

## **California USAA Group Homeowners Underwriting Guidelines**

These guidelines supersede previously filed guidelines. The company will not apply any criteria in conflict with state statute or insurance regulation.

### **New Business Property Policy Guidelines – Residential Property Policies**

We allow a maximum of:

- One primary Homeowners policy
- Two secondary Homeowner policies

### **New Business Underwriting Guidelines**

These are new business underwriting guidelines upon which risks may be declined prior to issuance.

- Prior loss history in excess of one paid loss in the past 3 years of any kind, or any loss which indicates extreme negligence on the part of the insured
  - An inquiry on coverages or policy provisions with regard to a loss without filing a claim on such a loss is not considered a claim and cannot be considered when evaluating the loss history of an insured for acceptance purposes
- Prior loss history with 1 or more paid non-weather losses of \$50,000 or more
- Open litigation or pending loss assessment
- An insured who owns an animal that has bitten or attacked
- Dwellings with condition or construction concerns
- Dwellings built wholly or partially over water
- Dwellings to which farm rules or rates apply
- Ownership or custody of:
  - Zoo or exotic animal, or
  - Animals illegal to own
- Boarding of any animals
- Raising livestock for commercial purposes
- Any business exposure beyond incidental, except:
  - If the insured operates a licensed family home day care, we will not refuse to issue a Homeowners Policy solely because the insured is a family day care provider. The insured must be licensed by the State of California to operate a family home day care and provide care for 14 or

fewer children for the day care exposure to be acceptable.

- We will not refuse to issue a Homeowners Policy solely because the home is a licensed or certified foster family home as long as the insured is the foster parent, the facility is owned and occupied by the insured, and the insured provides 24-hour care for 6 or fewer foster children who have been placed in his care.
- Adult daycare
- A dwelling occupied by a tenant operating a business on the premises
- Business activities of minors:
  - Involving unusual or hazardous activities
  - Minors employing others
- Bed and breakfast operations
- Providing instruction in a hazardous sport or hobby
- Docks or piers held for rental
- Roads or driveways that do not allow access to fire trucks
- Not located on a year round accessible road
- Gated communities, if the fire department does not have emergency access
- Property with an unprotected fire classification (PC10) or a PC 9 and a non-fire resistant/wood shake roof
- Property with an unprotected fire classification (PC10) unless it is accessible to emergency vehicles year round and is within 15 miles of the responding fire department
- Misrepresentation, fraud, or default in performance of a contractual obligation to USAA or any of its subsidiaries or affiliate insurance or financial services entities
- Behavior intended to injure or financially harm USAA or any of its employees, or any behavior indicating that trust and confidence required for the continuation of an insurance relationship no longer exists
- Failure to return funds when subrogation is not successful or when duplicate/over payments are made
- Failure of an insured to cooperate in the investigation of a claim or making any false or misleading statements connected with making a claim against an insurer or under a policy
- Violation by the insured on any of the material terms or conditions of the policy
- Failure by the insured to permit access to insured property, omission of reasonable and necessary underwriting information that we have requested or refusal to provide any other reasonable and necessary underwriting

information, upon written request and a reasonable opportunity to respond

- Dwellings with a market value or replacement cost in excess of company criteria
- Dwellings for which USAA is unable to establish the correct ITV because of unique construction, design, and/or rebuilding factors
- Requests for our Home Protector endorsement when the home is insured for less than 95% rebuild cost
- Requests for Dwelling Coverage A less than 80% of the replacement cost estimates
- Dwelling has more than four residences
- Vacancy or extended periods of unoccupancy
- Renovations that are expected to take more than 180 days
- Dwellings in the course of construction that will not be completed within 12 months
- Dwelling is rented on a short term basis (i.e. Less than 6 months)
- Dwelling for sale
- Dwellings used as model homes or homes built specifically for sale (speculative homes)
- Dwellings not used for private residential purposes.
- More than two roomers or boarders
- Home-sharing or home exchange of any premises that is not the “residence premises” as defined by the homeowner’s policy
- Home-sharing with the same guest or occupant for more than 30 consecutive days as defined by the homeowner’s policy
- Any full-time bed & breakfast, hostel, or boarding house on an “insured location” as defined by the homeowner’s policy
- Major mechanisms that have not been modernized, to include: roof, heating, plumbing, and electrical
- Dwellings with inadequate or faulty wiring, insufficient amperage for the expected electrical load
- Dwellings with faulty plumbing or plumbing leaks
- Dwellings that have sustained previous earth movement damage or are in an area where earth movement is occurring
- Previous sinkhole loss on dwelling/unit being purchased
- Roof is more than 2 layers or in poor condition from a functional standpoint
- Dwellings insured by more than one company

- Unacceptable deed/ownership of the property
- Mobile homes/Manufactured homes
- Dwellings where it is determined there is a significantly higher than average risk of brushfire losses. Factors considered in making this determination include GIS mapping and scientific analysis of elevation, slope, aspect, vegetation composition (including type and density).
- Dwellings that are determined not to pose a significantly higher than average risk of brushfire loss, but still pose an increased risk of brushfire loss if there is:
  - A defensible space of less than 100 feet around the structure (clearing is limited to property line if less than 100 feet)
  - Flammable vegetation present within the "Lean, Clean, and Green Zone" within 30 feet of the structure
  - Improper horizontal and vertical spacing between vegetation within the "Reduced Fuel Zone" in the remaining 70 feet of defensible space
  - Tree branches within six (6) feet of the ground within the defensible space area
  - Woodpiles or fuel tanks within 30 feet of structure
  - Combustible debris within 30 feet of structure
  - Tree canopy within 10 feet from chimney
  - A roof type that is not fire resistant
  - Branches overhanging the roof
  - Vegetation on the roof
  - A chimney without a metal screen
- Three or more full-time domestic employees
- Any other exposure not contemplated by our rates
- Existence of physical hazard which presents an increased risk of loss

We will not decline on the basis that an applicant is or may have been a victim of domestic violence.

### **Cancellation**

- Cancellation of a policy in force less than 60 days can be for any reason, provided the reason is not unfairly discriminatory and is not solely on the basis that one or more claims were submitted for a loss that is the result of hate crimes committed against the person or property of the insured or an anti-reproductive rights crime. We will not decline on the basis that an applicant is or may have been a victim of domestic violence. Reasons are usually based

upon the new business underwriting guidelines noted above.

Cancellations after the first 60 days of policy issuance must be based upon the occurrence, after the policy effective date, of one or more of the following:

- Nonpayment of premium, including nonpayment of any additional premiums, calculated in accordance with the current rating manual of the insurer, justified by a physical change in the insured property or a change in its occupancy or use
- Conviction of the insured of a crime having as one of its necessary elements an act increasing a hazard insured against
- Discovery of fraud or material misrepresentation made by the insured or representative of the insured in obtaining the insurance or by the named insured or his representative in pursuing a claim under the policy
- Discovery of a grossly negligent act or omission by the insured or his representative that substantially increased any of the hazards insured against
- Physical changes in the insured property that result in the property becoming uninsurable
  - The sole basis or reason for termination may not be due to the fact that the primary insured structure is in a damaged condition as a result of a total loss. While the primary insured structure is being rebuilt after a total loss, the policy may not be cancelled except for physical changes in the insured property not related to the total loss.
- Policies cannot be cancelled based solely on the fact that the insured structure is located in an area in which a wildfire occurred for one year after the declaration of a state of emergency. This applies to all property policies in effect at the time of the declared emergency for properties located in any ZIP Code within or adjacent to the fire perimeter. ZIP Codes subject to this provision will be provided by the California Department of Insurance.
- Policies also cannot be canceled solely on the basis that one or more claims were submitted for a loss that is the result of hate crimes committed against the person or property of the insured or an anti-reproductive rights crime. This includes specified acts done to a person because of any enumerated characteristics of that person, including gender, gender expression, and gender identity. We will not cancel on the basis that an applicant is or may have been a victim of domestic violence.

## **Renewal Underwriting Guidelines**

Any decision to non-renew a policy must be based on one or more of the following:

- Prior loss history in excess of one paid loss in the past 3 years of any kind, or any loss which indicates extreme negligence on the part of the insured

- An offer to renew the policy at least once will be made if there was a total loss on the primary insured structure caused by a disaster that occurred prior to 1/1/2019 and the loss was not due to the negligence of the insured
- An offer to renew the policy for two annual renewal periods, but no less than 24 months will be made if:
  - A total loss to the primary insured structure was caused by a disaster on/after 1/1/2019,
  - The loss was not due to the negligence of the insured, and
  - Losses have not occurred subsequent to the disaster-related total loss that pertain to physical/risk-related changes that result in the property becoming uninsurable.
- Policies cannot be non-renewed based solely on the fact that the insured structure is located in an area in which a wildfire occurred for one year after the declaration of a state of emergency. This applies to all property policies in effect at the time of the declared emergency for properties located in any ZIP Code within or adjacent to the fire perimeter. ZIP Codes subject to this provision will be provided by the California Department of Insurance.
- An inquiry on coverages or policy provisions with regard to a loss without filing a claim on such a loss is not considered a claim and cannot be considered when evaluating the loss history of an insured for acceptance purposes.
- Prior loss history with 1 or more paid non-weather losses of \$50,000 or more
- Open litigation or pending loss assessment
- An insured who owns an animal that has bitten or attacked
- Dwellings with condition or construction concerns
- Dwellings built wholly or partially over water
- Dwellings to which farm rules or rates apply
- Ownership or custody of:
  - Zoo or exotic animal, or
  - Animals illegal to own
- Boarding of any animals
- Raising livestock for commercial purposes
- Any business exposure-beyond incidental, except:
  - If the insured operates a licensed family home day care, we will not refuse to renew a Homeowners Insurance Policy solely because the insured is a family day care provider. The insured must be licensed by

the State of California to operate a family home day care and provide care for 14 or fewer children for the day care exposure to be acceptable

- We will not refuse to renew a Homeowners Insurance Policy solely because the home is a licensed or certified foster family home as long as the insured is the foster parent, the facility is owned and occupied by the insured, and the insured provides 24-hour care for 6 or fewer foster children who have been placed in his care.
- Adult daycare
- A dwelling occupied by a tenant operating a business on the premises
- Business activities of minors:
  - Involving unusual or hazardous activities
  - Minors employing others
- Bed and breakfast operations
- Providing instruction in a hazardous sport or hobby
- Docks or piers held for rental
- Roads or driveways that do not allow access to fire trucks
- Not located on a year round accessible road
- Gated communities, if the fire department does not have emergency access
- Property with an unprotected fire classification (PC10) or a PC 9 and a non-fire resistant/wood shake roof
- Property with an unprotected fire classification (PC10) unless it is accessible to emergency vehicles year round and is within 15 miles of the responding fire department
- Misrepresentation, fraud, or default in performance of a contractual obligation to USAA or any of its subsidiaries or affiliate insurance or financial services entities
- Behavior intended to injure or financially harm USAA or any of its employees, or any behavior indicating that trust and confidence required for the continuation of an insurance relationship no longer exists
- Failure to return funds when subrogation is not successful or when duplicate/over payments are made
- Failure of an insured to cooperate in the investigation of a claim or making any false or misleading statements connected with making a claim against an insured or under a policy
- Violation by the insured on any of the material terms or conditions of a policy
- Failure by the insured to permit access to insured property, omission of reasonable and necessary underwriting information that we have requested or refusal to provide any other reasonable and necessary underwriting

information, upon written request and a reasonable opportunity to respond

- Dwellings with a market value or replacement cost in excess of company criteria
- Dwellings for which USAA is unable to establish the correct ITV because of unique construction, design, and/or rebuilding factors
- Requests for our Home Protector endorsement when the home is insured for less than 95% replacement cost
- Requests for Dwelling Coverage A less than 80% of the replacement cost estimates
- Dwelling has more than four residences
- Vacancy or extended periods of unoccupancy
- Renovations that are expected to take more than 180 days
- Dwellings in the course of construction which will not be completed within 90 days
- Dwelling is rented on a short term basis (i.e. Less than 6 months)
- Dwelling for sale
- Dwellings used as model homes or homes built specifically for sale (speculative homes)
- Dwellings not used for private residential purposes
- More than two roomers or boarders
- Home-sharing or home exchange of any premises that is not the “residence premises” as defined by the homeowner’s policy
- Home-sharing with the same guest or occupant for more than 30 consecutive days as defined by the homeowner’s policy
- Any full-time bed & breakfast, hostel, or boarding house on an “insured location” as defined by the homeowner’s policy
- Major mechanisms that have not been modernized, to include: roof, heating, plumbing, and electrical
- Dwellings with inadequate or faulty wiring, insufficient amperage for the expected electrical load
- Dwellings with faulty plumbing or plumbing leaks
- Dwellings that have sustained previous earth movement damage or are in an area where earth movement is occurring
- Previous sinkhole loss on dwelling/unit being purchased
- Roof is more than 2 layers or in poor condition from a functional standpoint
- Dwellings insured by more than one company



- Unacceptable deed/ownership of the property
- Mobile homes/Manufactured homes
- A dwelling located in a mountainous area, forest-covered land, brush-covered land, grass-covered land, or land covered with flammable material, which is susceptible to brushfire loss if there is:
  - A defensible space less than 100 feet around the structure (clearing is limited to property line if less than 100 feet)
  - Flammable vegetation present within the "Lean, Clean, and Green Zone" within 30 feet of the structure
  - Improper horizontal and vertical spacing between vegetation within the "Reduced Fuel Zone" in the remaining 70 feet of defensible space
  - Tree branches within six (6) feet of the ground within the defensible space area
  - Woodpiles or fuel tanks within 30 feet of structure
  - Combustible debris within 30 feet of structure
  - Tree canopy within 10 feet from chimney
  - A roof type that is not fire resistant
  - Branches overhanging the roof
  - Vegetation on the roof
  - A chimney without a metal screen
- Three or more full-time domestic employees
- Any other exposure not contemplated by our rates
- Existence of physical hazard which presents an increased risk of loss

We cannot refuse to renew a policy solely based on a pending claim or claims. However, this does not apply to claims made under coverage for loss or damage caused by an earthquake.

We cannot refuse to renew a policy solely based on the existence of corrosive soil conditions

Policies also cannot be non-renewed on the basis that the insured has been or may have been a victim of domestic violence or solely on the basis that one or more claims were submitted for a loss that is the result of hate crimes committed against the person or property of the insured or an anti-reproductive rights crime. This includes specified acts done to a person because of any enumerated characteristics of that person, including gender, gender expression, and gender identity.

## **Guidelines For Modification Of Coverage**

- For policies already in effect, we will obtain consent of the insured prior to reducing coverage mid-term
- Where we can legally nonrenew and where our underwriting decision is to offer to continue the policy with a reduction in coverage, we will provide a legal notice of nonrenewal and offer to continue the policy with a reduction in coverage

## **CEA Termination Guidelines**

A CEA policy may be terminated for any of the following reasons:

- Companion Policy is no longer active (CEA Policy cannot remain in effect without the companion Rental Property Policy)
- Nonpayment of premium
- Named insured's conviction of a crime having as one of its necessary elements an act increasing any hazard insured against
- CEA's Discovery of fraud or material misrepresentation by either the insured or the insured's representative in obtaining the insurance, or by the insured or insured's representative in pursuing a claim under the policy
- CEA's Discovery of grossly negligent acts or omissions by the insured or his or her representative that have substantially increased any of the hazards insured against
- Failure of the insured to pay an earthquake policy surcharge imposed and authorized by the CEA in accordance with CA Insurance Code Section 10089.29, subdivision (d)

## **New Business Moratorium - Residential Property Policies**

When warranted by conditions, we may invoke a moratorium on new business and any policy adjustment activity to increase coverage including changing deductibles.