Applicants that have had a loss to any property in the past 5 years. If yes, give date of loss, describe the loss and the amount paid to repair the damage.
2. Applicants who have had a mobile home/dwelling policy cancelled or non-renewed for underwriting reasons (except age of unit) during the past 5 years.
3. Applicants who have had a lapse in insurance coverage over 30 days. (Confirmation of prior coverage must be maintained on file; not applicable to first time home buyers).
4. Homes that are custom built, homemade, substantially modified or joined together. Photos must be included.
5. Homes with 3 or more steps on any exit without a handrail.
6. Homes with attached or unattached structures (other than porches, decks, awnings, skirting or carports) that are not factory or non-contractor built. Any addition must have been inspected for compliance to local codes or been completed for at least 3 years.
7. Homes with a wood or pellet burning device.
8. Homes with more than two unrelated owners.
9. Homes located in a Special Flood Hazard Area as designated by the NFIP, or that are within 1,500 feet of a lake, pond or creek.
10. Homes that are corporate risks, or property sold on a land contract.
11. Homes with horses, livestock or any farm animals on the premises.
12. Any premises with 5 or more acres.
13. Any structure valued over \$25,000 or 60% of the mobile home value.
14. Risks where the value of personal effects exceeds \$25,000 or 75% of the value of the mobile home, whichever is greater. (Submit with Personal Effects Inventory).
15. Risks requesting CPL limits greater than \$300,000.