

COLONIAL LLOYDS

Underwriting Guidelines

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COLONIAL LLOYDS
Texas Dwelling Policy - FORM 1

If construction is Modular or Mobile, please refer to the Form A Mobile Home Guidelines
If risk location is Harris County, please refer to the Restricted Risk section

A. ACCEPTABLE RISK

1. Property must be in an insurable condition, well maintained, and show "Pride of Ownership."
2. Owner Occupied
3. Tenant Occupied
4. Vacant Property

Please refer to the endorsement section of the Form 1 Guidelines.

B. UNACCEPTABLE RISK

1. Commercial Property
2. Private Dwelling converted from Commercial Property
3. Apartment Houses
4. Portable Building, i.e., Morgan Building, Pacific Yurts
5. Risk in high vandalism areas
6. Unprotected risk that is not visible from another dwelling
7. Aluminum wiring
8. Roofs:

- (A) Two or more layers
- (B) Slate
- (C) Wood shingles
- (D) Clay Tiles
- (E) Expensive Metal, i.e., Alco Rustic
- (F) Any Roofing over Wood Shingle
- (G) Older than 15 years

9. Space heater with open flame

10. Primary Heat Source:

- (A) Fireplace
- (B) Wood burning stove

Must be professionally installed
Must be pre-approved by Managing Underwriter

C. WINDSTORM EXCLUSION

1. Property located in Tier One are ACCEPTABLE RISK only if Windstorm Coverage is excluded
2. Application must have signed TDP-001 Windstorm, Hurricane, and Hail Exclusion Agreement Form attached.

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Texas Dwelling Policy - FORM 1

D. COVERAGE LIMITS

1. DWELLING MAXIMUM \$350,000

2. CONTENTS

| | |
|--------------------------------------|-----------------|
| (A) Maximum without Replacement Cost | 40% of Dwelling |
| (B) Maximum with Replacement Cost | 60% |

3. DEDUCTIBLE

| | |
|-------------------------------------|----|
| (A) Minimum | 1% |
| (B) Discount for Higher Deductibles | |

4. PREMIUM

- (A) Minimum premium is \$150, plus policy and/or inspection fees
- (B) Credits cannot reduce premiums below the \$150 minimum premium
- (C) Premium for issuing a Comprehensive Personal Liability Policy is not included in minimum premium.

COLONIAL LLOYDS
Texas Dwelling Policy - FORM 1

E. ENDORSEMENTS

1. TDP-004 – Mold, Fungi or Other Microbes Coverage

| <u>Option</u> | <u>Coverage</u> <u>Percent</u> | <u>Premium</u> |
|---------------|-----------------------------------|----------------|
| One | 25% | 20% of Base |
| Two | 50% | 40% of Base |
| Three | 100% | 55% of Base |

2. TDP-011 – Vacancy Clause Endorsement

- (A) Must be attached to any vacancy dwelling
- (B) Perils purchased must match perils purchased on Declarations Page
- (C) Must be issued to the end of the policy period to ensure that the insured has the coverage they need. May be removed pro-rata and any unearned portion will be returned to the insured when an occupant moves into the dwelling.

3. CL1-DW-1201 Replacement Cost Settlement Endorsement – Dwelling

10% of Dwelling Premium

4. CL1-PP-1201 – Replacement Cost Settlement Endorsement – Personal Property

5% of Personal Property Premium

5. CDW-04-64162 - Additional Insured Perils & Limited Water Damage

Can only be used if the dwelling is occupied. (Must add Fire & Lightning, Extended Coverage and Vandalism, Malicious Mischief coverages before the Additional Insured Perils endorsement can be added).

| <u>Water Coverage</u> | <u>Premium</u> |
|-----------------------|----------------|
| \$2,500 | \$25 |
| \$5,000 | \$50 |
| \$10,000 | \$75 |

6. CL1-AL-0176 – Limited Asbestos & Lead Coverage (Must be added to all CLD1 policies.)

7. CL1-ERC-0006 – Extended Replacement Cost. (Must be sold with CL1-DW-1201

Replacement Cost Endorsement).

10% of FL, EC & VMM Total

8. CL1-IG-0010 – Inflation Guard (Increase percentage set by company on 12/31 each year.)

COLONIAL LLOYDS CLAIMS

A. Applicants with the following claims history are UNACCEPTABLE RISKS:

- 1.* History of habitual claims filing as outlined in Prohibited Trade Practices Rule 21.1007.
- 2.* If applicant has ever had insurance cancelled due to claims or moral hazard

A risk with claims history must have the HO-330 or TDP-020 Premium Surcharge Endorsement attached in accordance with the requirements of the State of Texas.

“Natural Causes” would be Catastrophe Losses recognized by the State of Texas

B. Procedures for filing a claim.

- 1.* Completed Claims Notice with contact information, date and time of claim, and description of claim. Make note of accidents where injury(s) are involved.
- 2.* Most recent "declarations page" and amendments.
- 3.* Fax or email all information to Atlas General Agency.

Fax: (888) 754-3311

Email: colonialclaims@atlasgeneral.com

COLONIAL LLOYDS ENDORSEMENTS

Colonial Lloyds offers most endorsements authorized by the Texas Department of Insurance with the following exception(s).

Any endorsement explicitly for or specific to:

TDP-2

TDP-3

HO-C

HO-BT

HO-BC

HO-CON-B

HO-CON-C

HO-170 – Additional Extended Coverage

Colonial Lloyds does not offer this endorsement. However, Colonial Lloyds does offer CHW-04-72951 Additional Insured Perils & Limited Water Damage.

HO-105 – Residence Glass (Unscheduled)

The CHW-04-72951 can also replace HO-105 Residence Glass (Unscheduled). However, unlike the HO-105 the glass coverage is not offered at replacement cost.

The following is a list of Company Endorsements:

| Endorsement Number | Description |
|---------------------------|---|
| CL1-DW-1201 | Replacement Cost Settlement Endorsement - Dwelling |
| CL1-PP-1201 | Replacement Cost Settlement Endorsement - Personal Property |
| CL1-AL-0176 | Asbestos & Lead Limited Coverage |
| CL1-ERC-0006 | Extended Replacement Cost Coverage |
| CL1-IG-0010 | Inflation Guard Endorsement |
| CLA-DW-1201 | Replacement Cost Settlement Endorsement - Dwelling |
| CLA-PP-1201 | Replacement Cost Settlement Endorsement - Personal Property |
| CLA-ERC-0006 | Extended Replacement Cost Coverage |
| CLA-IG-0010 | Inflation Guard Endorsement |
| CDW-04-64162 | Additional Insured Perils & Limited Water Coverage |
| CHW-04-72951 | Additional Insured Perils & Limited Water Coverage |
| CL-06-82673 | Animal Exclusion Endorsement |
| CL-05-80108 | Trampoline Exclusion - Form A Policy |
| CL-05-82272 | Trampoline Exclusion - Comprehensive Personal Liability |
| CBW-06-84929 | Mandatory Special Provisions for Texas |
| CBF-06-84929 | Limited Slab or Foundation Access Endorsement |
| CLH-ERC-0006 | Extended Replacement Cost Endorsement |
| CLH-IG-0010 | Inflation Guard Endorsement |

COLONIAL LLOYDS HOMEOWNER CREDITS

I. Optional Credits

(A) Alarms:

Central Station Alarms must have an In-Force Certificate every renewal.

- | | | |
|----------------------|--------------------------|-----|
| (1) Single Function: | (Burglar or Fire/Smoke) | |
| Local | | 2% |
| Remote | | 4% |
| Central | | 5% |
| (2) Multi-Function: | (Burglar and Fire/Smoke) | |
| Local | | 4% |
| Remote | | 8% |
| Central | | 15% |

(B) Credit for Age of Risk: 10.00%

Risk must be constructed within the last five years.

(C) Credit for Automatic Sprinkler System: 8.00%

Tested annually & Certificate of Testing provide every renewal.

(D) Credit for Fire Extinguisher: 2.00%

(E) Credit for Loss Experience: 5.00%

No non-weather related losses within the last three years.

(F) Credit for Noncombustible Roof: 2.00%

Metal roofs only.

(G) Credit for Senior Citizens Discount: 5.00%

Oldest Named insured must be 60 years or more.

Total of above state credits CANNOT exceed 20%.

2. Mandatory Credit

(A) Credit for Hail Resistant Roofs

- (1) Must be allowed on existing business which qualifies. Colonial Lloyds will follow the State Guidelines. Please see the Personal Lines Manual for more information.
- (2) Must be accompanied by the HO-145 or TDP-022 Exclusion of Cosmetic Damage to Roof Coverings Caused by Hail.

3. Preferred Discount: 25%

- (A) Coverage A limits of \$100,000 and above;
- (B) Protection Class 1-6;
- (C) Dwelling age 25 years old or less; (Discount decreases 5% per year when age of dwelling is 26-30 years);
- (D) Roof 12 years old or less;
- (E) Dead bolt locks and fire extinguisher required.

**COLONIAL LLOYDS
RESTRICTED RISKS**

**Properties located in the following areas must have prior approval
from Managing Underwriter before BINDING COVERAGE:**

| ZIP CODE | CITY | PORTIONS |
|----------|---------------|---------------------------------|
| 77034 | Houston | All |
| 77058 | Houston | All |
| 77059 | Houston | All |
| 77062 | Houston | All |
| 77075 | Houston | All |
| 77089 | Houston | All |
| 77502 | Pasadena | All |
| 77503 | Pasadena | All |
| 77504 | Pasadena | All |
| 77505 | Pasadena | All |
| 77506 | Pasadena | All |
| 77507 | Pasadena | All |
| 77520 | Baytown | Harris County Only |
| 77521 | Baytown | South I-10 inside Harris County |
| 77536 | Deer Park | All |
| 77546 | Friendswood | Harris County Only |
| 77571 | La Porte | West of Highway 146 |
| 77586 | El Lago | West of Highway 146 |
| 77587 | South Houston | All |
| 77598 | Webster | All |

COLONIAL LLOYDS APPLICATION PROCESS

The following items must be provided:

- (1) Declarations Page
- (2) ChoicePoint CLUE Report or ISO A-Plus Report
- (3) Photographs:

Photographs of dwelling and/or other structures should be clear and show front and one side of structure.

A new photograph will also be required when a substantial change in the risk has occurred, for example, an addition to or renovation of the structure.

A new photograph will also be required whenever a request has been received to increase the dwelling coverage limits by 20% or more.

COLONIAL LLOYDS PREMIUM/BILLING

Four Options are Available

- (1) **Paid In Full** 100% is due when the policy is bound
- (2) **A 2 pay Direct Bill plan** 50% down payment and 50% due in 30 days. A \$6 billing fee will be charged with the billing of the second payment.
- (3) **A 9 Pay Direct Bill Plan** The down payment is calculated as 13% of pure premium plus all other fees. The balance is divided equally between the remaining 8 monthly installments. A \$6.00 billing fee for each of the installments will apply.
- (4) **Premium Finance** (9 Payment Plan) Down Payment is calculated as 22% of the pure premium plus all fees. The balance of the premium is divided equally between 9 payments. A varying interest rate will apply.

COLONIAL LLOYDS POLICY NUMBERS

EXAMPLES:

CLHA-99-000214-1

CLMB-99-000214-1

CLD1-99-000214-1

CLP1-99-000214-1

CLDL-99-000214-1

CLPL-99-000214-1

The Prefix consists of three parts:

“CL”- Designates policy to be issued by Colonial Lloyds

HomeOwners Form A:

“H”- Designates the policy to be a Homeowner Form

“A”- Designates the policy to be Actual Cash Value Form

HomeOwners Form B:

“M”- Designates the policy to be a Modified Homeowner Form B

“B”- Designates the policy to be Replacement Cost Form

Dwelling Form 1

“D”- Designate the policy to be a Dwelling form

“1”- Designates Actual Cash Value Form

Dwelling Form 1 (Preferred)

“P”- Designates policy to be Preferred Policy

“1”- Designates Actual Cash Value Form

Personal Liability Form

“DL”- Designates policy to be a Personal Liability Policy

“PL”-Designates policy to be a Preferred Personal Liability Policy

The next two digits, “99”, designates your Agency Code. Atlas General Agency assigns Agency Code.

The next six digits are the unique identifier for the individual policy.

The last digit indicates the Policy Renewal Period:

0 or Blank for New Business

1 - First

2 - Second

3 - Third, etc.

COLONIAL LLOYDS
Hurricane Binding Authority Restriction

In the event of a Hurricane, binding authority for the following counties is withdrawn for the 72 hours prior to anticipated landfall.

Aransas
Atascosa
Austin
Bee
Brazoria
Brooks
Calhoun
Cameron
Chambers
Colorado
DeWitt
Duval
Fort Bend
Galveston
Goliad
Hardin
Harris
Hidalgo
Jackson
Jasper
Jefferson
Jim Hogg
Jim Wells

Karnes
Kenedy
Kleberg
Lavaca
Liberty
Live Oak
Matagorda
McMullen
Montgomery
Nueces
Orange
Polk
Newton
Refugio
San Jacinto
San Patricio
Starr
Tyler
Victoria
Waller
Wharton
Willacy
Wilson