



Texas Wind and Hail Only Dwelling Policy

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SECTION I – GENERAL RULES

SCOPE

The rules, rates, and premiums contained in the Manual shall govern the writing of the windstorm and hail insurance policies issued by Maison Insurance Company (MIC).

ELIGIBILITY

1. Windstorm and hail insurance may be provided only on property located in the designated catastrophe areas as specified in Rule **I-D** of this manual.
2. MIC policy forms may be issued as follows:
 - a. Dwellings – Maison Insurance Company Dwelling Policy.
 - b. Commercial and Public Buildings, except farm and Ranch Dwellings – Not applicable to the MIC Program.
 - c. Farm and Ranch Dwellings – Not applicable to the MIC Program
 - d. Manufactured Housing (Mobile Homes) – Not applicable to the MIC Program.

DEFINITIONS

Dwellings

1. Any structure occupied as a dwelling, garage apartment (not more than two families), duplex dwelling, employee quarters, private garage, private barns, seasonal dwelling, private club house, private camp house, or miscellaneous outbuildings on dwelling premises.
2. Any individually owned townhouse unit insured in the name of the unit owner.

DETERMINATION OF TERRITORY (CATASTROPHE AREAS)

The following areas are designated by the Commissioner of Insurance as catastrophe areas:

1. The counties of Aransas, Brazoria, Calhoun, Cameron, Chambers, Galveston, Jefferson, Kenedy, Kleberg, Matagorda, Nueces, Refugio, San Patricio, and Willacy.
2. Areas located east of the boundary line of State Highway 146 and:
 - a. Within the city limits of Seabrook, (Harris County), Texas.
 - b. Within the city limits of La Porte, (Harris County), Texas.
 - c. Within the city limits of Shoreacres, (Harris County), Texas.
 - d. Within the city limits of Pasadena, (Harris County), Texas.
3. The City of Morgan’s Point, (Harris County), Texas.

RATING TERRITORIES

The designated catastrophe areas are in the following rating territories:

County	Territory
Aransas	10
Brazoria	10
Calhoun	10
Cameron	10
Chambers	10
Galveston	8
Harris – Specified Areas	1

County	Territory
Jefferson	10
Kenedy	10
Kleberg	10
Matagorda	10
Nueces	9
Refugio	10
San Patricio	10
Willacy	10

INSURABLE PROPERTY

1. All structures that were constructed or repaired or to which additions are made prior to June 1, 1972.
2. All structures that were constructed or repaired or to which additions were made on and after June 1, 1972 but before January 1, 1988 and were certified as being in compliance with the building specifications of the plan of operation.

EXCEPTION:

Structures constructed, repaired or to which additions were made on or after June 1, 1972 but before January 1, 1988, that are located in an area covered at the time by a building code recognized by MIC shall be considered insurable property for windstorm and hail insurance from MIC without compliance with the building specifications of the plan of operation or inspection and approval by the Department of Insurance. A structure constructed, repaired, or to which additions were made on or after June 1, 1972 but before January 1, 1988, that is located in an area not covered by a building code recognized by MIC shall be considered an insurable property for windstorm and hail insurance from MIC without compliance with the building specifications of the plan of operation or inspection and approval by the Texas Department of Insurance, if that structure has been previously insured by a licensed insurance company authorized to do business in this State and the risk is in essentially the same condition as when previously insured, except for normal wear and tear, and without any structural change other than a change made according to code. Evidence of previous insurance includes a copy of a previous policy, copies of cancelled checks or agent's records that show payments for previous policies, and a copy of the title of structure or mortgage company records that show previous policies.

3. All structures constructed, repaired or to which additions were made on and after January 1, 1988 that have been certified by the Texas Department of Insurance as being in compliance with the building specifications of the plan of operation shall be considered insurable property, except as provided in items 4 and 5.

A certificate of compliance (Form **WPI-8**) issued by the Texas Department of Insurance is evidence of insurability of the structure by MIC.

4.
 - a. For property located east of the boundary line of State Highway 146 and inside the city limits of the City of Seabrook (Harris County) and for property located east of the boundary line of State Highway 146 and inside the city limits of the City of La Porte (Harris County), all structures constructed, repaired, or to which additions were made on and after January 1, 1988, and before March 1, 1996, are approved as complying with MICs Inland Building Code (1973 Edition, Standard Building Code) if the City of Seabrook or the City of La Porte has issued

the owner of the property the following statement signed by the city building official. This statement must be provided to MIC when application is made to MIC for windstorm and hail insurance and shall be considered evidence of insurability of the structure by MIC.

“To the best belief and knowledge of the undersigned, the structure, located at _____ (Street Address), _____ (City or Town), Texas, was constructed, repaired, or an addition was made on and after January 1, 1988, and before March 1, 1996, in accordance with building specifications and standards which comply with the Standard Building Code (1973 Edition) or an equivalent recognized code; and the City of _____, Texas, inspected the structure and enforced compliance to said code.”

(Signature of Building Official)

(Title)

- b. For property located in the City of Morgan’s Point (Harris County), all structures constructed, repaired, or to which additions were made on and after January 1, 1988, and before June 1, 1996, are approved as complying with MIC’s Inland Building Code (1973 Edition, Standard Building Code) if the City of Morgan’s Point has issued to the owner of the property the following statement signed by a city building official. This statement must be provided to MIC when application is made to MIC for windstorm and hail insurance and shall be considered as evidence of insurability of the structure by MIC.

“To the best belief and knowledge of the undersigned, the structure, located at _____ (Street Address), Morgan’s Point, Texas, was constructed, repaired, or an addition was made on and after January 1, 1988, and before June 1, 1996, in accordance with building specifications and standards which comply with the Standard Building Code (1973 Edition) or an equivalent recognized code; and the City of Morgan’s Point, Texas, inspected the structure and enforced compliance to said code.”

(Signature of Building Official)

(Title)

- c. For property located east of the boundary line of State Highway 146 and inside the City of Shoreacres (Harris County) and for property located east of the boundary line of State Highway 146 and inside the city limits of the City of Pasadena (Harris County), all structures constructed, repaired, or to which additions were made on and after January 1, 1988 , and before March 1, 1997, are approved as complying with MIC’s Inland Building Code (1973 Edition, Standard Building Code) if the City of Shoreacres or the City of Pasadena has issued to the owner of the property the following statement signed by a city building official. This statement must be provided to MIC when application is made to MIC for windstorm and hail insurance and shall be considered evidence of insurability of the structure by MIC.

“To the best belief and knowledge of the undersigned, the structure, located at _____ (Street Address) , _____ (City or Town) , Texas, was constructed, repaired, or an addition was made on and after January 1, 1988, and before March 1, 1997, in accordance with building specifications and standards which comply with the Standard Building Code (1973 Edition) or

an equivalent recognized code; and the City of _____, Texas, inspected the structure and enforced compliance to said code.”

(Signature of Building Official)

(Title)

5. The following property if certified by the Texas Department of Insurance as being in compliance with the building specifications of the plan of operation shall be considered insurable property:
 - a. A structure constructed, repaired, or to which additions were made on and after March 1, 1996, that is located east of the boundary line of State Highway 146 and inside the city limits of the City of Seabrook (Harris County) or that is located east of the boundary line of State Highway 146 and inside the city limits of the City of La Porte (Harris County).
 - b. A structure constructed, repaired, or to which additions were made on and after June 1, 1996 that is located in the City of Morgan’s Point (Harris County).
 - c. A structure constructed, repaired, or to which additions were made on and after March 1, 1997, that is located east of the boundary line of State Highway 146 and inside the city limits of the City of Shoreacres (Harris County) or that is located east of the boundary line of State Highway 146 and inside the city limits of the City of Pasadena (Harris County).
A certificate of compliance (Form WPI-8) issued by the Texas Department of Insurance is evidence of insurability of the structure by MIC.
6. All structures which are located within those areas designated as units under the Federal Coastal Barrier Resources Act (Public Law 97-348) and for which construction has commenced on or after July 1, 1991, shall not be considered insurable property.

POLICY TERM

Policies to be issued for one year only.

COINSURANCE

1. Coinsurance is required as follows:
 - a. Commercial and Public Buildings or business personal property. Not applicable to the MIC Program.
 - b. Dwelling Buildings as defined in Rule I-C-1: 80% mandatory.
 - c. Dwelling Personal Property: coinsurance not applicable.
 - d. Builders Risk Form. Not applicable to the MIC Program.
2. Waiver of Coinsurance. Coinsurance may be waived when the value exceeds the maximum limit of liability or the amount of insurance exceeds the following minimum limits:
 - a. Dwelling: \$100,000 for dwelling building
 - b. Commercial. Not applicable to the MIC Program.
3. Determination of Premium. When the Company waives the coinsurance requirements, the premium charged is determined in accordance with the First Loss Scale Formula.

FIRST LOSS SCALE FORMULA

% of Total Value	% of Total Premium	% of Total Value	% of Total Premium
1.10%	32.50%	33.33%	80.00%
1.10%	33.00%	34.00%	80.22%
1.20%	33.50%	35.00%	80.55%
1.30%	34.00%	36.00%	80.88%
1.40%	34.50%	37.00%	81.21%
1.50%	35.00%	38.00%	82.54%
1.60%	35.50%	39.00%	81.87%
1.70%	36.00%	40.00%	82.20%
1.80%	36.50%	41.00%	82.53%
1.90%	37.00%	42.00%	82.80%
2.00%	37.50%	43.00%	83.00%
2.10%	37.75%	44.00%	83.30%
2.20%	38.00%	45.00%	83.60%
2.30%	38.25%	46.00%	83.90%
2.40%	38.50%	47.00%	84.21%
2.50%	38.75%	48.00%	84.46%
2.60%	39.00%	49.00%	84.70%
2.70%	39.25%	50.00%	85.00%
2.80%	39.50%	51.00%	85.20%
2.90%	39.75%	52.00%	85.40%
3.00%	40.00%	53.00%	85.60%
3.10%	40.50%	54.00%	85.80%
3.20%	41.00%	55.00%	86.00%
3.30%	41.50%	56.00%	86.20%
3.40%	42.00%	57.00%	86.40%
3.50%	42.50%	58.00%	86.60%
3.60%	43.00%	59.00%	86.80%
3.70%	43.50%	60.00%	87.00%
3.80%	44.00%	61.00%	87.20%
3.90%	44.50%	62.00%	87.40%
4.00%	45.00%	63.00%	87.60%
4.10%	45.50%	64.00%	87.80%
4.20%	46.00%	65.00%	88.00%
4.30%	46.50%	66.00%	88.20%
4.40%	47.00%	67.00%	88.40%
4.50%	47.50%	68.00%	88.60%
4.60%	48.00%	69.00%	88.80%
4.70%	48.50%	70.00%	89.00%
4.80%	49.00%	71.00%	89.20%
4.90%	49.50%	72.00%	89.40%
5.00%	50.00%	73.00%	89.60%
6.00%	52.00%	74.00%	89.80%
7.00%	54.00%	75.00%	90.00%
7.50%	55.00%	76.00%	90.40%
8.00%	56.00%	77.00%	90.80%
9.00%	58.00%	78.00%	91.20%
10.00%	60.00%	79.00%	91.60%

% of Total Value	% of Total Premium	% of Total Value	% of Total Premium
11.00%	61.00%	80.00%	92.00%
12.00%	62.00%	81.00%	92.40%
13.00%	63.00%	82.00%	92.80%
14.00%	64.00%	83.00%	93.20%
15.00%	65.00%	84.00%	93.60%
16.00%	66.00%	85.00%	94.00%
17.00%	67.00%	86.00%	94.40%
18.00%	68.00%	87.00%	94.80%
19.00%	69.00%	88.00%	95.20%
20.00%	70.00%	89.00%	95.60%
21.00%	71.00%	90.00%	96.00%
22.00%	72.00%	91.00%	96.40%
23.00%	73.00%	92.00%	96.80%
24.00%	74.00%	93.00%	97.20%
25.00%	75.00%	94.00%	97.60%
26.00%	75.625%	95.00%	98.00%
27.00%	76.250%	96.00%	98.40%
28.00%	76.875%	97.00%	98.80%
29.00%	77.500%	98.00%	99.20%
30.00%	78.125%	99.00%	99.60%
31.00%	78.750%	100.00%	100.00%
32.00%	79.375%		

NEW OR INCREASED COVERAGE AND RENEWAL APPLICATIONS

New or increased coverage will be effective on the date received by the Company or effective on the date the application is mailed if sent by registered mail, certified mail, United Postal Service Express Mail, or if sent by regular mail that is hand canceled by the United States Postal Service, or if sent by such other similar mailing procedure as approved by the Company, prior to the time specified in this rule as an exception, unless the application for new or increased coverage stipulates a later date.

Renewal Policies will be effective to provide continuous coverage if the request for renewal is received on or before the expiration of the existing policy.

EXCEPTION: No new or increased coverage applications will be accepted on the day (beginning at 12:01 A.M.) or after a windstorm designated as a hurricane by the United States Weather Bureau is in the Gulf of Mexico or within the boundaries of 80 Degrees West Longitude and 20 Degrees North Latitude, until the Company determines that the storm no longer threatens property within the designated catastrophe area of MIC. This exception does not apply to any new or increased coverage application that meets underwriting criteria that is submitted as follows: mailed prior to the first day that a windstorm designated as a hurricane by the United States Weather Bureau in the Gulf of Mexico or within the boundaries of 80 Degrees West Longitude and 20 Degrees North Latitude by registered or certified mail, United States Postal Service Express Mail or regular mail that is hand canceled by the United States Postal Service or such other mailing procedure as approved by the Company. Such applications will be accepted and become effective on the date delivered in person or mailed or a later date if stipulated on the applications. This exception also does not apply to any renewal policy affording windstorm coverage if the expiring policy was written by the Company.

DEDUCTIBLES

Dwellings

1. The following deductible options may be used unless an optional large deductible is selected:
 - a. \$100 Deductible
 - b. \$250 Deductible

Dwelling extended coverage rates contemplate a deductible equal to 1% (but no less than \$100) of the amount of insurance applicable to each item. Refer to the Deductible Adjustment Percentage Schedule [see Appendix E.] to calculate rate for \$100 and \$250 deductible.

- c. 1% Deductible.
2. Optional Large Deductible

An optional large deductible of 1½%, 2%, 2½%, 3%, 4%, or 5% may be provided for dwelling risks. Refer to Optional Large Deductible Chart [see Appendix F.] for the appropriate premium credit.

- a. The minimum deductible amount may not be less than \$100.
 - b. The actual deductible amount in dollars must be shown on the declarations page of the policy.
 - c. The selection of a large deductible is at the option of the insured. Maison may not require the selection of a large deductible as a condition to issue the windstorm and hail policy.

MAXIMUM LIMITS FOR LIABILITY

1. Company policies are subject to a maximum limit of liability. The maximum limit of liability is \$1 million.
2. Dwellings

Maximum limits of liability are set for:

 - a. a dwelling and the personal property located in or about the dwelling.
 - b. a townhouse unit and the personal property located in or about the townhouse unit when rated as a dwelling.
 - c. individually owned personal property located in an apartment, residential condominium or townhouse unit that is occupied by the owner of that property.

CANCELLATIONS AND MINIMUM RETAINED PREMIUM

Cancellations

1. A policy may be cancelled at any time at the request of the insured or a premium finance company by notifying MIC in writing of the date cancellation will take effect. The Company will refund any unearned premium not later than the 15th business day after the effective date of cancellation. The refund will be pro rata.
2. Non-Payment of premium shall be deemed a request for cancellation by the insured.
3. MIC may not initiate flat cancellation for any reason.
4. Minimum earned premium per policy shall be \$100.00 (unless canceled by MIC and then actual unearned premium will be refunded).

RULES FROM TEXAS GENERAL BASIS SCHEDULES

The rules of the Texas General Basis Schedules, approved prior to and in effect on October 1, 1991, as applicable in whole or in part, shall apply when not in conflict with the other rules of this manual. These rules are contained in Appendix C.

SECTION II – POLICY FORMS AND ENDORSEMENTS

The following policy forms and endorsements are to be used:

POLICY FORMS

MIC Texas Windstorm Insurance Dwelling Policy.

ENDORSEMENTS

1. Endorsements for use with the MIC Texas Windstorm Insurance Dwelling Policy Form.
 - a. Form No. **MIC WH TX 12**, Assignment of Interest or Change in Mortgagee or Trustee.
 - b. Form No. **MIC WH TX 112**, Loss Payable Clause.
 - c. Form No. **MIC WH TX 113**, Loss Policy Voucher.
 - d. Form No. **MIC WH TX 130**, Mortgage Clause (Without Contribution).
 - e. Form No. **MIC WH TX 151A**, Premium Assignment Clause.
 - f. Form No. **MIC WH TX 175**, Sale Contract Clause.
 - g. Form No. **MIC WH TX 195**, Sworn Statement in Proof of Loss.
 - h. Form No. **MIC WH TX 310**, Extensions of Coverage.
 - i. Form No. **MIC WH TX 320**, Extensions of Coverage.
 - j. Form No. **MIC WH TX 431**, Extension of Coverage-Increased Cost of Construction (Dwelling).
 - k. Form No. **MIC WH TX 330**, Extensions of Coverage, amended June 15, 1999.
 - l. Form No. **MIC WH TX 365**, Replacement Cost Endorsement-Personal Property.
 - m. Form No. **MIC WH TX 400**, Actual Cash Value-Roofs (One or Two Family Dwellings).
 - n. Form No. **MIC WH TX 420**, Exclusion of Cosmetic Damage to Roof Coverings Caused by Hail, effective June 15, 1999.
 - o. Form No. **MIC WH TX 220**, Automatic Adjusted Building Cost Endorsement.

RULES FOR ATTACHMENT OF CERTAIN ENDORSEMENTS

1. Replacement Cost Endorsement Form No. **MIC WH TX 365** (Personal Property).

Form **MIC WH TX 365** may be attached to substitute “Replacement Cost” for “Actual Cash Value” subject to the exclusions and conditions of the endorsement. Attachment of the endorsement is subject to the following conditions and additional premium.

 - a. If the MIC policy covers dwelling and personal property and coverage on the same personal property is provided under Endorsement **HO-101** or an equivalent form, the MIC policy may be endorsed with Form No. **MIC WH TX 365** by applying 5% surcharge to the total MIC policy premium for such dwelling and personal property.
 - b. If the MIC policy covers personal property only and coverage on the same personal property is provided under Endorsement **TDP-002** or an equivalent form, the Company policy may be

endorsed with Form No. **MIC WH TX 365** by applying 15% surcharge to the total Maison policy premium for such personal property. The surcharge shall be applied to the total MIC policy premium for the dwelling and personal property before charge for a deductible other than the percentage deductible.

Minimum limit is \$8,000 on personal property when other coverage is provided under Endorsements **HO-101**, **TDP-002** or the equivalent.

2. Extensions of Coverage Endorsements.

The following endorsements must be attached to a MIC windstorm and hail policy if a companion homeowners or dwelling policy is issued which excludes the coverages provided by one of these endorsements.

a. **MIC WH TX 310.** Form No. **MIC WH TX 310** must be attached to the MIC Texas Windstorm Insurance Dwelling Policy when:

- (1) A homeowners or condominium unit owners, or an equivalent policy is issued in the voluntary market; and
- (2) A windstorm exclusion endorsement is attached to the policy issued in the voluntary market excluding coverage for windstorm, hurricane and hail; and
- (3) The application for the MIC Texas Windstorm Insurance Dwelling Policy **does not** include a request for wind-driven rain coverage.

Form No. **MIC WH TX 310** must also be attached to the MIC Texas Windstorm Insurance Dwelling Policy when a Tenant Homeowners policy is issued in the voluntary market with a windstorm exclusion endorsement attached.

b. **MIC WH TX 320.** Form No. **MIC WH TX 320** must be attached to the MIC Texas Windstorm Insurance Dwelling Policy when:

- (1) A homeowners or condominium unit owners-dwelling (**TDP-3**) policy or an equivalent policy is issued in the voluntary market; and
- (2) A windstorm exclusion endorsement is attached to the policy issued in the voluntary market excluding coverage for windstorm, hurricane and hail; and
- (3) The application for the MIC Texas Windstorm Insurance Dwelling Policy **does** include a request for wind-driven rain coverage.

c. **MIC WH TX 330.** Form No. **MIC WH TX 330** must be attached to the Maison MIC Texas Windstorm Insurance Dwelling Policy when:

- (1) A dwelling policy (Forms **TDP-1** or **TDP-2** or its equivalent) is issued in the voluntary market; and
- (2) A windstorm exclusion is attached to the policy issued in the voluntary market excluding coverage for windstorm, hurricane and hail.

3. Actual Cash Value – Roofs (Dwellings), Endorsement Form No. MIC WH TX 400.

Form No. **MIC WH TX 400** will be attached to policies automatically at either issuance of new business or when offering a renewal if the age of the roof is 15 years or older.

a. Roof covering means:

- (1) The roofing material exposed to the weather;
- (2) The underlayment applied for moisture protection; and

- (3) All flashings required in the replacement of a roof covering.
- b. Premium Calculation. When Endorsement Form No. **MIC WH TX 400** is attached to a policy, a credit of 15% (all territories) shall be applied to the modified extended coverage premium. The credit is applied before any other adjustments to the modified extended coverage premium. The percentage of credit and the amount of the premium credit must be shown on the declarations page of the policy.
 - c. The premium credit provided for Endorsement Form No. **MIC WH TX 400** anticipates a maximum 75% depreciation for roof coverings. In determining actual cash value of damaged roof coverings, any deduction for depreciation is limited to the maximum 75% depreciation.
 - d. This endorsement may not be attached to a policy insuring a risk with a roof covering qualifying for and receiving a roof credit under Rule III-2-b (Mandatory Roofing Covering Credits) of this Manual.
 - e. Endorsement Form No. **MIC WH TX 400** must be signed by the insured before attachment to a policy. The endorsement is void unless signed by the insured. Maison shall be permitted to attach to a policy a facsimile copy, photocopy, or electronic record copy of the endorsement executed by the named insured. A signature is not required on the endorsement attached to the policy if the Company maintains on file either the original endorsement executed by the insured or a photocopy, microfilm copy, or electronic record copy of the original endorsement executed by the insured.
 - f. Disclosure. The following notice must be prominently displayed on the face of the policy:

IMPORTANT NOTICE

Coverage provided by this policy is restricted to actual cash value on roof coverings as provided by attached Endorsement Form No. MIC WH TX 400.

4. Exclusion of Cosmetic Damage to Roof Coverings Caused by Hail, Endorsement Form No. MIC WH TX 420.

Endorsement Form No. **MIC WH TX 420** is an optional endorsement which may be attached only to a policy

insuring a risk eligible and receiving premium credit for the installation of an impact resistant roof covering (see Rule III-2-b, Mandatory Roof Covering Credits) in order to exclude cosmetic damage caused by hail.

- a. Endorsement Form No. **MIC WH TX 420** may be attached at the inception date of a new policy, inception date of a renewal policy, or during the term of the policy on the date a roof covering premium credit is applied to the policy.
- b. Endorsement Form No. **MIC WH TX 420** must be signed by the insured before attachment to a policy. The endorsement is void unless signed by the insured. Maison shall be permitted to attach to a policy a facsimile copy, photocopy, or electronic record copy of the endorsement executed by the named insured. A signature is not required on the endorsement attached to the policy if Maison maintains on file either the original endorsement executed by the insured or a photocopy, microfilm copy, or electronic record copy of the original endorsement executed by the insured.
- c. If a risk is eligible to receive a premium credit for the installation of an impact resistant roof covering, but the insured declines to sign for the attachment of the Endorsement Form No.

MIC WH TX 420, the Company may offer to issue the policy without the application of a mandatory or optional roof covering credit.

- d. Maison must inform a consumer of the possibility that cosmetic loss or damage may be excluded from the policy in the event any loss occurs to a roof and the damaged roof is replaced with a hail resistant roof covering.

5. Extension of Coverage-Increased Cost in Construction Form No. MIC WH TX 431.

Dwelling Policy

- a. Form No. **MIC WH TX 431** may be attached to a windstorm and hail Dwelling Policy to provide additional insurance for the increased cost in construction due to enforcement of any ordinance or law.
- b. An insured may select one of the following limits of liability for each building item:
 - (1) 5% of Coverage A limit of liability
 - (2) 10% of Coverage A limit of liability
 - (3) 15% of Coverage A limit of liability
 - (4) 25% of Coverage A limit of liability
- c. The coverage is additional insurance, but the total payment of a covered loss under the policy, including this endorsement, cannot exceed the maximum limit of liability established by law for the specific type of structure that is insured by Maison Insurance Company.
- d. The rates for the attachment of Form No. **MIC WH TX 431** are as follows:

Coverage Available	Rate of % of Structure Premium
5% of Coverage A limit of liability	7.0%
10% of Coverage A limit of liability	11.6%
15% of Coverage A limit of liability	14.0%
25% of Coverage A limit of liability	15.37%

Automatic Adjusted Building Cost Endorsement Form No. MIC WH TX 220.

- a. Form No. **MIC WH TX 220** must be attached to policies insuring dwellings. An automatic increase will be applied to each annual renewal of the policy. The increase will be calculated using the respective building cost index in use by MIC for a given year, rounding the result to the next \$1,000.
- b. The insured has the right to request modification of this change in the limit of liability. If the requested change to the limit of liability at renewal differs from the revised limit resulting from application of this endorsement, the request will take effect at the inception of the renewal, provided that it is received prior to the beginning of the policy renewal date. Requests for a limit of liability change received after inception of the policy will be processed as an endorsement to the policy, and will not become effective prior to the date received by MIC.
- c. If the insured requests modification of the change in limit of liability on the dwelling as provided for under item b. of this section, the agent must submit a valid e2Value (or similar replacement cost estimator) replacement cost calculation with the request for the change in dwelling limit of liability.

SECTION III – RATING RULES

DWELLINGS (Including Individually Insured Townhouse Units)

1. Premium Calculation.

a. Applicable Windstorm Premium.

- (1) Refer to the Dwelling Chart 1A and 1B – 1 year Extended Coverage Base Premium Chart [see Appendix G], and the Deductible Adjustment Percentage Schedule [See Appendix E]. Apply the applicable territory multiplier from the Dwelling Extended Coverage Territory Multiplier Chart [See Appendix H] to the extended coverage base premium.
- (2) Apply a factor of 1.30 to the extended coverage premium determined in Step 1 to produce the modified extended coverage premium.
- (3) Use 90% of the modified extended coverage premium determined in Step 2 for the applicable windstorm premium for the Maison Policy.

b. Extensions in Coverage (Indirect Losses)

- (1) When Form No. **MIC WH TX 320** is attached to the MIC policy, the premium for the MIC policy shall be calculated by applying a factor of 98% to the modified extended coverage premium when insuring a primary residence (dwelling) and by applying a factor of 93% to the modified extended coverage premium when insuring a secondary residence (dwelling). These percentages are to be used in lieu of the 90% under Rule III-C-a-(3).
- (2) When Form No. **MIC WH TX 310** is attached to the MIC policy, the premium for MIC policy shall be calculated by applying a factor of 96% to the modified extended coverage premium when insuring a primary residence (dwelling) and by applying a factor of 91% to the modified extended coverage premium when insuring a secondary residence (dwelling). These percentages are to be used in lieu of the 90% under Rule III-C-a-(3).
- (3) When Form No. **MIC WH TX 330** is attached to the MIC policy, the premium for the MIC policy shall be calculated by applying a factor of 91% of the modified extended coverage premium when insuring either a primary or secondary residence (dwelling). This percentage is used in lieu of the 90% under Rule III-C-a-(3).

2. Mandatory Roof Covering Credits.

- a. Residential roof coverings meeting the impact resistance of the Underwriter's Laboratories testing criteria of U.L. Standard 2218 are eligible for the following mandatory credits to be applied to the dwelling modified extended coverage premium:

TERRITORY	CLASS 1 CREDIT	CLASS 2 CREDIT	CLASS 3 CREDIT	CLASS 4 CREDIT
1, 8, 9, 10	4%	6%	10%	14%

The roof covering credit and applicable premium credit applied must be shown on the declarations page of the policy. The credits reduce the modified extended coverage premium and are applied before any other adjustments to the modified extended coverage premium.

Credits apply only on policies insuring a risk that replacement of the existing roof covering on a residence is with a new roof covering(s) meeting U.L. Standard 2218 or is new residential construction which includes installation of a roof covering meeting U.L. Standard 2218, and the roof covering must be classified within one of the four resistant classifications specified in U.L. Standard 2218.

The credits will be reviewed at such time as credible statistical data becomes available but not later than 5 years from the effective date of the implementation of the credits. The credits may be modified if the statistical data indications modifications are needed.

Note: Other impact or hail resistance testing standards are approved by the Texas Department of Insurance may be substituted for the U.L. Standard 2218. Testing to U.L. Standard 2218 or other acceptable standards may be accomplished by a testing facility recognized and approved by the Texas Department of Insurance based on standards for testing laboratories adopted by the Department.

- b. A certificate of installation promulgated by the Texas Department of Insurance (Appendix B) must be provided to the policyholder by the installer of the roof covering. All information on the certificate must be completed and signed by the individual responsible for the installation of roof covering.
- c. A policyholder may present the certificate of installation to MIC for the application of the mandatory credit as provided in subsection a. of this rule. Presentation of a certificate of installation does not preclude Maison Insurance Company from inspecting the risk for verification of roof covering installation.
- d. **Product Labeling.** In order for mandatory roof covering credits to be applicable to dwelling insurance, roof coverings meeting U.L. Standard 2218 or any other test standard for impact resistance approved by the Department which are installed on and after June 15, 1999, must meet the following labeling requirements. All individual shingles, tiles, shakes, panels, sheets, etc., of roof coverings must bear the Underwriters' Laboratories label or the label of a testing laboratory approved by the Department indicating the classification of the product under U.L. Standard 2218 and the manufacturer's name, the year manufactured, and the brand name. For roof coverings meeting U.L. Standard 2218 that are installed prior to June 15, 1999, only the package containing the roof covering products is required to be labeled. The package must bear the Underwriters' Laboratories label or the label of a testing laboratory approved by the Department indicating the classification of the product under U.L. Standard 2218 and the manufacturer's name, the year manufactured, and the brand name.
- e. It shall be optional with MIC to provide credits for impact resistant roof coverings installed prior to June 15, 1999. The optional credits given for impact resistant roof coverings installed prior to June 15, 1999 shall be within the range of credits specified in this rule. Maison Insurance Company may request from insureds, who apply for this optional credit, information regarding the installation of the impact resistant roof covering including, but not limited to, the date of installation, verification of the installation, and type of impact resistant roofing material installed. Any roof covering that is replaced on or after June 15, 1999, shall meet U.L. Standard 2218 in order for the property owner to receive the credit.
- f. The mandatory roof covering credits with the certification process is solely for the purpose of enabling residential property owners to obtain a reduction in their residential insurance premium, and it is not intended by the Department to require or create any type of express or implied warranty by the manufacturer, supplier, or installer.

3. Mandatory Building Code Credits.

(Adopted in 28 (TAC§5.4700) (Windstorm Resistant Construction Code Credits effective for policies issued on and after February 28, 1999) (International Residential/International building Code Credits effective for policies issued on or after July 31, 2003)

- a. The following mandatory credits shall be provided to new residential construction, excluding additions or repairs to existing structures, constructed to or exceeding the standards of the International Residential Code/International Building Code as modified by the Texas Department of Insurance. The credits shall be applied to the modified extended coverage premium.

		Windstorm Resistant Construction		International Residential Code & International Building Code	
Location of Risk	Building Standards Code	Dwelling Discount	Personal Property Discount	Dwelling Discount	Personal Property Discount
Seaward	Seaward	26%	20%	28%	23%
Inland I	Inland I	24%	19%	26%	21%
Inland I	Seaward	29%	23%	31%	25%
Inland II	Inland II	0%	0%	26%	20%
Inland II	Inland I	27%	21%	28%	23%
Inland II	Seaward	32%	25%	33%	28%

- b. The following mandatory credits shall be provided to residential structures in any of the designated catastrophe areas which were constructed prior to September 1, 1998, or February 1, 2003, as applicable, in which all exterior openings have been retro-fitted with exterior opening protections that meets the windborne debris impact-resisting standards of the International Residential Code/International Building Code as modified by the Texas Department of Insurance. The credits shall be applied to the modified extended coverage premium.

Dwelling 10%
 Personal Property 10%

- c. A residential structure must be certified by the Texas Department of Insurance as meeting the applicable standards to qualify for the mandatory credits.

SECTION IV – APPENDICES

Appendix A

A. Special Index

All buildings shall rate according to construction unless otherwise provided.

Item	Types of Construction	Rate Table
------	-----------------------	------------

1. Frame Buildings
 Including iron clad, stucco, asbestos siding and brick veneer construction.....**1**
NOTE: Except as may be otherwise provided, buildings of this class that have more than 50% of outside walls open shall rate under Table 11. Walls that are not closed from floor to roof shall be considered open.

2. Brick Buildings (except building qualifying under Item Nos. 3 and 4)
 Including reinforced concrete, stone, hollow tile or tile faced with brick; adobe, hollow masonry units, ICM and ICMS Construction.....**2**
NOTE: Combustible interior wall finish, ceilings and floor finish permitted in ICM and ICMS buildings.

- 3.

- a. One story buildings having all outside masonry walls as described for Table 2 buildings, but with concrete balcony.....**3**
NOTE: To qualify under the above, the concrete balcony must be securely tied into 3 exterior walls of the building.
- b. Masonry or ICM buildings of extra heavy construction* throughout approved as such by publication by the Texas Department of Insurance.....**HC**
**NOTE: To qualify for "Extra Heavy" Classification, building or structure must be designed and constructed according to nationally recognized good engineering practice and codes to resist a horizontal wind pressure on all surfaces exposed to the wind in any direction, in accordance with the following table. No allowance will be made for the shielding effect of other buildings or structures. The height is to be measured above the average level of the ground adjacent to the building or structure.*

Height Zone (Feet)

Wind Pressure (Lbs. per Sq. Ft.)

All Territories Except 1, 8, 9, 10 and 11		Territories 1, 8, 9, 10 and 11	
Less than 30	25		35
30-49	30		45
50-99	40		55

Data on buildings exceeding 99 feet in height must be submitted to the Texas Department of Insurance for consideration. Exterior walls must be designed and constructed to withstand pressures acting outward, normal to the roof surface; equal to 1 and ¼ times the pressure specified above. The height is to be taken as the vertical distance from the average elevation of the ground adjoining the building to the average elevation of the roof.

Roofs or sections of roof with slopes greater than 30 degrees, must be designed and constructed to withstand pressure, acting inward, normal to the surface, equal to those specified above and applied to the windward slope only.

The property must be inspected by a registered structural engineer, after which he must submit for each building and structure a certificate, accompanied by a diagram (or diagrams) showing complete details of walls and roof construction, anchorages and fasteners, together with complete supportive structural calculations.

*Structural steel, light gauge steel, and steel joist construction must be designed and erected in accordance with the following specifications.

- (1) American Institute of Steel Construction – Specifications for the Design Fabrication, and Erection of Structural Steel for Buildings – (Latest Edition).
- (2) American Iron & Steel Institute Light Gauge Cold Formed Steel Design Manual – (Latest Edition)
- (3) Standard Specifications and Load Tables of the Steel Joist Institute.
- (4) Welding – Standard Code of American Welding Society.

- 4. Heavy Timber Construction
 Those risks receiving 50% credit for heavy timber construction in fire rate.....**SWR**
- 5. Semi-Heavy Timber Construction
 Those Risks receiving credit for Semi-Heavy Timber Construction in fire rate.....**HC**

6. Electric Utility Generating Station Buildings

All electric utility generating station buildings when constructed to meet the minimum requirements of the Texas Department of Insurance.....**WR**
 (Design and construction conditions will be furnished upon request from the Texas Department of Insurance.)

B. Supplemental Special Index

1. Construction Classification Table Extended Coverage – Windstorm, Hurricane and Hail

Exterior Walls	Floors & Supports **Reinforced concrete on non-combustible supports	Roof Decks & Supports Reinforced concrete on reinforced gypsum not less than 2" thick on non-combustible supports	Height in Stories 1 or more	Class & Table WR
Masonry or Reinforced Concrete NOTE: Minimum thickness of material to comply with requirements of fire resistive standards of the Texas Commercial Property Rating Manual except no more than 40% of walls may be of non-combustible construction or no walls		Concrete or gypsum at least 1-1/2" thick on non-combustible supports	1 or 2 3 or more	SRW WR
		False Wood deck above reinforced concrete or reinforced gypsum not less than 2' thick on non-combustible supports with space between not designed for occupancy	1 2 3 or more	HC*** SWR*** WR
		Steel or other non-combustible deck or non-combustible supports	1 2 3 or more	HC*** SWR*** WR
		Wood deck, with non slab immediately underneath on wood or non-combustible supports	1 2 3 or more	M+ HC SWR
		Certified as Class 60**** Certified as Class 90****	1 1 or 2	SWR* WR*
		Non-combustible or no walls	**non-combustible on non-combustible supports	Steel or other non-combustible deck or non-combustible supports
**Reinforced concrete on non-combustible supports	Concrete or gypsum at least 1-1/2" thick on non-combustible supports		1 2 3 or more	HC SWR WR
	Certified as Class 60**** Certified as Class 90****		1 1 or 2	SWR* WR*
	Steel or other non-combustible deck on non-combustible supports		2 3 or more	SWR WR

		Reinforced Concrete or reinforced gypsum not less than 2' thick on non-combustible supports	1 or more	WR
Masonry or Reinforced Concrete	Wood or other material	Wood or other material	1 or more	M+HC*
Wood, metal, asbestos, cement, stucco or brick veneer on skeleton wood frame	Wood or other material	Wood or other material	1 or more	F+
Heavy timber as described in the Texas Commercial Property Rating manual – Except concealed spaces and unprotected vertical opening permitted ICMS as described in the Texas Commercial Property Rating Manual			1 or more 1 or more	SWR M+

*These buildings must be certified as required in Special Index of this manual

** Combustible Floor Finish Permissible

***Roof deck assembly Certified as Class 90 (lbs. /sq. ft.) for wind uplift and with roof deck assembly anchored to main structure in accordance with good engineering practice shall be classed as WR.

**** Roof deck assembly Certified as Class 60 (lbs. /sq. ft.) for wind uplift and with roof deck assembly anchored to main structure in accordance with good engineering practice and limited to one story buildings not exceeding 30 feet in height shall be classed as SWR. Constructions as outlined herein shall be certified by the manufacturer for the roof deck material and by the erector, if other than the manufacturer, that the roof deck assembly was constructed according to good engineering practices and as indicated by the listing requirements of Underwriters' Laboratories, INC.

+ Buildings which are over 35' high (at eave line) and one story in height shall be subject to an additional 20% charge.

Abbreviations: WR=Wind resistive; SWR=Semi-wind resistive; HC=Heavy Construction; M =Masonry; F=Frame.

2. Notes and Definitions: Applicable to All Types of Building Classifications

- a. Outside Trim: To be disregarded in the application of the construction classification table
- b. Masonry Walls: Means a built-up construction or combination of building units of such materials as clay, adobe, shale, concrete, glass blocks, gypsum or stone set in mortar or plain concrete.
- c. Reinforced Concrete: Within the meaning of extended coverage, concrete with steel, either mesh or bars imbedded therein shall be considered to mean reinforced concrete.
- d. Non-combustible: As defined in Fire Resistive Section of The Texas Commercial Property Rating Manual.
- e. Greenhouse: Greenhouses or Greenhouse sections (glassed in area) may be rated specifically.
- f. Doors and Windows: Shall be ignored in classifying exterior walls except masonry walls with doors and windows in excess of 50% of wall in which located shall be classed as non-combustible construction.

3. Notes and Definitions: Applicable to WR, SWR, and HC Building Classifications

- a. Exterior Walls: Exception – Exterior walls of frame class construction aggregating not more than 10% of total above ground wall area shall be treated as non-combustible in the application of the Construction Classification Table; if aggregating more than 10%, then the building shall rate as frame or masonry according to mixed construction rule.

- b. Story and Floor: A story is that part of a building between a floor and the roof or floor next above designed for occupancy. Decks and mezzanines which are structurally a part of the building shall be considered a story if their area exceeds 33 and 1/3% of the area of the floor immediately below. *NOTE: Decks, mezzanines, and portions of floors, not structurally a part of the building, shall not be considered in establishing the E.C. Classification. Roof structure means any structure above the roof of any part of a building. Roof structures shall be considered a story if they exceed 33 and 1/3% of the ground floor area of the building in which case the inferior roof construction shall govern construction classification.*
 - c. Basement: Means a story of a building or structure having one half or more of its clear height below grade. Basements with floor area of at least 75% of grade floor area shall be considered a story.
4. Notes and Definitions: Mixed Construction
- a. In the case of risks having published fire rates, building classification used in fire rating shall determine Extended Coverage and Windstorm rate table, except as otherwise directed.
 - b. In the case of risks for which fire rates are not published apply the higher construction charge applicable, unless the less hazardous type comprises over 50% of the total exterior wall area (Gables above top ceiling to be ignored).
 - c. Extended Coverage, Windstorm, Hurricane and Hail Insurance may be written specifically on any individual standard divisions of building, each division to be rated as if it were a separate building. *NOTE: Division walls must be of masonry construction or composition at least 8 inches thick and extend through roof. Openings need not be protected. EXCEPTION: Greenhouses or greenhouse sections (glassed-in area) may be written specifically with or without standard division wall.*
5. Applicable to Frame and Masonry Building Classifications
- Mix Construction: Applies to frame and masonry classes only. Where walls of two classes of construction, rate as for the classification comprising 50% or more of the building. Over-all area of walls excluding gables above top of the eave line are to be used in calculations.
- Where walls are three or more types of construction, none of which comprise 50% of the wall area, apply the following:
- a. Begin with measurements of the best type of construction.
 - b. Add the second best type of construction
 - c. Add the third best type of construction, and if necessary,
 - d. Add the fourth best construction, etc. consecutively until a total equaling at least 50% of the building is reached.
 - e. Class building as type of construction last added to achieve 50% of the building.
- NOTE: Where heights of walls are not uniform, use wall areas in square feet as a basis of above calculations; otherwise, use linear feet measurements.*

Appendix B

ROOFING INSTALLATION INFORMATION AND CERTIFICATION FOR DEDUCTION IN RESIDENTIAL INSURANCE PREMIUMS

NOTICE TO HOMEOWNER: Completion of this Certificate will entitle you to a reduction in your residential insurance premium. This certification form is solely for the purpose of enabling residential property owners to obtain a reduction in their residential insurance premium and it is not to be construed as any type of express or implied warranty by the manufacturer, supplier, or installer.

Name of Roofing Company: _____
 Street Address: _____
 City: _____ County: _____ Zip Code: _____
 Phone: _____ License Number if Any: _____
Address of Residence (Installer must complete the following information before signing form)
 Name of Owner: _____ Home Phone: _____
 Address: _____ Office Phone: _____
 City: _____ County: _____ Zip Code: _____

I, _____, an authorized representative of _____ Roofing company, do hereby certify that
Print Name

Print name

I have installed in accordance with the manufacturer’s specifications on the above described residence a roof covering listed as complying with Underwriters’ Laboratory Standard 2218, Impact Standard for Impact Resistance of Prepared Roof Covering Materials, with an impact resistance Classification of:

Class 1
 Class 2
 Class 3
 Class 4

Manufacturer’s Name: _____
 Year Manufactured: _____
 Brand Name: _____
 Date of Installation: _____

The roof covering product indicates the U.L. classification under U.L. Standard 2218, the manufacture’s name, the date of manufacture, and the brand name. A label from the packaging has been supplied to the owner of the residence.

- Each individual shingle, tile, shake, panel, sheet, etc. of roof covering is separately labeled with the U.L. Standard 2218 classification and with the manufacturer's name, the date of manufacture, and brand name.

NOTE: After January 1, 1999, all individual shingles, tiles, shakes, panels, sheets, etc. must be labeled with the information outlined above.

Original Signature of Roofing Company's

Date

Any intentional misrepresentation relating to the completion or presentation of this form constitutes fraud.

Appendix C

Applicable Rules from the Texas General Basis Schedules Approved Prior to and in Effect on October 1, 1991

The rules contained in this Appendix C shall apply in whole or in part when not in conflict with the other with the other rules of this Manual.

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The rules contained in this Appendix C Shall apply in whole or in part when not in conflict with the other rules of this Manual.

A. Mixed Construction Rule

When walls are of two classes of construction, rate as for the classification comprising 50% or more of the building and make proportionate charge for inferior construction, unless otherwise provided for.

B. Gross Rate Calculation Rule

In all calculations pertaining to rating schedules and published rates (before experience, coinsurance, etc.), each calculation shall be considered separately and fractions less than half a cent shall be dropped and fractions of half a cent and over shall be treated as a full cent. Calculations shall be made using percentages in lieu of complements.

EXAMPLES

<u>Credit/Debit Factor</u>	<u>Rate (-+) Factor=Result</u>
-30%	.25 - .08 (30%) =.17
+30%	.25 + .08 (30%) =.33

EXCEPTION: In all instances, to determine KEY PERCENTAGE CHARGE, refer to pre-calculated Key Rate Charts on GBS pages 159-166.

C. Reference Chart – Construction Classifications

Construction	Mercantile	
Experience Symbol	Rating Classification Schedule	All Schedules
"B" "C" "H-T", "H-T-S" (a) "H-T-B", "H-T-B-S" "I-C-M", "I-C-M-S" & "N-C"	Brick	B Class
(b) "F-R"	Fire Resistive	FR
(c) "S-F-R"	Semi Fire Resistive	SFR
(d) "C-D", "D" & "I-C"	Frame	F Class
(e) "B-V", "B-V-S", "S" & "S-S"	Brick	F Class

*Special Class & Special Hazard Risks – Rate under Special Schedules Sprinklered Risks

If a, above, applyBrick - Sprinklered – Experience

If b, above, applyFire - Resistive – Sprinklered – Experience

If c, above, applySemi – Fire - Resistive – Sprinklered – Experience

If d or e, above, applyFrame – Sprinklered – Experience

1. General Provisions

- a. The following rules and premiums shall govern the writing of coverage on Dwellings, Individually Owned Townhouse Units
- b. The risks eligible for this Schedule shall not be occupied by more than two families, each living in separate quarters.
- c. Blanket Insurance is not permitted on dwellings and/or their contents.

2. Schedule Policies

When dwellings or other risks governed by the Special Dwelling Schedule are included in schedule policies, the premium for each such item shall be determined by using the total insurance carried on such item under all policies covering pro rata of the schedule.

3. Mixed Construction

To determine premiums for risks of two different wall constructions, use premiums applicable to construction which comprises over 50% of the total exterior wall area (1) Area of gables above ceiling to roof to be ignored (does not apply to FR & SFR Buildings). (2) Area of additions to be included. If three or more types of construction, rate according to rule, "Building of Three or More Types of Construction, With No One Type Comprising 50% of the Building" in the GBS, except no charge for inferior construction. This rule is applicable only to Fire and Extended Coverage.

- 4. Fire Resistive, Semi-Fire Resistive, and Sprinklered Dwellings
 - a. Fire Resistive and Semi-Fire Resistive Dwellings – Submit to the Texas Department of Insurance for Confirmation of classification.

When approved as Fire Resistive or Semi-Fire Resistive, the following method shall be used by companies and agents in calculating fire premiums; FIRE – Use 60% of the brick premium.

NOTE: (A) Subject to minimum

(B) Round premium to nearest dollar

- b. Extended Coverage-Dwellings, Out Buildings or Sheds

When approved as Fire Resistive or Semi-Fire Resistive by the Texas Department of Insurance, the following method shall be used by companies and agents in calculating extended coverage premiums: All Territories except 1, 8, 9, 10, & 11 – Use 10 percent of the brick premium for buildings and 20 percent of the brick premium for contents. Territories 1, 8, 9, 10 & 11 – Use 20 percent of the brick premium for buildings and 40 percent of the brick premium for contents.

NOTE: (A) Subject to minimum premium

(B) Round premium to nearest dollar

- 5. Interpolation of Premium

Premium for any amount of insurance, in excess of the Minimum, not shown in the Premium Charts may be obtained by interpolation.

- 6. Method of Interpolation

A 1 year premium is desired for a policy amount of \$15,500 which falls between \$15,000 and \$16,000 shown in the Dwelling Premium chart. In other words, the desired amount is \$500 in excess of the \$15,000 shown. The example below is a Frame Dwelling in key rate charged interval 10-4.

Step 1. Policy Premium Shown		Premium Shown
\$16,000		\$50
<u>\$15,000</u>		<u>\$46</u>
\$1,000	(Difference in Premium)	\$ 4
Step 2.	\$500 (Additional Amount)	
	\$1,000 (Diff. in amount x \$4)	
Step 3.	(Diff. in premium = \$2)	
	\$46 (Premium for \$15,000)	
	<u>2</u> (Premium for additional \$500)	
	\$48 (Basic Premium for \$15,500)	

7. Additional Amounts or Coverages

- a. Amounts of insurance may be increased or additional coverage's may be added after the inception date of the policy by endorsement.
- b. The premium for such additional coverage or amount, unless otherwise specifically provided, shall be computed on a pro rata basis.
- c. The following procedure shall be used to determine the additional premium to be charged for increases and shall be applicable to each separate peril.
 - (1)STEP 1: Convert the premium for the old total amount of insurance to current premium. Use current key rates and fire record.
 - (2)STEP 1: Determine the premium for the new total amount of insurance at current premium. Use current key rates and fire record.
 - (3)STEP 3: Subtract the premium determined in Step 1 from that determined Step 2 and pro rate the difference. The result will be the additional premium to be charged for the increase amount.

D. Construction

- 1. "Frame" includes outer walls of frame: iron-clad; sheet aluminum or aluminum siding or wood; composting siding; and asphalt covered fiberboard.
- 2. "Stucco" includes outer wall of stucco; asbestos board; rigid asbestos; and hard cement type sidings.
- 3. "Brick Veneer" includes outer walls of brick veneer or stone veneer
- 4. "Brick" includes outer walls solid masonry; brick; stone; concrete; HTB; HT hollow masonry units; ICM and ICMS. (For FR and SFR risks refer to Rule 8.)

E. Net Rate Calculation Rule

- 1. All calculations applied to the gross building and/or contents rate to determine the final net rate(s) shall:
 - a. Be made using the complement of the applicable factors in the Texas General Basis Schedules and;
 - b. Consider each calculation separately and be carried to three decimal places, disregarding the fourth place figure

2. Examples:

<u>Credit/Debit</u> <u>Factor</u>	<u>Complement</u>	<u>Rate x Complement</u>
<u>=Results</u>		
35%	.65	.25 X .65 = .162
+35%	1.35	.25 X 1.35 = .337
+135%	2.35	.25 X 2.35 = .587

3. Definitions:

- a. Gross Rate shall mean:

(1) A rate (including applicable key rate) published by the Texas Department of Insurance before application of any experience, coinsurance and/or other factors.

(2) A rate (including applicable key rate) determined under a rating schedule before application of any experience, coinsurance and/or other factors.

(3) A rate named by the company and approved by the Texas Department of Insurance.

(4) A rate set out as a flat rate in the Texas General Basis Schedules.

- b. Final Net Rate shall mean the rate established after application of experience, coinsurance and/or other factors to the gross rate.

F. Machinery and Equipment Pertaining to Service of Buildings

Machinery and equipment that is used solely in the service of the building, if the property of the owner of the building, may be insured with the building at the Building rate; but no manufacturing machinery or apparatus may be included. If insured specifically under a separate item use the contents rate.

G. Premium Calculation

Except where is otherwise provided, premium are based on a rate time \$100 insurance.

H. Waiver of Premium

Should the final premium under "rate adjustment" endorsement be less than \$5.00, it may be waived. Exception: For permits or endorsements, other than rate adjustments, additional premiums shall be reported regardless of amount.

I. Cancellations

1. Except as noted below, cancellation of policies shall be made in accordance with the provisions of the policy contract, wherein it is provided that if policy is cancelled by Insured, it shall be cancelled short rate or if cancelled by the company, cancellation shall be pro rata. If company cancels pro rata it must be for the purpose of retiring from risk or reducing its liability. No other pro rata cancellations will be permitted other than as excepted below:

2. Exceptions

- a. See rule for Rewriting Unexpired Policies.
- b. Builders Risks policies shall be cancelled pro rata only upon completion of risk, or at request of the company. Builders Risk policies may not be cancelled flat for non-payment of premium but must show the proper earned premium up to date they are sent in.
- c. Flat cancellation is a privilege designed to protect the agent against liability for earned premiums on policies issued in good faith and upon which an earned premium cannot be collected.

Annual or term policies, other than on builders risks, may be cancelled flat for non-payment of premium only when satisfactory evidence of cancellation is sent to the company within 60 days of its inception, the full earned premium must be figured from the inception date to a date not more than 10 days prior to the date the cancelled policy is sent to the company.

When a policy is cancelled and it is impossible for any reason to secure possession of the policy in time to return it to the company within the time required under the above rules, agents may notify the company of the cancellation, with the statement that the policy will be returned later. Then, upon receipt of the cancelled policy itself, the company will recognize the date of actual termination of liability as thus reported as being the date from which the earned or returned premium actual should be figured, provided, however, the reported date not more than ten days prior to the date such notification is sent to the company. This notice should be in writing and forwarded to the company and should show the name of Company,

number of policy, location of risk, effective date of policy, and actual date of termination of liability.

- d. Any policy, other than a Builders Risk Policy, may be cancelled pro rata and rewritten as follows:
- (1) If the same coverage (Property covered, amounts and perils), and for the same term shown in the policy cancelled, would produce no advantage in total policy premium under the new rates and fire record (if any change in either), the rewritten policy must be for not less than the unexpired term of the policy cancelled. (See Notes 1 through 4 below.)
 - (2) If the property is sold or if there is a change in the mortgagee and the new owner or the new mortgagee requests a new policy. (See Notes 1 through 4 below.)
 - (3) If the city limits are extended to include the insured risk or if a standard fire hydrant is installed within the required distance of an insured risk, provided the new policy is written for not less than the full term of the policy being cancelled. (See Notes 1 through 4 below.)
 - (4) If dwelling is sold and insured buys a dwelling at another location and new policy is issued at new location by same agent, in the same company group (unless agent no longer represents the company group) for same amount or more and includes at least same perils as covered by policy being cancelled provided new policy is issued at same time and date old policy is cancelled. If new policy is not written at same time and date old policy is cancelled, old policy shall be cancelled short rate and if within 30 days new policy is issued as above, cancellation may be adjusted to pro rata. (See Notes 1 through 4 below.)

Note 1: Under each item, a, b, or c, the insurance must be written from date of cancellation, by the same agent, in the same company group (unless agent no longer represents the company group) and must include coverage on the same property for the same amount or more and include the same perils as covered by the policy being cancelled.

Note 2: The cancellation of a policy may not be back-dated and the policy rewritten with an inception date prior to effective date of a rate increase (including fire record change) after such rate increase or fire record change has been promulgated.

Note 3: Individual items of a scheduled policy may not be cancelled pro rata and rewritten leaving other items in force except in cases where the property covered under an item is sold and insurance on such property is rewritten in accordance with Note 1, or where there is a change in mortgagee and insurance on such property is rewritten in accordance with Note 1. A portion of the coverage under a blanket policy or blanket item may not be cancelled pro rata and rewritten leaving the remainder of the coverage in force.

Note 4: Pro Rata Cancellation, Form 24, completed in detail must accompany policy in each instance where a policy is cancelled pro rata and rewritten under these rules.

Note 5: In any event that insuring company cancels a policy for its own convenience the insured shall have the right to receive pro rata cancellation on any policy remaining in force with the cancelling company.

J. Extended Coverage(Windstorm, Hurricane, Hail, Explosion, Riot, and Civil Commotion including Explosion and Aircraft and Land Vehicle Property Damages);

WINDSTORM, HURRICANE AND HAIL; EXPLOSION; RIOT AND CIVIL COMMOTION; EXPLOSION; VANDALISM AND MALICIOUS MISCHIEF; AND AIRCRAFT AND LAND VEHICLE PROPERTY DAMAGE INSURANCE

Deductible Clause:

NOTE: Does not apply to private Radio or Television Antennas and Towers, Cloth Awnings, Improvements and Betterments, Form 105, Improvements and Repairs (not additions) when written as builders risk, Signs, Poles and Posts in the open, Portable Saw Mills, Scales, Smokestacks, Gasoline Pumps and Time Element Coverage's.

NOTE: The deductible clause should not be attached to any item to which the Large Deductible Endorsement Form No. 65 is applicable.

K. Days Earned Table: (Based on 365 Day Basis) Effective Month of Cancellation or Endorsement

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Jan		31	59	90	120	151	181	212	243	273	304	335
Feb	334		28	59	89	120	150	181	212	242	273	303
Mar	306	337		31	61	92	122	153	184	214	245	275
Apr	275	306	334		30	61	91	122	153	183	214	244
May	245	276	304	335		31	61	92	123	153	184	214
Jun	214	245	273	304	334		30	61	92	122	153	183
Jul	184	215	243	274	304	334		31	62	92	123	153
Aug	153	184	212	243	273	304	334		31	61	92	122
Sep	122	153	182	212	242	273	303	334		30	61	91
Oct	92	123	151	182	212	243	273	304	335		31	61
Nov	61	92	120	151	181	212	242	273	304	334		30
Dec	31	62	90	121	151	182	212	243	274	304	335	

Month shown in first column are the months in which the policy is effective. Months across the top of the chart are the months in which the cancellation date or endorsement change is to be effective. Numbers of days are even days as evidenced for the period of July 15 to December 15 shown as 153 days. Had the effective date of cancellation been December 20, you would simply add the 5 days making the total number of days in force 158. Had the effective date of cancellation been December 20, you would simply add the 5 days making the total number of days in force at 158. Had the date of cancellation been December 10, you would subtract the 5 days.

L. Pro Rata Tables

The pro rata premium for any period of less than the full policy term may be determined by the following procedure:

1. Cancellations

By multiplying the 1 year premium by the Pro Rata Decimal fraction (days earned / 365) for the period.

2. New Policies

a. Dwellings – by multiplying the 1 year premium by the Pro Rata Decimal fraction for the period.

- b. Other than Dwellings – by multiplying the 1 year rate by the Pro Rata Decimal Fraction for the period, and then multiply the policy amount by the product so obtained.
3. General instructions: either the premium for the period from commencement to date of cancellation (earned premium) or the premium from date of cancellation to expiration (return premium) may be computed. Where there has been a change in rate or amount of insurance during the effective period of the policy, the premium for the full policy term at the rate and amount of insurance as of the date of cancellation shall be used in the computation. Directions: After the period for which the pro rata premium is desired has been determined, the Pro Rata Decimal Fraction for such period shall be obtained as follows:
4. For a Period Not Longer than One Year: The pro rata decimal fraction for any period not longer than one year is calculated for a period from 1 to 365 days (Days earned are shown in Table K. above).

Appendix D

Deductible Adjustment Percentage Schedule

Amount of Coverage	All Territories Building & Contents	
	\$100 Flat	\$250 Flat
\$10,000 & Under	-	-
11,000	3%	-
12,000	3	-
13,000	3	-
14,000	4	-
15,000	4	-
16,000	4	-
17,000	5	-
18,000	6	-
19,000	7	-
20,000	8	-
21,000	8	-
22,000	9	-
23,000	10	-
24,000	11	-
25,000	12	-
26,000	12	1%
27,000	13	2
28,000	14	3
29,000	15	3
30,000	16	4
31,000	16	4
32,000	17	5
33,000	18	6
34,000	19	7
35,000	20	8
36,000	21	8
37,000	22	9
38,000	23	10
39,000	24	11
40,000	25	12
45,000	26	14
50,000	30	16
55,000	34	18
60,000	38	20
65,000	42	22
70,000	46	24
75,000 & over	50	25

Appendix E

Optional Large Deductible Adjustment Percentage Schedule

Amount of Coverage	Deductible Amount					
	1.5%	2.0%	2.5%	3.0%	4.0%	5.0%
\$25,000	-6%	-12%	-18%	-23%	-33%	-41%
26,000	-7	-13	-19	-24	-34	-42
27,000	-7	-13	-19	-25	-35	-43
28,000	-7	-14	-20	-26	-36	-44
29,000	-7	-14	-20	-26	-37	-45
30,000	-7	-14	-21	-27	-38	-46
31,000	-8	-15	-22	-28	-38	-46
32,000	-8	-15	-22	-28	-39	-47
33,000	-8	-16	-23	-29	-40	-48
34,000	-8	-16	-23	-29	-40	-48
35,000	-8	-16	-23	-30	-40	-48
36,000	-9	-17	-24	-31	-42	-50
37,000	-9	-17	-24	-31	-42	-50
38,000	-9	-17	-25	-32	-43	-51
39,000	-9	-17	-25	-32	-43	-51
40,000	-9	-18	-26	-33	-44	-51
45,000	-10	-19	-27	-33	-44	-51
50,000	-10	-20	-29	-36	-46	-55
55,000	-11	-21	-30	-37	-48	-56
60,000	-11	-21	-30	-38	-49	-57
65,000	-12	-22	-31	-39	-50	-57
70,000	-12	-22	-32	-39	-50	-58
75,000	-12	-23	-32	-40	-51	-58
80,000	-12	-23	-32	-40	-51	-58
85,000	-13	-23	-33	-40	-51	-58
90,000	-13	-24	-33	-40	-51	-58
95,000	-13	-24	-33	-41	-52	-59
100,000	-13	-24	-33	-41	-52	-59
105,000	-13	-24	-33	-41	-52	-59
110,000	-13	-24	-33	-41	-52	-59
115,000	-13	-24	-33	-41	-52	-59
120,000	-13	-24	-34	-41	-52	-59
125,000	-13	-24	-34	-41	-52	-59
130,000	-13	-24	-34	-41	-52	-59
135,000	-13	-24	-34	-41	-52	-59
150,000	-13	-25	-34	-41	-52	-59
175,000	-13	-25	-34	-41	-52	-59
200,000	-14	-25	-34	-41	-52	-59
250,000	-14	-25	-34	-41	-52	-59

Amount of Coverage	Deductible Amount					
	1.5%	2.0%	2.5%	3.0%	4.0%	5.0%
350,000	-14	-25	-34	-41	-52	-59
500,000	-15	-25	-34	-41	-52	-59
750,000 & Over	-16	-25	-34	-41	-52	-59

Appendix F

Dwelling Chart 1A and 1B – 1 Year Extended Coverage Base Premiums

Construction				
Amount of Insurance	Chart No. 1A Building		Chart No. 1B Contents	
	FR A&S	BR BV	FR A&S	BR BV
\$1,000	\$4	\$3	\$1	\$1
1,500	5	4	2	2
2,000	7	6	2	2
2,500	8	6	3	2
3,000	9	7	3	3
3,500	10	8	3	3
4,000	10	8	4	3
5,000	12	10	4	3
6,000	13	11	4	4
7,000	14	12	5	4
7,500	15	12	5	4
8,000	16	13	6	5
9,000	18	15	6	5
10,000	20	17	7	6
11,000	22	18	8	6
12,000	24	20	8	7
13,000	26	21	9	8
14,000	28	23	10	8
15,000	30	25	10	9
16,000	32	26	11	9
17,000	34	28	12	10
18,000	36	30	12	11
19,000	38	31	13	11
20,000	40	33	14	12
21,000	42	35	14	12
22,000	44	36	15	13
23,000	46	38	16	14
24,000	48	40	17	14
25,000	50	41	17	15
26,000	52	43	18	15
27,000	54	45	19	16
28,000	56	46	19	17
29,000	58	48	20	17
30,000	60	50	21	18
35,000	70	58	24	21
40,000	80	66	28	24
45,000	90	74	31	27
50,000	100	83	35	30
55,000	109	91	38	32

Construction				
	Chart No. 1A Building		Chart No. 1B Contents	
Amount of Insurance	FR A&S	BR BV	FR A&S	BR BV
60,000	119	99	41	35
65,000	129	107	45	38
70,000	139	116	48	41
75,000	149	124	52	44
80,000	159	132	55	47
85,000	169	140	59	50
90,000	179	149	62	53
95,000	189	157	66	56
100,000	199	165	69	59
For each add'l \$1,000 add:	\$1.99	\$1.65	\$0.69	\$0.59

Appendix G

Dwelling Extended Coverage Territory Multipliers

Territory	Building			Contents		
	Frame & Asbestos/ Stucco	Brick Veneer	Brick	Frame & Asbestos/ Stucco	Brick Veneer	Brick
1	2.449	2.515	2.087	2.508	2.417	2.042
8	3.850	4.019	3.338	3.944	3.959	3.258
9	3.850	4.019	3.338	3.944	3.959	3.258
10	3.850	4.019	3.338	3.944	3.959	3.258