

Hiscox
Underwriting guidelines
US homeowners



Prohibited risks (straight decline)

- Mobile homes
- Property with existing damage
- Dwellings with day-care or assisted living operations
- Dwellings with galvanised plumbing
- Dwellings with aluminium wiring
- Dwellings with knob and tube wiring
- Risks in foreclosure proceedings
- Insureds with undischarged bankruptcies
- Dwellings not insured to 100% of RCV value
- Dwellings with coverage A under \$350k
- Risks within 2,500ft of brush
- Frame construction in the state of Florida zones one and two (as described in the rating matrix)

Prohibited risks (can be prior submitted)

- Farms
- Dwellings with more than two mortgages
- Homes with pools that do not meet local code requirements
- Dwellings on the National Registry
- Dwellings with EIFS siding older than ten years
- Dwellings with wood stoves as primary heat
- Risks with acreage over ten
- Insureds with high profile occupations (e.g. entertainers)
- Developers' speculation homes
- High risk pc 9/10s
- Prior losses as detailed below

No coverage to be bound; or increases in coverage agreed; whilst a risk is under a hurricane watch or warning – from the announcement of the watch or warning – until 72 hours after the watch or warning ceases.

Applications

- ACORD application form or similar.
- Questionnaires will be required if relevant – e.g. unprotected questionnaire, LLC questionnaire, short-term rental questionnaire.

Inspections

- All new risk at insured's expense will be inspected within 45 days of inception. There will be allowed a one-off 15-day extension to this subjectivity date permitted before a formal (30-day) notice of cancellation should be issued.
- If a satisfactory inspection is received within the notice period then notice will be rescinded.
- All renewals will be inspected at least every three years.
- Interior inspections required for coverage A over \$500k using PCS or similar. Castle to be used for coverage A over \$1m although Sutton can be used for risks in the state of Florida. RCV estimator required with every inspection.
- All inspections to be thoroughly checked to ensure the risk is as presented, any recommendations or changes in value to be implemented immediately. The insured should be given a period of 30 days in order to comply with any recommendations.
- Any issues that arise following inspection to be referred to underwriters immediately.

Coverages

- Dwelling
 - Minimum replacement cost of dwelling \$350k
 - It is expected that homes will be insured to 100% of RCV, regardless of the coinsurance clause.
 - 90% coinsurance clause to apply unless extended replacement cost is given in which case 100% coinsurance clause to apply.
 - Minimum cost per square foot as follows:
 - Florida – \$150 for frame/brick veneer, \$200 for masonry
 - all other states – \$100 for frame/brick veneer, \$150 for masonry.
- Other structures – standard minimum of 10% but can offer up to 30% (or remove entirely) without need to refer. Should be moved in line with inspection once received, with pro-rata AP/RP if required.
- Personal Property
 - 50% for primary homes
 - No lower than 20% for secondary and seasonal homes
 - For tenanted homes, check if furnished or not and if furnished, apply same rules as secondary. If unfurnished, allow small amount for appliances, etc.
 - Zero for COCs or vacant properties (i.e. coverage cannot be offered).
- Loss of use
 - 20% for primary homes
 - For secondary homes, either 20% or zero. This amount should be payable 1/12th monthly to deter potential claimants attempting to get the full limit for a short claim period.
 - For tenanted homes, the actual yearly rental value can be used although this needs to be sense checked (unlikely to be lower than 10% or higher than 30%).
 - None available for COCs or vacant homes.

Construction

All construction rules should follow those set out in the Hiscox Rating Matrix.

Occupancy

- Primary homes
 - \$350k – \$1m dwelling value.
 - Written on HO3 form.
 - Water backup, mould, ID fraud and personal injury can be added for an AP depending on the occupancy.
 - Greater than \$1m dwelling value.
 - Written on HO5 form.
 - ‘Hiscox Primary Home Enhancement Endorsement’ (included in pricing) can be added. This adds water backup, mould, personal injury and ID fraud. However, it is not applicable to risks with previous water damage/backup claims or if the insured is in the public eye (e.g. celebrity, journalist, etc.).
 - Secondary/seasonal homes
 - \$350-\$1m dwelling value
 - Written on HO3 form.
 - Second home endorsement must be applied.
 - Greater than \$1m dwelling value
 - Written on HO3 form.
 - Hiscox Second Home Enhancement Endorsement can be added. This adds water backup and mould coverage. However, it is not applicable to risks with previous water damage/backup claims.
 - Second home endorsement must be used if the enhancement endorsement is not being included.
- Tenanted homes
 - Written on DP3 form.
 - Liability can be added for an AP using the DL 24 01 personal liability form although this must be restricted to premises only using DL 24 11 premises liability form.
 - For tenanted risks, ensure a satisfactory rental questionnaire is obtained.
- Multifamily dwellings
 - No more than four units.
 - The owner must be living in one of the units.
 - If unfurnished then personal property restricted to owner’s unit only.
- Vacant homes
 - Written on DP3 form.
 - Dwelling, other structures and premises liability only cover (i.e. no personal property or loss of use coverage can be afforded).
 - Vacant home endorsement to apply.
- Course of construction
 - Written on HO3 form.
 - Dwelling, other structures and premises liability only cover (i.e. no personal property or loss of use coverage can be afforded).
 - Course of construction endorsement to apply. Contractors to carry \$1m CGL and theft of materials to be sub-limited to \$25k.
 - Builder’s risk liability endorsement to apply.
 - Note that risks where the insured is acting as the GC should be declined.
 - If the COC/renovation is within 10 miles of the coast and includes the peril of wind, the risk must remain fully enclosed (walls, roof, doors and windows) at all times whilst on risk. If this is not the case, the risk must be referred to underwriters.

Dwelling updates

- All homes must be built or fully updated post 1980. Fully updated means:
 - roof – complete replacement unless slate in which case a prior inspection proving adequate remaining life expectancy is required prior to quoting
 - electrical – complete replacement including circuit breakers and at least 150 amps
 - heating – complete replacement
 - plumbing – complete replacement.

Wind only

- Wind/hail only insurance is available under the contract, the rating and terms for which can be found in the rating matrix.
- Hurricane Minimum earned clause will need to be applied to these policies.

Private protections

- Central station fire and burglar alarms are required on all risks where the TIV exceeds \$1m.

Protection class

- Rates
 - PC 9 rate to be used if:
 - hydrant is over 1,000 feet but fire station is within five miles
 - fire station is over five miles but hydrant within 1,000 feet
 - PC 10 rate to be used if:
 - hydrant is over 1,000 feet and fire station is over five miles.
- Requirements
 - All risks which are either stated to be a PC 9/10 or appear to be in a remote area will need an unprotected questionnaire to be completed by the broker to determine severity of potential risk.
 - Risks with over 20 minute response time or inadequate water source (or tanker capacity) should be prior submitted.

Prior losses

- Risks with prior losses can be written where loss mitigation has occurred and subject to a suitable load and deductible increase where appropriate, to be clearly marked on the underwriting file. Note that all damages must have been repaired and the claim must be closed.
- Any individual loss over \$25k or if two or more losses in the last three years to be submitted.

Rating and deductibles

- All rating and deductible options as per the Hiscox US rating matrix.
- The year built or the oldest complete update year must be used in the matrix in order to obtain a price from the matrix.
- Additional options
 - Personal injury – \$100 AP (note this is already included for free on larger homes with the Hiscox Primary Home Enhancement Endorsement). Not available for 'target' insureds in the public eye (e.g celebrities, journalists, broadcasters, sportsmen, etc.).
 - Mold – \$10k sublimit at \$100 AP, \$25k at \$200 AP.
 - Identity theft – \$15k sublimit for \$100 AP.
 - Ordinance and Law > 10% – refer to underwriters.
 - Water back up – \$10k sublimit for \$100 AP, \$25k sublimit at \$250 AP.
 - Extended replacement cost – 125% at pro-rata premium.

Additional forms

- Hiscox Total Loss Earned Premium Clause and Hiscox Additional Liability Exclusions applied to all risks.