

# 2007 Homeowners Insurance Underwriting Guidelines

UNDERWRITING GUIDELINE	USED TO DENY COVERAGE	USED TO CHARGE A HIGHER RATE	USED TO OFFER LESS COVERAGE	TOTAL PERCENT OF MARKET SURVEYED USING GUIDELINE FOR UNDERWRITING PURPOSES
<p><b><u>CLAIMS HISTORY</u></b>            All companies make underwriting decisions based on claims history. Some companies will make adverse underwriting decisions based on the number of claims and/or the type of claims filed by the applicant or on the property to be insured.</p> <p>It is illegal to deny coverage based solely on a single water damage claim, an appliance-related claim* that has been properly repaired and certified as such, or a mold claim that has been properly repaired and certified as such.</p> <p><i>An insurance company can use an appliance-related claim if you have filed three or more appliance-related claims in the past three years.</i></p>	98%	13%		100%
<p><b><u>ROOF</u></b>            Some companies make adverse underwriting decisions based on the make up or condition of the roof of a home. The types of roofing materials include, but are not limited to: wood roofs, multi-Layered roofs (composition shingles over wood or several layers of composition shingles), asbestos shingles, and sheet tin or aluminum roofs.</p>	98%	14%	7%	98%
<p><b><u>ELECTRICAL WIRING</u></b>            Some companies make adverse underwriting decisions based on the age, make up or condition of the electrical system of a home. This includes, but is not limited to whether or not the home has knob &amp; tube wiring and aluminum wiring or a system with a few circuit breakers, fuses or low amperage. Some companies require older homes to have a complete electrical system update prior to the applicant being accepted.</p>	75%	19%		94%
<p><b><u>TERRITORIAL RESTRICTIONS</u></b>            Applicants are denied coverage or required to purchase higher deductibles if they live within a certain distance from the coast or in certain hail prone areas, (for instance the DFW area). Other restrictions include not offering replacement cost coverage on roofs or charging a higher rate based on the type of roofing material.</p>	89%			89%
<p><b><u>PLUMBING</u></b>            Some companies make adverse underwriting decisions based on the age, make up or condition of the electrical system of a home. This includes, but is not limited to whether or not the home has polybutylene or cast iron pipes. Some companies require older homes to have a complete plumbing system update prior to the applicant being accepted.</p>	69%	19%		87%
<p><b><u>PRIDE OF OWNERSHIP</u></b>            Some companies make adverse underwriting decisions based whether the property shows "Pride of Ownership".</p> <p>Property that displays pride of ownership is routinely defined as property in a well maintained and insurable condition. Some examples include: vegetation that is well manicured, watered and cared for, with any dead vegetation removed. Premises free of any debris, clutter, disabled or unusable vehicles, disabled or unusable appliances, discarded lumber or scattered trash.</p>	70%			70%

# 2007 Homeowners Insurance Underwriting Guidelines

UNDERWRITING GUIDELINE	USED TO DENY COVERAGE	USED TO CHARGE A HIGHER RATE	USED TO OFFER LESS COVERAGE	TOTAL PERCENT OF MARKET SURVEYED USING GUIDELINE FOR UNDERWRITING PURPOSES
<b>FOUNDATION</b>				
Some companies make adverse underwriting decisions based the condition or type of the dwelling's foundation.				
<b>OPEN FOUNDATIONS</b> - Applicants are denied coverage by insurance companies because the foundation of the dwelling is open, on piers or pilings or the foundation is not a continuous masonry foundation.	73%			74%
<b>CRACKED OR DAMAGED FOUNDATIONS</b> - Applicants are denied coverage by insurance companies because the foundation shows damage, such as: sagging, cracking or crumbling.	39%			
<b>SWIMMING POOL</b>				
<b>POOL UNACCEPTABLE</b> - Applicants are denied coverage by insurance companies because there is a swimming pool on the premises.	11%			66%
<b>REQUIRED FEATURES</b> - Applicants are denied coverage by insurance companies because the swimming pool lacks specific safety features (unfenced, no locked gate, diving board).	56%			
<b>CREDIT INFORMATION</b>				
Applicants are denied coverage or pay higher rates because of their credit history. Insurers often use "risk scores" which combine credit information with other factors.				
Companies are authorized to use your credit information to deny coverage <i>only</i> in conjunction with other underwriting factors (i.e. claims history). It is illegal to deny coverage based solely on your credit information.	49%	32%	1%	64%
<b>OTHER CONSTRUCTION</b>				
Some companies make adverse underwriting decisions based on the construction of your dwelling. Types of construction include but are not limited to: mobile homes, construction done by owner (unless professional licensed contractor), earth homes, modular homes, geodesic domes and other dwellings of unconventional or unique design or constructed with non conventional building materials.				
	57%			57%
<b>EXOTIC ANIMALS</b>				
Some companies make adverse underwriting decisions based on whether or not you own an exotic pet. These include, but are not limited to, snakes, lizards, or any species of wild cat (tiger, leopard, etc.).				
	53%			53%
<b>AGE OF HOME</b>				
Applicants are denied coverage or charged a higher rate by insurance companies because their home is too old.				
It is illegal to deny coverage based on the age of your home.				
<b>UNDERWRITING REVIEW</b> - Due to the age of the dwelling, insurance companies require an inspection of the property or review by their underwriting department prior to writing the policy.	4%			54%
<b>UPDATED SYSTEMS</b> - Applicants are denied coverage by insurance companies if their home is beyond a certain age and the major household systems (heating, cooling, plumbing, and electrical) have not been updated or the roof has not been replaced.	31%	22%	1%	

# 2007 Homeowners Insurance Underwriting Guidelines

<b>UNDERWRITING GUIDELINE</b>	<b>USED TO DENY COVERAGE</b>	<b>USED TO CHARGE A HIGHER RATE</b>	<b>USED TO OFFER LESS COVERAGE</b>	<b>TOTAL PERCENT OF MARKET SURVEYED USING GUIDELINE FOR UNDERWRITING PURPOSES</b>
<b><u>TRAMPOLINE</u></b>				
<b>TRAMPOLINE UNACCEPTABLE</b> - Applicants are denied coverage by insurance companies because there is a trampoline on the premises	8%			47%
<b>REQUIRED FEATURES</b> - Applicants are denied coverage by insurance companies because the trampoline lacks specific safety features (unfenced, no locked gate).	39%			
<b><u>PREVIOUS CANCELATION</u></b> Applicants are denied a policy or required to have prior approval from the company because another insurance carrier has previously cancelled, declined or non-renewed the applicant.	37%			37%
<b><u>SIDING</u></b> Some companies make adverse underwriting decisions based on the make up or condition of the siding of a home. The types of siding include, but are not limited to: Exterior Insulation and Finishing System (or E.I.F.S - a synthetic stucco), asbestos materials, or roll type siding.	32%	11%		33%
<b><u>MORALS/LIFESTYLE</u></b> Insurance companies make adverse underwriting decisions because of the applicant's living arrangements and/or "morals."	26%			26%
<b><u>LOCATION OF HOME</u></b> Insurance companies make adverse underwriting decisions because the applicant's home is located near substandard or commercial property or in a neighborhood with high crime and/or declining property values.	16%	3%		16%
<b><u>MINIMUM COVERAGE REQUIRED</u></b> Insurance companies make adverse underwriting decisions because the applicant requests or requires an amount of insurance coverage below the minimum set by the company.  It is illegal for a company to deny you coverage because the value of your dwelling does not meet the company's minimum requirement.	12%	4%	5%	14%
<b><u>OTHER LIABILITIES</u></b> Some companies make adverse underwriting decisions based on whether or not you have items on your property that pose a potential liability exposure. These items include, but are not limited to tree houses, bicycle ramps and skateboard ramps.	9%			9%
<b><u>PRIOR INSURANCE REQUIRED</u></b> Applicants are denied a policy or required to have prior approval from the company because the applicant was not previously insured.	8%			8%