



Underwriting Guidelines Personal Umbrella – California

Edition Date 2/29/16

General Procedures

Policy Period

CSE Personal Umbrella Liability (PUL) policies are issued for a term of 12 months. Renewals are continuous and based upon the premiums in effect at the time of the renewal. All rates listed in the rating pages are for a period of 12 months.

Premium Collections

Policy premium is due and payable in full at the beginning of the policy period.

Minimum policy premium limits:

- \$150 minimum policy premium for each annual period or part thereof
- \$25 minimum earned premium (policy premium less return premium), regardless of policy period

To calculate additional premium, charge the amount applicable on the effective date of change, even if the policy inception premium was less than the minimum policy premium. Apply the rates and rules in effect at the date of the change being requested. Additional premiums of \$3.00 or less may be waived.

Except for policy cancellation, return premiums are to be calculated employing the same rates used to calculate the policy premium. All return premiums are calculated pro rata. Waive return premiums of \$3.00 or less, and, upon request by the insured, grant any return premium due.

Rounding of Premiums

All premiums for coverage must be rounded to the nearest whole dollar. For purposes of this rule, an amount of \$0.50 or more shall be rounded up to a \$1.00.

Preparing Applications

Note: Failure to comply with the guidelines in this section may result in the suspension of the agent's binding authority.

New Business

Blank or unsigned applications must never be left with a prospective insured. CSE requires that all applications be:

- Completed in SPInn



- Completed in full (all questions answered)
- Submitted within 10 days of binding

In addition, any necessary documentation or forms required must be submitted with the application.

Renewals

The agent should conduct a full review on all renewal risks. If the risk has altered from the prior renewal, a policy change request documenting the modification must be submitted.

In addition, copies of declaration pages from underlying insurance policies not written by CSE are to be sent to us no less than 60 days from the PUL policy renewal date.

Effective Date

The policy effective date must be the same as or later than the date of the named insured's signature.

Post-dated applications, to be effective within 60 days of the policy submission date, are permissible.

Back-dated applications are prohibited. "Backdating" is defined as follows: posting an effective date prior to the time the coverage is applied for, without approval from an underwriter (Coverage is applied for when the named insured, for purposes of binding coverage, signs the application or submits money to the agent.)

Insurance Binder

CSE agents have authority to issue an insurance binder for a period of 30, 60, or 90 days from the effective date of the policy. Under no circumstances may a binder be issued for a period longer than 90 days.

When the effective date of the policy and the date the application is signed by the insured are the same, the binder section must be completed indicating the time signed.

For example, the policy effective date is January 01, 1998 and the insured signs the application on January 01, 1998 at 2:00PM. The time of 2:00PM should be indicated as the time bound. If the time is not modified from 12:01AM, then the coverage is considered to be backdated.

If the effective date of the policy is in the future of the date signed, there is no need to complete the binder section of the application.



Applicant Address

The applicant must have a definite and permanent address which is clearly stated on the application in the designated area.

If the mailing address differs from the property location or is a post office box, the agent must state the reason for the discrepancy, or, in the case of a post office box, indicate the distance from the property to the post office box. Use the remarks section of the application for this information. If the property has no numerical address, clearly specify the location with respect to well-known landmarks and/or nearby entities which pinpoint locale.

Signature and Dates

Each application must be personally signed and dated by a named insured listed on the application as well as by the issuing agent or a licensed representative acting on behalf of the agent.

If the named insured is a minor, the application and attachments must also be signed by a parent or guardian of the minor.

Cancellations

New Business

CSE reserves the right to cancel a new business application for underwriting reasons at any time within the initial 60-day underwriting period. General underwriting cancellation reasons include, but are not limited to, the following:

- Policy does not meet underwriting criteria
- Insured does not provide the required or requested Underwriting information
- Material misrepresentation has been made by the insured or agent
- CSE does not provide the coverage requested
- Policy premium is not submitted within required time period

If we decline to process the application because of general underwriting unacceptability, we will mail prior to cancellation date, a notice of cancellation to the named insured with a copy to the agent, as required by statute. Unearned premium, calculated pro rata, will be returned to the named insured under a separate cover.

To request reconsideration of a policy canceled within the initial 60-day underwriting period, the agent must write to the underwriter stating the reasons why the policy should remain in force. If the underwriter agrees to rescind the cancellation, the



agent should return the refund check to CSE along with the information requested by the underwriter. Under no circumstances may the agent return a refund check to the company without prior approval from the Underwriting Department.

Mid-Term

We will cancel a policy mid-term for the following reasons:

- There is underwriting cause
- Non-payment of premium
- Material misrepresentation has been made by the insured or agent
- Material change in risk
- Insured's request (see below)

The named insured may request the policy to be canceled at any time during the policy period. An ACORD cancellation form should be used to cancel the entire policy. The cancellation form must be signed and dated by the named insured or spouse, with the cancellation effective date indicated.

Prohibited is retroactive cancellation, where the effective date of cancellation is more than 30 days prior to the date of the named insured's signature on the cancellation form. The following cases are exceptions:

- Duplicate coverage exists with another policy issued by CSE or another insurance carrier, as evidenced by a declaration page from the new insurance carrier
- The cancellation is pre-approved by the Underwriting Department

If insurance is canceled at the request of the insured, the earned premium shall be computed pro-rata.

Reinstatements, Including Non-Payment of Premium and Lapses

Requests to Reinstate

All requests to reinstate must have prior Underwriting approval.

Policy Canceled for Underwriting Reasons

First, obtain Underwriting approval, then submit all documentation required by Underwriting (if applicable).



Policies out-of-force for over 10 days are not eligible for reinstatement and must be submitted as new business with current effective dates.

Transfer or Assignment

Transfer or assignment of the PUL policy is not allowed.

Eligibility Criteria

Underlying Personal Insurance Eligibility

General Eligibility Requirements

In order to qualify for the Civil Service Employees Insurance Company Personal Umbrella policy, the underlying automobile coverage must be in the Civil Service Employees Insurance Company program.

If either the underlying automobile or homeowners policies, or both, are insured in the CSE Safeguard Company, the personal umbrella must be written in the CSE Safeguard Company Umbrella program. If the underlying homeowner policy is not with CSE, the personal umbrella must be written in the Safeguard company.

Automobile Liability

The underlying insurance for automobile liability must be in effect with CSE. (All drivers must be listed on both the CSE Automobile policy and PUL policy for coverage to be afforded).

Exceptions

- Motorhomes and antique automobiles are not required to be written with CSE; however, CSE does require declaration pages for these vehicles showing the minimum required liability coverage limits.
- Individuals who are not licensed and do not own any automobiles may be eligible for a PUL policy providing all other PUL eligibility criteria are met.
- Drivers who are licensed but do not own any automobiles must provide a declaration page from a non-owner automobile policy or a commercial automobile policy which extends to personal usage.

Personal Liability

The underlying insurance for Personal Liability (Homeowners and owner-occupied Dwelling Fire policies) must be in effect.



Personal Injury must be included on the underlying personal liability policy. If personal injury is not included on the underlying policy not with CSE, a signed Personal Injury Exclusion form (F.31605A) will be required.

New business umbrella applications can only be effective after the personal injury coverage has been added to the underlying policy.

In addition, the following endorsements must be included on the personal liability policies, if applicable:

- Additional Residence Rented To Others (HO-70)(CSEICO only)
- Permitted Incidental Business Occupancy-Residence Premises (HO-42) (CSEICO only)

Recreational Vehicles Liability

Recreational Vehicles Liability Coverage is not available unless the coverage is automatically extended within a Homeowners or Automobile* policy. Motorhomes are not considered recreational vehicles.

* If coverage is extended from an automobile policy, the liability limits must match the liability limits found on the primary underlying automobile policy.

Watercraft Liability

The underlying insurance for watercraft liability may be provided by CSE or another insurance carrier.

If CSE does not provide the liability coverage, a declaration page showing the minimum required liability limits must be provided.

* Certain watercraft may be ineligible; refer to the "Ineligible Risk List" in this section of the manual.

Underlying Personal Insurance Not Provided by CSE

Any underlying personal insurance not provided by CSE

- Must have an A.M. Best rating of B++ or better.
- Must have a minimum liability limit of \$500,000.
- Must be accompanied by a current declarations page indicating liability limits along with the application. If Personal Injury is not included on the underlying policy declarations, a signed Personal Injury Exclusion form (F.31605A) will be required.



- Must have prior Underwriting approval for submission, and must be provided by a standard, domestic, or admitted insurance carrier as outlined in the Underlying Insurance Carrier section of the underwriting guidelines in this manual.
- Must not have been declined, rescinded, canceled, or non-renewed in the past 3 years.
- Exclude dog bites, trampolines, and swimming pools with diving boards or with a slide. Endorsement F.32950B (CSEICO) or F.32980B (Safeguard) must be attached. The exclusion must be signed by the applicant and the agent.

All Underlying Insurance

- Must have coverages and limits as outlined in the Minimum Required Coverages and Limits section of the underwriting guidelines in this manual, and
- Must not exclude or provide reduced coverage for the named insured or any member of the named insured's household.

Coverage Limits Available

CSE offers a Personal Umbrella Liability coverage limit of \$1,000,000, \$2,000,000, \$3,000,000, \$4,000,000, and \$5,000,000.

- Policies with a youthful operator and \$250/\$500 BI and \$100 PD underlying limits may have a Personal Umbrella Liability coverage limit up to \$2,000,000.
- Policies with a youthful operator and \$500/\$500 BI and \$100 PD underlying limits may have a Personal Umbrella Liability coverage limit up to \$5,000,000.
- The maximum limit offered for insured's 80 years of age and older is \$1,000,000.

Binding Authority

All CSE-appointed agents have binding authority of \$1,000,000, subject to eligibility rules. See Ineligible List and Non-Bound List for binding limitations.

Ineligible Risk List

The following risks are ineligible for the PUL policy:

- No prior liability claims of \$10,000 or more in the past 5 years (New business Only)



- Reporters, writers, editors or publishers of newspapers or magazines
- Broadcaster, television, or radio personalities
- Professional actors, athletes, or entertainers
- Politicians, labor union leaders or officers (as primary occupation), or candidates for public office
- Watercraft operated outside of US territorial waters
- Motorcycles
- Jet skis, jet sleds, Wave Runners, SeaDoos, Bombadiers, or any other personal watercraft
- Watercraft exceeding 50 feet in length
- Watercraft exceeding 390 horsepower or 45 MPH
- Watercraft used in any racing or sailing competition
- No ATV's (All types)
- No youthful operators under 21 with more than 1 A/F accident or moving violation totaling 1 chargeable point

Non-Bound List (Submit for Approval)

The following risks require approval from CSE prior to quoting or binding:

- Authors
- Elected or appointed judges or school board members
- Persons who are in the public spotlight and are frequently quoted in newspapers, magazines, TV, radio, or other periodicals or media
- Clergymen
- Requests for business pursuits or business property
- Requests for \$2,000,000 or more in coverage
- High performance vehicles (as designated by symbol H)



Non-Bound Submission Procedure

An agent may not bind coverage for an applicant who does not qualify for coverage under the underwriting guidelines of this manual.

Underwriting will review a non-bound application submitted by an agent if all of the following conditions are met:

- Agent does not accept premium
- Agent indicates "non-bound" on the application
- Applicant and agent do not sign and date the application
- Applicant does not show effective dates, but the application is otherwise completed in full
- Agent submits with the application a detailed narrative of the circumstances for the non-bound submission, which includes a basis for the agent's request for coverage

If Underwriting approves the application for binding, Underwriting will return the original application to the agent, requesting the premium and an effective date. To assure prompt handling the agent should forward the application signed by the insured and agent, premium, and underwriting notice of acceptance through the normal new business submission process.

Underwriting Guidelines

Introduction

CSE requires the producing agent be familiar with the risk. Therefore, the producer should have:

- Met with the prospective insured to determine risk exposure and insurance coverage needs, and
- Reviewed underlying insurance for adequacy of coverage and coverage limits, as required by CSE.

Basic Form and Coverages

Personal Umbrella Liability Policy (Form F.30005B 4/92 in CSEICO, Form F.31580A 01/02 in CSE Safeguard) provides personal excess liability coverage for loss resulting from bodily injury, property damage, and personal injury in excess of any applicable underlying insurance, subject to policy terms and conditions and a self-insured retention of \$1,000.



Underlying Insurance Policies

A primary Automobile and Personal Liability policy written with CSE. These types of policies should generally be acceptable because the risk has already been qualified. The need for additional underwriting (inspection, MVRs, etc.) should be minimal.

Underlying Insurance Carriers other than CSE

Eligible Carriers

An underlying insurance carrier must:

- Be a standard carrier (i.e. no coverage through assigned risks, joint underwriting association, or any other residual market or non-standard facility)
- be domiciled in the USA
- have an AM Best policyholders' rating of B++ or better

Referral Carriers

Many insurance carriers have multi-tiered rating plans for risks with varying underwriting characteristics. The company group is sometimes not enough to determine the caliber of a risk. Consequently, when the name of the underlying carrier is insufficient to evaluate the acceptability of the underlying insurance carrier and/or the risk, the risk must be referred to CSE prior to quoting or binding.

Schedule of Underlying Insurance

All underlying insurance must be scheduled in the PUL policy. The list below indicates where such underlying insurance is to be scheduled.

Underlying Liability Coverage	Scheduled with CSE	Not Scheduled with CSE
Automobile	Personal Automobile Policy	Dec page
Business Property	Homeowners Policy, H042ST0 endorsement, or OL&T	<i>Not available</i>
Business Pursuits	Homeowners Policy, H071ST0 endorsement	<i>Not available</i>
Personal Liability	Homeowners Policy, or Dwelling Policy	Dec page
Recreational Vehicles	Homeowners Policy (if extended by CPL)	Dec page (if extended by CPL or covered on automobile policy)
Watercraft	Boatowners Policy, or Homeowners Policy with H075ST0 endorsement	Dec page



Minimum Required Coverages and Limits

Note: Regardless of the underlying carrier, the following are minimum coverages and limits of liability required for underlying insurance with the PUL policy.

Automobile Liability

Underlying insurance for all automobiles* owned, leased, or regularly used by the named insured or any member of the named insured's household, must

- be provided on a comprehensive basis, and
- have limits of liability not less than:

Coverage	Each Person	Each Occurrence
BI	\$250,000	\$500,000
PD	\$100,000	
BI/PD		\$500,000 CSL

* Automobiles include snow mobiles and other miscellaneous land motor vehicles requiring registration, except motorcycles which are excluded from the policy.

Personal Liability

Underlying insurance of all residences (rental properties of 4 units or less, private residences, covered owned by, or leased or rented to the named insured or any member of the named insured's household) must:

- underlying insurance must be provided on a comprehensive basis (e.g. CPL/FCPL or Homeowners/Farmowners), and
- have limits of liability not less than \$300,000 each occurrence.

Watercraft Liability

The PUL policy does not automatically cover all watercraft. Those watercraft that are not automatically covered may be covered if the vessel is either:

- Scheduled or the motor declared on the underlying personal liability policy, or
- Covered under a separate underlying insurance policy issued by a recognized marine carrier, for limits of liability not less than \$500,000 each occurrence, and such policy is scheduled on a PUL Policy Supplement.

Recreational Vehicles

CSE will only cover recreational vehicles if liability coverage is extended from a Homeowners or Automobile policy.



Motor scooters, mopeds, motorized bicycles, and other similar land motor vehicles having engine displacement of 80 ccs or less are defined as recreational vehicles.* Underlying insurance for such vehicles owned, leased, or regularly used by the named insured or any member of the named insured's household must have CPL limits of liability not less than \$300,000. (Motorhomes are not considered recreational vehicles).

If underlying coverage is extended from an automobile policy, the liability limits must match the liability limits found on the primary underlying automobile policy.

* Recreational vehicles do not include motorcycles, which are excluded from the policy.

Business Pursuits and Business Property Liability

The PUL policy may be extended to cover business pursuits and business property liability with prior Underwriting approval. Underlying insurance for such coverage must have limits of liability not less than \$300,000 each occurrence.

Such underlying insurance must be scheduled on a PUL policy Supplemental Underlying Insurance Endorsement.

PUL - Named Driver Exclusion

An umbrella exclusion is mandatory for drivers who are excluded on the underlying automobile policy.

Business Pursuits and Business Property

Description

Except for business use of automobiles and watercraft, the PUL policy covers business pursuits and business property if underlying insurance is provided for business pursuits and business property and then not for broader coverage than is provided by such underlying insurance. In other words, PUL policy coverage for business pursuits and business property is excess, following form insurance over and above underlying insurance.

Business Pursuits

Persons with limited business pursuits may be eligible for Business Pursuits Coverage subject to the following requirements:

- All requests for this coverage must be approved by CSE prior to binding and
- If coverage is provided, an additional premium is charged.



Business Property

Persons with individual interest in realty, such as land or rental dwellings of 4 units or less, may be eligible for Business Property Coverage subject to the following requirements:

- Business operations must be limited to lease or rental of fixed property (i.e. land or buildings)
- Only the interest of the named insured and spouse may be covered; coverage may not be extended to partners, joint owners, or other interests
- All requests for this coverage must be approved by CSE prior to binding and
- If coverage is provided, an additional premium is charged.
- No more than 99 rental units in total can be covered on the PUL policy

Directors and Officers

The PUL policy automatically covers non-remunerative directors and officers of non-profit organizations. The intent of the policy is to cover incidental activities involving conservative charitable organizations, volunteer work, civic, or cultural projects, etc. For example, the following (or similar) activities are not intended to be covered by the PUL policy:

- A salaried director or officer of a for-profit organization
- A person who is a salaried director or officer of a non-profit organization
- A person who is a non-salaried director or officer of a non-profit organization which is prominent in the public arena

Self-Insured Retention

CSE requires a self-insured retention limit of \$1,000 for occurrences not covered under the required underlying insurance policies.

Personal Umbrella Premium

The Personal Umbrella Premium Development Worksheet is used to develop the total annual premium for a Personal Umbrella Liability policy.

Premium Worksheet

Please use the premium calculation Excel workbook available as an attachment to this Adobe Acrobat file or on the CSEagents.com web site "Writing Business" page.



Rating Territories

Territory Definition	Rating Territory Code
Counties of Alameda, Los Angeles, Orange, and San Francisco	A
Counties of Contra Costa, Fresno, Marin, Riverside, San Diego, San Mateo, Santa Clara, Ventura, and Sacramento	B
Remainder of State	C

\$1,000,000 Coverage

Base Premium – Initial Residence and Two Automobiles

Underlying Limits	Territory	Premium \$
500/500/100	A	180
	B	165
	C	150
250/500/100	A	235
	B	215
	C	195

Increased Premium

Each Additional Automobile or Motorhome

Underlying Limits	Premium \$
500/500/100	30
250/500/100	50

Each Youthful Operator age 16–19

Underlying Limits	Territory	Premium \$
500/500/100	A	70
	B	60
	C	50
250/500/100	A	140
	B	125
	C	100

Each Youthful Operator age 20–24

Underlying Limits	Territory	Premium \$
500/500/100	A	60
	B	50
	C	40
250/500/100	A	120
	B	100
	C	80



Each Dwelling held as Business Property (maximum 4 units per dwelling)

Units per Dwelling	Premium \$
1	15
2	30
3	45
4	60

Each Power Boat

Length	Horsepower	Premium \$
Under 15'	Under 35	20
15-26'	Under 75	25
15-26'	Over 75	40

Each Sailboat

Length	Premium
Under 26'	25
Over 26'	50

Miscellaneous

Coverage	Premium \$
Each Additional Residence	25
Each Recreational Vehicle (not Motoshome)	20
Each Business Pursuits (including farm, incidental office, school, studio)	10
Each Swimming Pool	40

Credit—No owned automobile

(\$60.00)

\$2,000,000 to \$5,000,000 Coverage

Non-bound only. Must be referred to company for approval.

To determine the rate for \$2,000,000–\$5,000,000 coverage, multiply the total annual premium for \$1,000,000 coverage by each layer factor.

Layer	Premium
2	Annual premium for first million times 0.6 or \$100 minimum*
3	Annual premium for first million times 0.3 or \$100 minimum*
4	Annual premium for first million times 0.15 or \$100 minimum*
5	Annual premium for first million times 0.075 or \$100 minimum*

*\$2,000,000–\$5,000,000 Personal Umbrella rates are subject to a minimum premium of \$100 per million dollar layer.



Index of Endorsements

Number	Name	Description
F.30835A (4/97)	Personal Umbrella Additional Insured Endorsement	This form is used to expand the definition of Insured on the Personal Umbrella Liability policy.
F.32405A	Named Driver Exclusion	Use to exclude specific drivers.
F.32245A	Fraud Wording Endorsement	(CSE ICO Only)
F.32950B	Liability Exclusion Endorsement	Excludes certain breeds of dogs, trampolines, and swimming pools with diving board or slide.
The following endorsements are available on the CSE Safeguard Umbrella policy only.		
F.30800A (04/97)	Directors and Officers Exclusion	Use to exclude all D & O exposure.
F.30810A (04/97)	Specific Directors and Officers Exclusion	Use to exclude specific D & O exposures.
F.31605A (02/02)	Personal Injury Exclusion	Use to exclude personal injury coverage.
F.32250A	Fraud Wording Endorsement	(Safeguard Only)
F.32405A	Named Driver Exclusion	Use to exclude specific drivers.
F.32980B	Liability Exclusion Endorsement	Excludes certain breeds of dogs, trampolines, and swimming pools with diving board or slide.

Change History

2/29/2016

Updated number of rental properties to 99 which aligns with Landlord program.

3/4/2015 Updates

Updated to remove requirement for a completed, current statement of physical condition for a driver 80 years of age and older.

10/18/2012 Updates

Updated the "Watercraft Liability" section to reflect a minimum underlying limit of \$500,000 if the watercraft is covered under a separate underlying insurance policy.

7/15/2012 Updates

Amended the "Business Property" section to state no more than 10 rental units in total can be covered on the PUL policy.



5/15/2012 Updates

Removed references to ACORD applications in the “New Business” section.

11/10/2009 Updates

Removed the following from the "Index of Endorsements": F.30805A Automobile Liability Exclusion, F.30815A Farm Exclusion, F.30825A Rental Property Exclusion, F.30830A Specific Rental Property Exclusion, F.30840A Corporate Car Endorsement and F.30845A Animal Exclusion.

5/12/2009 Updates

Updated the “Preparing Applications” and “Coverage Limits Available” sections for insureds 80 years of age and older. Updated the “Recreational Vehicles Liability”, “Schedule of Underlying Insurance” and “Recreational Vehicles” sections to include recreational vehicle coverage extended from an automobile policy.

8/20/2008 Updates

Removed references to 9/1/08 effective dates for policies with 250/500 underlying limits.

8/1/2008 Updates

Updated references to the F.32950A Liability Exclusion Endorsement to the F.32950B Liability Exclusion Endorsement.

Updated references to the F.32980A Liability Exclusion Endorsement to the F.32980B Liability Exclusion Endorsement.

7/1/2008 Updates

Added rates for 250/500 underlying limits.

5/15/2008 Updates

Corrected the minimum required underlying limits for Watercraft Liability to \$300,000.

3/1/2008 Updates

Added the F.32950A (CSEICO) and F.32980A (CSE Safeguard) Liability Exclusion Endorsements to the “Index of Endorsements”.