



UNDERWRITING GUIDELINES – HOMEOWNERS

Kemper's underwriting guidelines describe exposures that are ineligible. There may be some instances where an applicant meets our guidelines but we elect not to offer or continue coverage. Kemper is the final authority on the eligibility of any risk.

Ineligible Persons

- Applicant / named insured not the legal owner and occupant
- Currently own a home and are uninsured
- Subject to high public exposure, such as a celebrity, politician, or athlete
- Within the last 5 years filed for bankruptcy; have a foreclosure, judgment, repossession or lien
- Within the last 5 years been indicted or convicted of fraud, bribery or arson
- Fail to provide requested underwriting information

Ineligible Property Conditions

This list of conditions below is not meant to be a full and complete list of all ineligible condition. The following risks are ineligible:

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| <ul style="list-style-type: none">▪ Homes Built prior to 1940 with Replacement Cost Dwelling coverage or any coverage bundles which include replacement cost coverage▪ Existing maintenance concerns or damage in need of repair▪ Under renovation or construction▪ Unoccupied or vacant▪ In foreclosure or for sale▪ Located in a brush area, or within 1000 feet of a waterline▪ In a flood area without a flood policy▪ In sinkhole or landslide area▪ On a slope of 25 degrees or more▪ Three or more family risk▪ Lead paint▪ Built using asbestos in any part including but not limited to roofing, siding, and walls▪ Coverage A at or above \$1,000,000 in protection class 1-8 without a central station or direct burglar and fire alarm▪ Coverage A at or above \$500,000 in protection class 9 without a central station or direct burglar and fire alarm | <ul style="list-style-type: none">▪ Coverage C at or above \$500,000 on a tenant or condo policy without a central station or direct burglar and fire alarm▪ Coverage A at or above \$750,000 in protection class 9▪ Coverage A at or above \$500,000 if secondary or seasonal▪ Protection class 10▪ Not accessible year round by fire/safety equipment▪ Open foundations, stilts, or posts▪ Other Structures which exceed 2500 square feet, or are used for storing hazardous materials▪ Exterior Insulation and Finish Systems (EIFS) or Synthetic Stucco and built prior to 2000▪ Unique construction including: log, mobile, or manufactured▪ On a Historical registry▪ Not inspected due to refusal of the homeowner or the inability of the inspector to locate the risk |
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Ineligible System Updates

This list of conditions below is not meant to be a full and complete list of all ineligible conditions:

- Galvanized, lead or Polybutylene plumbing
- Roofs 20 years or older (except those with lifetime roof materials which includes slate and tile roofs)
- Flat roofs 10 years or older
- Wood, foam, rubber, asbestos, T-Lock, rolled or galvanized metal or multi-layer roofs
- Less than 100 amp service, fuses, knob and tube or aluminum wiring in whole or in part without prior underwriting approval. A full inspection by a certified electrical inspector verifying code, condition and suitability dated within the past 2 years will be required
- Federal Pacific Electric Stab-Lok electrical panel
- Primary heat source that runs without a thermostat, including wood, coal or pellet stoves
- Furnaces or boilers 25 years or older
- Underground oil tanks
- Fuel powered space heaters, unvented gas fireplaces

Ineligible Loss History

- Involve negligence or carelessness

New Business only:

The experience period is five years

- Two or more losses of any type
- Liability or fire (excluding weather related) losses
- Theft losses at or above \$2,500. Below \$2,500 without prior underwriting approval
- Any water losses without prior underwriting approval
- Open claims without prior underwriting approval

Renewal Business only:

The experience period is three years

- Three or more losses of any type excluding losses natural causes, weather, \$0 paid and appliance related losses
- Three or more losses if they are all appliance related losses

Ineligible Liability Exposures

This list of conditions below is not meant to be a full and complete list of all ineligible conditions:

- Unfenced pools
- Commercially owned, used primarily for commercial purposes, or with a business exposure that does not qualify for the Home Based Business endorsement
- Homes deeded in the name of a trust where:
 - Not a family trust
 - Grantor of the trust is not the named insured(s)
 - Trust address that does not match named insured's address
- More than three residence employees
- No more than three additional owner occupied residences
- No more than 4 rental locations and no more than 2 units per location. A unit is defined as a single family dwelling or a single apartment or condo unit within a single or multi-family residential location

- Short term rentals on premises (room or home)
- Owned motorized golf cart(s) which can exceed 25 miles per hour
- Exotic or zoo animals
- Livestock: More than five per household; where not personal use. All require prior underwriting approval
- Dogs with a prior bite history
- Dogs of, or mixed with the following breeds: Akita, Cane Corso, Chow, Doberman Pinscher, Pit Bull Terrier, Staffordshire Bull Terrier, American Staffordshire Terrier, Presa Canario, Rottweiler, Wolf dog/Wolf mix

Catastrophe Management Guidelines

- Ineligible: Risks within 1,000 feet of coastal waters
- Wind/Hail Exclusion: Risks written in Tier 1 counties must be written with the Wind/Hail exclusion (HO-140); the signed rejection form is required.
 - Tier 1 counties are: Aransas, Brazoria, Calhoun, Cameron, Chambers, Galveston, Jefferson, Kenedy, Kleberg, Matagorda, Nueces, Refugio, San Patricia, Willacy and the portions of Harris eligible for coverage through TWIA.
- In Tier 1, with the Wind/Hail Exclusion, risks with any prior losses are ineligible.
- Tier 1 policies are required to have active Texas Windstorm Insurance Association and National Flood Insurance Program policies and provide proof of policy
- Mandatory Minimum Wind/Hail Deductible: Risks located in Tier 2 counties require a minimum 2% wind/hail deductible.
 - Tier 2 counties are: Bee, Brooks, Fort Bend, Goliad, Hardin, Harris, Hidalgo, Jackson, Jim Wells, Liberty, Live Oak, Orange, Victoria, and Wharton.
- Tier 2 policies are required to have active National Flood Insurance Program policies and provide proof of policy
- Mandatory Minimum Wind/Hail Deductibles: Risks located in the following counties require a minimum 1.5% wind/hail deductible:
 - Andrews, Armstrong, Bailey, Borden, Brewster, Briscoe, Brown, Callahan, Carson, Castro, Childress, Cochran, Coke, Coleman, Collingsworth, Comanche, Concho, Cottle, Crane, Crockett, Crosby, Culberson, Dallam, Dawson, Deaf Smith, Dickens, Dimmit, Donley, Duval, Eastland, Ector, Edwards, El Paso, Fisher, Floyd, Frio, Gaines, Garza, Glasscock, Gray, Hale, Hall, Hansford, Hartley, Haskell, Hemphill, Hockley, Howard, Hudspeth, Hutchinson, Irion, Jeff Davis, Jim Hogg, Jones, Kent, Kerr, Kimble, King, Kinney, Knox, Lamb, La Salle, Lipscomb, Loving, Lubbock, Lynn, McCulloch, McMullen, Martin, Mason, Maverick, Menard, Midland, Mitchell, Moore, Motley, Nolan, Ochiltree, Oldham, Parmer, Pecos, Potter, Presidio, Randall, Reagan, Real, Reeves, Roberts, Runnels, Schleicher, Scurry, Shackelford, Sherman, Starr, Stephens, Sterling, Stonewall, Sutton, Swisher, Taylor, Terrell, Terry, Throckmorton, Tom Green, Upton, Uvalde, Val Verde, Ward, Webb, Wheeler, Winkler, Yoakum, Zapata and Zavala.
- Mandatory Minimum Wind/Hail Deductibles: Risks located in the remainder of the state require a minimum 1.0% wind/hail deductibles
- Homes valued over \$350,000 in Tiers 1 and 2 counties require prior underwriting approval
- Policies are required to have active Texas Windstorm Insurance Association and National Flood Insurance Program policies and provide proof of policy
- For HO4 and HO6 policies less than 1 mile from the coast require a minimum \$2500 All Peril Deductible

The following are ineligible for coverage as noted below:

Farming:

Incidental Farming Personal Liability Endorsement is offered but ineligible where:

- Farming is the primary source of income and/or use of the location
- Farming is the primary occupation of applicant or any other household member
- Employees related to farming
- Farming acreage greater than 100 acres
- Hunting use occurs
- Sales or distribution of food farmed occurs

Scheduled Personal Property and Blanket Valuable Items:

The following are ineligible for coverage:

- Items used commercially, professionally, or in exhibits or trade shows
- Drones, loose gemstones, hearing aids, cell/smart phones, tablets, and computer software
- A total schedule at or above \$100,000 without a central station burglar alarm
- Current appraisals more than 5 years old (Bills of sale are acceptable for newly purchased items)
- New business only: Paid scheduled personal property losses in the experience period

Agent Binding Authority Limits which require prior Underwriting approval are as follows:

- Jewelry, Furs, Fine Arts and Silverware:
 - \$25,000 per item
 - \$100,000 per class
 - Jewelry appraisals must be done by a certified or graduate gemologist
- All Other Classes:
 - \$10,000 per item
 - \$100,000 per class
- Total Aggregate of SPP and BVI: \$250,000

Ineligible Home Based Business

The Home Business Insurance Coverage Endorsement may be used in conjunction with a Homeowners policy to cover the Section I and Section II exposures of a permitted business.

- Not owned by the named insured or a partnership, joint venture, or other organization comprised only of the named insured and resident relatives
- Not operated from the residence premises that is declared on the Homeowners Declaration and used principally for residential purposes
- With more than three employees
- With more than ten customers visiting weekly
- Gross annual receipts exceeding \$250,000
- Involving the following:
 - Manufacture, sale or distribution of food products
 - Manufacture of personal care products such as shampoo, hair color, soap, perfume, or other like items applied to the body or consumed
 - Sale or distribution of personal care products manufactured by the insured such as shampoo, hair color, soap, perfume, or other like items applied to the body or consumed
 - Operations of Bed and Breakfasts
 - Operations of an Adult and/or Child Daycares
 - Beauticians and/or Barbers

Note: When a permitted business is afforded coverage under the Permitted Incidental Occupancy Coverage Endorsement, that business may not be afforded coverage under the Home Business Insurance Coverage Endorsement

Ineligible Wildfire

A risk may be classified as being in a “wildfire vulnerable” area after taking into consideration the risk’s combination of and proximity to these and other factors which increase the wildfire exposure:

- Historical wildfire activity and/or designated wildfire zones
- Wildfire fuel as evidenced from inspections, wildfire assessment tools or mapping data
- Known or potential inadequacies in fire agency response times, equipment and/or access to the home
- Debris on roof, in gutters and underneath decks as evidenced by inspections
- Wood, wood shake, cedar or cedar shake roofs
- Elevation and/or slope
- Home must contain adequate natural or man-made fire breaks, or “defensible space”, such as:
 - Ground to siding clearance of at least six inches
 - Noncombustible materials 0-5 feet from the home such as gravel, concrete, or brick
 - Proper vegetation clearance and maintenance within 1000-feet of structure

Note: As part of the overall wildfire management strategy, the company will also manage the concentration of risk in and around all wildfire vulnerable areas

Ineligible Earthquake:

Earthquake endorsements may not be added to a policy midterm without prior underwriting approval

- Built prior to 1951
- Retrofitting requirements:
- Water heaters, wood stoves, and propane tanks must be properly braced and anchored
 - All masonry walls, partitions, structures, including chimneys must be reinforced and properly braced, including bolting the frame to the slab or foundation walls and eligible crawlspaces
 - Gas lines must have automatic shut-off valves
 - Homes built prior to 1985 require prior underwriting approval and will require proof of retrofitting:
 - Structural engineer’s inspection report
 - Contractor’s invoice
 - Real estate disclosure documents
 - Photos of foundation bolts or framed cripple walls

Ineligible Personal Umbrella Liability Coverage (PULC)

A policy is eligible for a PULC only if all underlying exposures meet eligibility guidelines within our primary programs as well as meet all PULC guidelines below. This includes Automobile, Homeowner, and Dwelling Fire. Ineligible watercraft are listed below

- Any policy with PULC at or above \$2,000,000 requires prior underwriting approval, including midterm changes to add or increase coverage
- Risks with underlying motorcycles, recreational vehicles (i.e., all-terrain vehicles, snowmobiles, other off road vehicles) with PULC limits exceeding \$2,000,000 (\$1,000,000 when there are operators less than 25 years old)
- Underlying snowmobiles, all-terrain vehicles, or other off-road vehicles, exceeding 600cc's, or that are modified or altered
- Risks where any operators less than 25 years of age have any driving activity
- Automobile policies with a named driver exclusion are ineligible
- Automobile policies where any family member is insured elsewhere because of underwriting reasons
- Watercraft greater than fifty feet in length
- Watercraft which can reach speeds greater than fifty miles per hour
- Watercraft which are used greater than fifty miles off shore
- Risks where any residence owned by an insured is located outside of the United States
- If exposure counts are above the following maximums allowed:

Automobiles	8	Owner occupied homes	4
Motorcycles	2	Homes/units rented to others	4
Motorhomes	1	Home offices	2
Recreational vehicles	4	Residence employees	3
Watercraft	4	Youthful operators	4

The following underlying requirements pertain to PULC coverage:

Auto Liability <ul style="list-style-type: none"> ▪ Autos, motorhomes, motorcycles, motor scooters, and mopeds owned by, leased, or regularly furnished to the named insured or a family member. ▪ Recreational motor vehicles owned by or regularly furnished to the named insured or a family member. <p><i>Note: The Company prefers an automobile policy for the recreational vehicle. If primary coverage is provided by the Homeowners policy, make certain the Homeowners coverage extends to both on and off of an insured location, or a gap in coverage could result.</i></p>	Bodily Injury: \$250,000 per person / \$500,000 per occurrence Property Damage: \$100,000 -OR- Combined Single Limit of \$300,000
Comprehensive Personal Liability, including Personal Injury Liability <ul style="list-style-type: none"> ▪ Homes, apartments, condominiums owned by or regularly furnished to the named insured where the named insured resides; and ▪ Homes, apartments, condominiums owned by the named insured that you rent or lease to others; and ▪ An office or studio in a place where the named insured resides. 	\$300,000 Personal Liability
Watercraft Liability With respect to watercraft owned by or regularly furnished to the named insured.	\$300,000 Personal Liability
Employer's Liability Applicable to a personal employee of an "insured" whose duties are related to the maintenance or use of the residence premises.	\$300,000 Personal Liability

Binding Authority

- Binding of any new coverage or increases in existing coverage is prohibited in the following situations

- **New Insured Location:** May not be endorsed to an existing policy and must be rewritten (excluding Tenants policies)
- **Storm Watch or Warning:** For all risks in an area when the Weather Bureau announces a watch or warning
- **Wildfire:** For all risks within a 5-mile radius of any existing conflagration or active fire line with respect to any wildfire, firestorm, range fire or forest fire
- **Earthquake or Volcanic Eruption:** For the 30 days following any and all volcanic eruptions or an earthquake of 4.0 or greater on the Richter scale in accordance with the following distance and magnitude rules:
 - Within 50 miles of a 4.0 to 6.5 earthquake
 - Within 100 miles of a 6.5 to 7.0 earthquake
 - Within 200 miles of an earthquake over 7.0 (or via company announcement)

Agency Document Retention

Note: Additional documentation may be requested by the company and should be retained in agency file.

Provide to company and retain in agency file:

- Certificate of installed system showing monitoring is currently activated for central station and direct to police/fire station for burglar and/or fire alarm discount
- Scheduled property appraisal completed by certified appraiser within five years for items at or above \$25,000

Retain in agency file:

- Completed ACORD application signed by applicant(s) and agent
- Property CLUE report
- Completed accurate replacement cost estimator (RCE)
- Scheduled property appraisal completed by certified appraiser within five years for items less than \$25,000