Tennessee underwriting guidelines

Homeowner product description

The Homebound Insurance Exchange homeowner program is designed for owner occupied and seasonal dwellings. Replacement cost value, extended replacement cost value, replacement cost partial, or actual cash value loss settlements are available.

HO-8 tiering requirements

- Actual cash value and replacement cost partial minimum Coverage A limit is $40,000.
- Actual cash value and replacement cost partial have no construction date restrictions.
- Actual cash value and replacement cost partial maximum Coverage A limit is $375,000.
- Replacement cost value minimum Coverage A limit is $100,000.
- Replacement cost value maximum Coverage A limit is $500,000.
- Protection Class 9 or 10 maximum Coverage A limit is $300,000.
- Replacement cost value must have a construction date no earlier than 1945.
- Fire losses matched to the applicant or risk location are ineligible.
- Open losses, liability, or two or more losses in the past five years require underwriting approval.
- Replacement cost value properties must be very well maintained and show a high pride of ownership.

Dwelling fire product description

The Homebound Insurance Exchange dwelling fire program is designed for owner occupied homes, as well as seasonal, landlord, vacant and renter policies. Replacement cost value, replacement cost partial, or actual cash value are available.

Dwelling fire requirements

- Actual cash value and replacement cost partial minimum Coverage A limit is $25,000.
- Actual cash value and replacement cost partial have no construction date restrictions.
- Actual cash value and replacement cost partial maximum Coverage A limit is $375,000.
- Replacement cost value minimum Coverage A limit is $100,000.
- Replacement cost value maximum Coverage A limit is $500,000.
- Protection Class 9 or 10 maximum Coverage A limit is $300,000.
- Replacement cost value policies must have a construction date no earlier than 1945.
- Fire losses matched to the applicant or risk location are ineligible.
- Open losses, liability, or two or more losses in the past five years require Underwriting approval.

- Replacement cost value properties must be very well maintained and show a high pride of ownership.
- Vacant dwellings maximum Coverage A limits $200,000.

Manufactured home product description

The Homebound Insurance Exchange manufactured home program is designed for manufactured homes. Replacement cost value, replacement cost partial, or actual cash value loss settlements are available.

Manufactured home requirements

- Actual cash value and replacement cost partial minimum Coverage A limit is $10,000.
- Actual cash value has no construction date restrictions.
- Actual cash value and replacement cost partial maximum Coverage A limit is $150,000.
- Replacement cost value minimum Coverage A limit is $50,000.
- Replacement cost value maximum Coverage A limit is $300,000 ($150,000 in Protection Class 9 or 10).
- Replacement cost value and replacement cost partial must have a construction date in the past 30 years.
- Fire losses matched to the applicant or risk location are ineligible.
- Open losses, liability, or two or more losses in the past five years require underwriting approval.
- Replacement cost value properties must be very well maintained and show a high pride of ownership.
- Flood endorsement available for dwellings located in Flood Zone C, Zone X or Zone D only.

Insurable value

Actual cash value and replacement cost partial policies:

Requested Coverage A limit selected can be up to 150% of the calculated actual cash value as determined by the company's cost estimator and should not be lower than 60% (Vacant Dwellings must be 100% of the actual cash value).

Replacement cost value policies:

Homeowners and dwelling fire policies: Requested Coverage A limit can be up to 120% of the calculated replacement cost value as determined by the company's cost estimator and should not be lower than 80%. On renewal, an inflation guard may apply to ensure protection against the fluctuation of the cost of building materials. The updated Coverage A limits would be reflected in the policy documents.

Manufactured homes: Requested Coverage A limit can be up to 120% of the calculated replacement cost value as determined by the company's cost estimator and should not be lower than 80%. On renewal, an inflation guard may apply to ensure protection against the fluctuation of the cost of building materials. The updated Coverage A limits would be reflected in the policy documents.

Extended replacement cost value policies:

Homeowners and Dwelling Fire Policies: Requested Coverage A limit should not be lower than 100% of the calculated replacement cost value as determined by the company's cost estimator or higher than 120%.

Liability limit:

- Limits above $300,000 requires Underwriting approval and:
  - Loss settlement must be replacement cost value.
  - No prior liability losses in 5 years.

Loss settlement

Insurance policies offer actual cash value, replacement cost partial, replacement cost value or extended replacement cost value coverage to your damaged, stolen, or destroyed property. Typically, replacement cost value policies are more expensive than actual cash value policies as they offer more coverage.

1. Replacement cost value is what the customer would need to pay for the item at today's cost.
2. Actual cash value is what the customer would need to pay for a similar item at today's cost minus depreciation (replacement cost value minus depreciation). Depreciation is a decrease in value due to condition and age.
3. Replacement cost partial would cover partial losses at replacement cost excluding "personal property, wall to wall carpeting, cloth awnings, roof and roofing surfaces, fences and structures that are not buildings," which will be covered at actual cash value.
4. Extended replacement cost value provides an additional 25% to the Coverage A limit in the event a total loss exceeds the Coverage A limit.

For all loss settlement methods, excluding extended replacement cost value, coverage is only up to the limit stated on the declaration page.

Deductible requirements

1. A 2% (minimum $1500) Wind Hail deductible is required.
2. A minimum $1500 All Peril deductible is required.

Inspections

1. All properties are subject to inspection by the company at origination and at periodic intervals.
2. All risks must have a valid 911 address.

Ineligible Risks

1. **Insured**
   a. Policies not written in the name of the individual or individual and spouse.
   b. Policies written in the name of an entity including businesses, churches, and non-profits.
   c. Applicant with a prior loss caused by an intentional act.
   d. Applicants convicted of insurance fraud, including arson.
   e. Applicants who owe unpaid earned premiums or other valid charges that are owed to the company.
   f. Risks deeded in the name of estate, trust, or LLC should be submitted in the name of the individual or individual and spouse, adding the estate, trust, or LLC as an additional named insured.
2. **Location**
   a. Properties on which illegal activities are conducted.
   b. Acreage in excess of 10 acres–occupied or unoccupied.
   c. Commercial dwellings or dwellings located in a commercial zone.

3. **Occupancy and use**
   a. Property that is vacant, unoccupied, dilapidated or abandoned. Exception – a newly purchased home that the insured will occupy within 5 days of the effective date (will be verified at inspection). Additionally vacant properties may be written on a dwelling fire policy for up to one year.
   b. Property in foreclosure.
   c. Risks used for any type of business including home day care providers.
   d. More than one family occupying a single-family residence.
   e. Short-term rentals are acceptable on homeowner policies only with the Home Sharing - Host Activity Endorsement and must be owner occupied at least 6 months out of the year.
4. **Construction and property characteristics**
   a. Unconventional design or construction including earthen, underground, dome, log, A-frame, container homes, and certain custom/architectural designs; kit homes are ineligible.
   b. Historic homes are ineligible.
   c. Portable buildings are ineligible.
   d. Barns and other farm outbuildings are ineligible.
      i. Barndominiums may be acceptable with underwriting approval and must have the Cosmetic Damage Exclusion Endorsement.
   e. Manufactured and mobile homes must be written on a manufactured home policy.
   f. All manufactured or mobile homes must be skirted and tied down (anchored) in accordance with state requirements. The skirting must be a solid material.
   g. Travel trailers and recreational vehicles (RVs) are not eligible for any policy type.
   h. Condos and multi-unit dwellings are unacceptable unless written as tenant occupancy on a dwelling fire policy.
   i. Townhouses and row houses are acceptable if they have a firewall. Duplexes require underwriting approval.
   j. Buildings with open foundation, on piers or stilts, or open pier and beam structures require underwriting approval.
   k. Dwellings with aluminum, knob and tube wiring, less than 100-amp service, exposed wiring, Federal Pacific breaker boxes, or without circuit breakers are ineligible.
   l. Cast Iron, galvanized or interior water supply lines made of lead are ineligible.
   m. Polybutylene plumbing is ineligible.
   n. Roofs: The following conditions are ineligible:
      i. Wood shingle (all or part) or any overlay over wood shingle or any other ineligible roof surface.
      ii. Excessive wear, including cupping and/or curled shingles.
      iii. More than two layers for an actual cash value policy and one layer for a replacement cost value policy.
      iv. Shingles in need of repair or replacement, regardless of age.
      v. Fasteners, flashing and/or vents in need of repair or replacement.
      vi. Tree limbs contacting roofing material.
      vii. Unrepaired pre-existing damage.
      viii. Flat roofs, tar and gravel roofs, or rolled roofs over living areas.
      ix. T-Lock shingles.
      x. Asbestos roofs.

o. Four or more steps without handrails are generally ineligible.
p. Homes with a swimming pool, spa, or trampoline unless surrounded by a fence at a minimum of 4 feet in height with a self-latching gate are ineligible.
   i. Wire, Iron, or board fencing that can be easily crawled through are not eligible fences.
   ii. Pool must not have a slide or diving board, be in disrepair or empty of water.
q. Lakes, ponds, rivers and streams or similar water exposures on the insured premises are ineligible.
r. More than 3 outbuildings on the residence premises require underwriting approval.
s. Asbestos siding, unless policy is actual cash value loss settlement, the siding is in good condition and subject to underwriting approval.
t. Dwellings with wood burning stoves not professionally installed and/or portable heaters that are the primary heat source.
u. Primary heat source must be permanently installed and thermostatically controlled.
v. Other open flame heat sources which require the homeowner to handle the fuel (example: kerosene stoves).

Note: Risks with features listed above may be eligible with the proper exclusion(s).

5. Property maintenance

a. Dwellings 50 years old or older without heating updates are ineligible.
b. Dwellings that are not maintained in an insurable condition are ineligible.
   i. Insurable conditions include, but is not limited to updated electrical fixtures, heating and air conditioning units, plumbing fixtures, appliances, paint, hot water heater and roof (documentation may be required).
c. Dwellings must show high pride of ownership.
d. Dwelling or other structures with rot, excessive peeling or in need of paint; broken or boarded windows, or other deferred maintenance or unrepaired damage are ineligible.
e. Evidence of settling (cracks) in structure (including prior damage).
f. Properties in the course of construction and/or renovation are ineligible.
g. The presence of attractive nuisances such as debris, abandoned vehicles, outside appliances, dwellings with nonoperable utilities.
h. Roof age over 10 years old will add the actual cash value roof settlement endorsement.
i. Dwellings used as boarding houses, apartments, or dormitories.

6. Liability exposure (unless excluded)

a. Animals with previous bite history or potentially fierce breeds of dogs (unless excluded). These breeds include, but are not limited to, any full or mixed breed American bulldog, American Staffordshire, Bull Terrier, Doberman Pincher, Chow, Akita, Rottweiler, German Shepherd, Pit Bull and wolf or wolf hybrid.
b. Insured premises where insured owns large, unusual, or exotic animals.
c. All-terrain vehicles including UTVs, dune/swamp buggy, dirt bike and/or any recreational vehicle not subject to motor vehicle registration.
d. Walkways, driveways, porches, or sidewalks on the residence premises with a crack, break, or gap that present a trip hazard.
e. No more than 10 animals.

7. Other

a. Dwellings with more than two mortgages.

b. Previously cancelled for underwriting reasons by the company: exception, if the condition causing the cancellation has been resolved, at the discretion of the underwriter, a rewrite may be offered.
c. Dwellings where named insured has no ownership.
d. No more than five dwellings per landlord policy.
e. No more than one residential dwelling per insured location.

Wildfire restrictions

In the event of an impending wildfire, binding authority is suspended when the impending threat is within 50 miles of the risk. Binding authority resumes when the fire is 80% contained.

Hurricane binding instructions

Binding authority for new business/increased liability is suspended for new business once a tropical disturbance or storm has entered or is approaching the Gulf of Mexico or within the boundaries of 75 West Longitude and 15 North Latitude. This restriction will remain in force until 24 hours after the storm warnings go down, regardless of where they are posted on the Gulf Coast.

Binding authority

As our agent, you are authorized to bind coverage on risks meeting the eligibility requirements defined in these guidelines and any other directives communicated to you by our company. We trust that you will exercise this authority thoughtfully.

When hazardous weather conditions arise, you may be approached by potential customers driven to purchase insurance. Just as you would never “insure a burning building,” common sense and basic business ethics should keep you from writing coverage when flood, hurricane, wildfire or tornado warnings are issued.

Applications must not be backdated.

Applications are not bound until valid payment is applied.