



ALABAMA INSURANCE UNDERWRITING ASSOCIATION

Dwelling Policy Program Manual

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Alabama Insurance Underwriting Association

Dwelling Policy Program

The Alabama Insurance Underwriting Association, hereinafter referred to as “the Association” or “AIUA,” will only insure dwellings for Wind, Hail and Hurricane. Existing policies covering Fire and Extended Coverage perils may be renewed, subject to AIUA Rules and Procedures.

Dwelling Underwriting Guidelines

Standard policies covering owner or tenant occupied dwellings are acceptable as new business subject to the following:

The maximum dwelling limit available at any one fixed geographic location is \$500,000 regardless of the number of structures, fire divisions or individual living units at that fixed geographic location.

The maximum personal property limit available at any one fixed geographic location is \$250,000 regardless of the number of structures, fire divisions or individual living units at that fixed geographic location.

Real and tangible personal property, including residential mobile and manufactured homes (other than Ineligible Property, as defined below) at a fixed geographic location in areas south of the 31st parallel in Baldwin and Mobile counties of Alabama defined by the AIUA as Gulf Front, B1, B2, B3, B4, B5, M1, M2, M3, M4, and M5. Dwellings under construction are eligible for Builders Risk Coverage subject to the eligibility guidelines specified below.

Dwelling Eligibility

Risks eligible for the dwelling program are used solely for residential purposes and contain not more than four family units.

1. Structures with more than four units are rated as Commercial Property and use commercial rates.
2. A condominium unit, regardless of the number of units in the building, is rated using dwelling fire rates found in this manual.
3. Detached buildings with living quarters will be rated as a separate dwelling and will require a separate application and policy.
4. Modular homes qualify as dwellings under the following conditions:
 - The producer is able to obtain a copy (photograph) of the manufacturers NTA Inc. certification that states that the modular structure has been inspected and conforms with the applicable code compliance standards. The sticker is typically affixed to the home at completion. Additional information can be found at www.ntainc.com.
 - If the sticker has been removed from the structure, then it will be necessary to obtain building plans/specs that detail the construction details of the building. Modular homes built prior to 1995 are not eligible for consideration for rating under this provision.
5. If applying for mobile or manufactured home coverage, a recent, clear photo of the “Alabama Manufactured Housing Commission Installation Certificate Label” must be included with the application.

6. Builder's risk policies covering dwellings under construction may be written only at the time construction first starts. **If construction is not completed within 1 year, the builders risk policy is not to be renewed.** No photographs are required on a builder's risk application.

The following risks are considered unacceptable and are not to be submitted:

1. Vacant dwellings- "Vacancy" means unoccupied, the building is left unfurnished/empty or contains limited personal property or power and/or water has been disconnected.
2. Dwellings and/or structures that are in deteriorated physical condition.
3. Dwellings not insured for 100% of replacement cost on Form DP 00 02 and DPW 00 02 or 100% of actual cash value on Form DP 00 01 and DPW 00 01.
4. Dwellings located in zones designated as protected under the Coastal Barrier Resources Act (CBRA Zones) unless applicant has proof of a flood insurance policy written by the National Flood Insurance Program or an insurance carrier with an A.M. Best rating of "A" or better in an amount no less than the AIUA policy limits.
5. Dwellings located in flood hazard zones "A" and "V" unless applicant has proof of appropriate flood insurance in an amount no less than the AIUA policy limits or the maximum available by the National Flood Insurance Program.
6. Mobile and manufactured homes used for commercial purposes.
7. Any dwelling, structure or building not constructed in substantial compliance with the Southern Standard Building Code, including the design-wind requirements.
8. Any building, dwelling or structure, owned in whole or in part by a local, county, state or federal government and/or any governmental agency.
9. Any building, dwelling or structure including the property in or on the building, dwelling or structure that is located in whole or in part in or over water.

Each application will be considered on its own merit. Decisions regarding acceptance will be made in accordance with sound underwriting judgment and guidelines established by the AIUA. There may be occasions when an application, which appears to meet all eligibility guidelines, may be declined.

Replacement Cost Coverage

1. In situations where AIUA insures a dwelling for Fire and Extended Coverage:
Replacement Cost Value (RCV) loss settlement coverage is required for all 1-4 family dwellings where the Actual Cash Value (ACV) of the dwelling is equal to or greater than 80% of the Replacement Cost Value of the dwelling as determined by a Marshall & Swift Boeckh (MSB) replacement cost computation completed at the time of application for coverage with AIUA and periodically updated by AIUA. Additionally, dwellings insured on a replacement cost basis with a roof that has exhausted the life expectancy or the condition does not meet the underwriting guidelines for replacement cost coverage shall be endorsed to include "Actual Cash Value Loss Settlement Windstorm or Hail Losses to Roof Surfacing."
2. In situations where AIUA insures a dwelling for "Wind/Hail/Hurricane" only:
 - a. Replacement Cost Value (RCV) loss settlement coverage is required when the "all other perils" policy

covering the dwelling is insured on a RCV basis. The dwelling limit of coverage on the AIUA “Wind/Hail/Hurricane” policy must be equal or greater than the dwelling limit of coverage provided by the “all other perils” policy. A copy of the current “all other perils” declaration page along with the other carrier’s DOI Policy Outline must be submitted to the AIUA with the application. If the “all other perils” policy is an Actual Cash Value (ACV) loss settlement policy, the AIUA may, subject to rule 1 above, insure the dwelling on an ACV basis for wind only.

- b. The dwelling must be insured to 100% of its value, subject to maximum available AIUA limits, as determined by the MSB replacement cost computation which must be submitted along with the application for coverage with the AIUA. If the Loss Scale is applicable to this risk, then the calculations must be based on replacement cost, not actual cash value.

Replacement cost coverage is **not** provided for:

- Unit in a condominium building, or
- Townhouse, or
- Mobile or manufactured home including any attached structures.
- Roofs that have exhausted the life expectancy or the condition does not meet the underwriting guidelines for replacement cost coverage.
- Personal Property.

Dwellings may be insured for Actual Cash Value Loss Settlement upon written request of the named insured and proof that the All Other Perils policy covering the dwelling is also an Actual Cash Value policy.

Personal Property Coverage

Personal Property may be insured on an Actual Cash Value (ACV) loss settlement basis for limits up to \$250,000.

Policy Effective Date

As of January 01, 2011 – For acceptable risks with complete submissions, the policy effective date will be determined as follows:

1. New policy (no title transfer) – The effective date of a new policy shall be 12:01 am local time on the day the completed application and premium due is received in the Association office.
2. New policy (transfer of title) – For property real estate closings, the Association will issue a binder with coverage effective the day of the request or the date of the closing, whichever is later. In order to qualify for this provision, the application(s), photos, copy of closing settlement statement, copy of the real estate appraisal, and premium payment in full must be received by the Association no later than thirty (30) days following the binder effective date.
3. New coverage/higher limits – The effective date and waiting period for a new coverage or an increase in limits on a policy in force shall be 12:01 am local time on the date the Association receives the change request and premium due or on a later date set by the insured to conform with the reason for the change.
4. Policy rewrite – The effective date of a rewrite policy shall be the expiring policy's expiration date. The rewrite application and premium due must be received in the Association's office no later than the close of business, five (5) business days after the expiring policy's expiration date. If the application and premium are received more than five business days after the expiring policy's expiration, the payment will be returned and a new business application must be submitted.
5. Under no circumstances will the AIUA issue a policy or process a premium bearing endorsement in the event that a named storm has been declared by the NOAA (National Hurricane Center) to be within 80 degrees W Longitude and 20 degrees N Latitude or a Tropical Storm Watch/Warning has been declared for Baldwin and/or Mobile County. E-Application will be closed for new business applications and binders and will remain closed until 24 hours after the storm dissipates and all watches/warnings have been lifted.

Premiums

Premiums are payable on a gross basis to the Association. Payment may be made by check, certified check, cashier's check, money order, Automatic Clearing House (ACH) or credit/debit card. The Association cannot accept cash payments. Coverage will not be effective until payment in full, including service fee, is received in the Association office. Any remittance to the Association as payment of premium that is returned for non-sufficient funds (NSF) or ACH charge-back will result in the IMMEDIATE cancellation, ab initio, of the policy.

Application Processing Procedures

Procedures for submitting applications are as follows:

1. Applications shall be submitted via on-line application prescribed by the Association and shall be made on behalf of the applicant by an authorized producer.
2. Separate policies are required for each building at each location.
3. Two (2) current photographs in digital form (jpg preferred) are required with each new application. Photos should be of the front and rear angles of the building. Photos are necessary for the underwriting process and to assist the inspectors in locating the property. Also, underwriters may request additional photos. The photos need to be clear, sharp, and show the condition of the roof. The AIUA will reject any digital photos not in standard digital format or of reasonable size (max 10MB per photo).
4. A fully completed replacement cost computation and/or a recent Real Estate Appraisal of current value is required for all new business applications (and any requests for an increase in dwelling value).
5. The location description must be complete by providing the street number, street name, and five-digit zip code. Legal descriptions are discouraged.
6. All questions on the application must be answered.
7. The application affords no insurance coverage and is not a binder of insurance.
8. Policies will not be automatically continued. Continuation of coverage will be in accordance with the rules and underwriting standards regulating submissions and issuance of new policies.
9. Flood information is required on each application and should include the name of the flood insurer and policy number. A copy of the current flood policy declaration is required.
10. If the AIUA policy is "Wind/Hail/Hurricane" only, a current supplemental fire insurance declaration along with the other carrier's DOI Policy Outline, is required on each application.
11. Under no circumstances will the AIUA issue a new business policy in the event that a named storm has been declared by the NOAA (National Hurricane Center) to be within 80 degrees W Longitude and 20 degrees N Latitude or a Tropical Storm Watch/Warning has been declared for Baldwin and/or Mobile County. E-Application will be closed for new business applications and binders and will remain closed until 24 hours after the storm dissipates and all watches/warnings have been lifted. Completed applications received with full payment PRIOR to the close of E-Application will be accepted and processed.

Inspection Program

The Association may inspect the property to verify eligibility or coverage. After inspection, the producer will be notified of conditions that do not meet the Association's underwriting standards. Depending on the nature of the findings, the Association may elect to offer adequate time to make the necessary repairs, refuse to rewrite the policy until corrective action has been taken, or issue notice of cancellation.

A copy of the inspection report will be available to the applicant or producer upon request.

Underwriting

The Association will determine if the property meets reasonable underwriting standards. "Reasonable underwriting standards" include, but are not limited to the following:

1. The amount of insurance requested together with other insurance and the relationship to the actual cash value and replacement cost value of the property involved.
2. The physical condition of the property including construction, maintenance, and general deterioration. The condition of the roof is of particular concern. An important aspect of the inspection program is the determination of the roof condition.
3. The present use and housekeeping of the property.
4. Property that is in violation of law or public policy.
5. **Each application will be considered on its own merit. Decisions regarding acceptance will be made in accordance with sound underwriting judgment and guidelines established by the AIUA. There may be occasions when an application, which appears to meet all eligibility guidelines, may be declined.**

Acceptance

1. If the risk is acceptable and the premium has been paid in full, the Association will issue a policy using an effective date in accordance with applicable AIUA rules.
2. When the risk is acceptable, but the premium is not paid in full, a notice of premium deficiency will be issued. This notice indicates the premium that must be paid prior to coverage being put in force. Coverage will not take effect until the premium has been paid in full and the application is complete.
3. When the risk is acceptable and no premium is submitted, an offer to insure notice will be issued. The notice states the premium that must be paid in order to put coverage in force. Coverage will not take effect until the premium has been paid in full.

Declination

If the property does not qualify for coverage or does not meet the underwriting standards of the Association, the application will be declined or the policy will be cancelled.

Policy Changes

Request for changes in the policy must be submitted in writing by the producer. All applicable details must be completed. No change will be made except as it relates to the existing location under the policy. Change of producer mid-term is not permitted.

1. If additional premium is due, the change will become effective upon receipt of the full premium by the Association.
2. Changes not involving an increase in premium will become effective immediately upon the action of the Association.
3. If the change results in a return premium and the policy is endorsed, the return premium will be remitted by the Association.
4. Significant changes to policy limits are to be documented with supporting information such as an appraisal or a replacement cost calculator.

Cancellations

1. AIUA policies may be cancelled on a pro-rata basis for the following reasons:
 - a. Coverage is replaced by another company. Satisfactory evidence must be provided to the AIUA.
 - b. The property is sold. Satisfactory evidence must be provided to the AIUA.
 - c. There is a total loss of the property. Satisfactory evidence must be provided to the AIUA.
 - d. AIUA determines that the property is no longer insurable under the Rules and Procedures of the AIUA.
2. The effective date of cancellation must occur within the current policy term.
3. Cancellation for any reason other than reasons stated above shall result in a fully earned, non-refundable premium to the AIUA.
4. Reasons for cancellation by the Association include, but are not limited to:
 - a. Non-payment of premium;
 - b. Misrepresentation of any material fact either before or after a loss;
 - c. Cause which would have been grounds for non-acceptance of the risk under the Plan of Operation had such cause been known at the time of acceptance;
 - d. Cause arising subsequent to a review of the property that would have been grounds for non-acceptance of the risk under this plan had such cause existed at the time of acceptance;
 - e. Any failure of the insured to fully adhere to all the AIUA Rules and Procedures and/or policy provisions.

- f. Non-payment of premium resulting from a non-sufficient funds (NSF) check. (NSF cancellations will be ab initio.)

When the Association cancels a policy for a reason noted above, a notice of cancellation will be sent to the producer explaining the reason for cancellation. A copy will also be sent to the insured and any mortgagees.

Loss Handling

The Association guidelines on claims are as follows:

1. All losses are to be reported promptly in writing to the Association by the insured or the producer.
2. Under no circumstances should the producer attempt to adjust a loss or assign a loss to an adjusting firm. All questions pertaining to the adjustment of losses, including policy interpretations, shall be handled by the Association.
3. The Association will authorize all loss payments.
4. The insurance adjuster hired by the Association may assist the insured in the completion of a Proof of Loss form. This assistance is merely a courtesy and does not reduce the responsibility of the insured to accurately and completely prepare the Proof of Loss. The insured must furnish a Proof of Loss within sixty (60) days after the loss.

Appeals

Any applicant for insurance, any person insured under the Plan of Operation, or any affected insurer may appeal in writing to the Board of Directors within thirty (30) days after any ruling, action, or decision of the Association except matters involving underwriting decisions pertaining to insurance to value issues, vacancy, and flood insurance requirements. The notice of the appeal shall state the reason for the appeal and be accompanied with supporting information.

The Board, or an Appeals Committee designated by the Board, shall hear and determine the appeal. Such determination may, within thirty (30) days after such ruling, be appealed to the Commissioner of Insurance. Orders or decisions of the Commissioner of Insurance may be appealed as provided by the insurance laws of Alabama.

Authorized Producer Requirements

Producers must be approved and authorized by the Association. Any person licensed for the sale and distribution of property and casualty insurance by the Alabama Department of Insurance is eligible to apply for an Alabama Insurance Underwriting Association Producer's Agreement. Producers must agree to abide by all Association rules and procedures, must furnish proof, satisfactory to the Association, that he/she is covered by an insurance policy providing at least \$1,000,000 in coverage for Errors and Omissions with an insurer having a financial rating (A.M. Best) of "A" or better, that he/she currently represents, in good standing, one or more property insurers licensed to write property insurance in Alabama, and, must acknowledge that he/she has no authority to bind coverage on behalf of the Association. For a NEW Producer's Access Agreement, a fully completed New Agency Application must be submitted along with a \$100 application fee, plus an additional fee of \$50 for each authorized producer to be listed in the Producer's Access Agreement. A fee of \$50 per authorized producer shall be paid on an annual basis for a RENEWAL Producer's Access Agreement. All Authorized Producers within the agency must pass an authorization exam prior to becoming appointed.

NOTE: Producers shall not create and/or issue ANY form, document, letter, evidence of insurance, binder, or ANY facsimile thereof, that names the AIUA as the insurance provider with terms of insurance that the AIUA has not expressly authorized. Violation of this rule could result in immediate termination of the Producer Access Agreement.

Service/Policy Fee

A non-refundable fee, in an amount determined by the Alabama Insurance Underwriting Association and approved by the Alabama Department of Insurance, shall be charged for each new or rewrite application for coverage. No commission is paid on the service/policy fee. New Business Service Fee is \$65. Rewrite Application Fee is \$45.

First Loss Scale Formula - Calculation of Premium When Value Exceeds Association Limit

When the value exceeds the maximum Association limit, the Association waives any applicable coinsurance requirements and charges a premium in accordance with the First Loss Scale Formula.

If the proposed policy limit for a dwelling limit or contents limit is less than the value of the property, divide the proposed limit by the value. If the coverage is being written on an ACV basis, then the insurable amount and the total value should be on an ACV basis. If the risk is insured for replacement cost, then replacement cost amounts should be used in the calculation.

Rate as follows:

1. Determine total insurable value of the dwelling.
2. Calculate the total premium applicable for the total insurable value of the dwelling using the AIUA rules and rates.
3. Determine the percent (%) that underlying AIUA limit of liability bears to the total insurable value of the dwelling. (Round to nearest whole percent.)
4. Multiply the total premium applicable for the total insurable value of the dwelling by the applicable Excess Insurance Factor in the table below.
5. The result is the premium applicable to the AIUA policy providing the primary layer of insurance.

Attach EXCESS Endorsement EXCOVPL END (05 07)

Percent (%)	Rate	Percent (%)	Rate	Percent (%)	Rate	Percent (%)	Rate
1%	.224	26%	.720	51%	.830	76%	.890
2%	.281	27%	.721	52%	.832	77%	.894
3%	.310	28%	.734	53%	.834	78%	.899
4%	.367	27%	.741	54%	.837	79%	.903
5%	.425	30%	.748	55%	.839	80%	.908
6%	.448	31%	.756	56%	.841	81%	.913
7%	.471	32%	.763	57%	.844	82%	.917
8%	.494	33%	.770	58%	.846	83%	.922
9%	.517	34%	.773	59%	.848	84%	.926
10%	.540	35%	.776	60%	.850	85%	.931
11%	.551	36%	.780	61%	.853	86%	.936
12%	.563	37%	.784	62%	.855	87%	.940
13%	.574	38%	.788	63%	.857	88%	.945
14%	.586	39%	.792	64%	.860	89%	.949
15%	.597	40%	.795	65%	.862	90%	.954
16%	.609	41%	.799	66%	.864	91%	.959
17%	.620	42%	.802	67%	.867	92%	.963
18%	.632	43%	.804	68%	.869	93%	.968
19%	.643	44%	.808	69%	.871	94%	.972
20%	.655	45%	.811	70%	.873	95%	.977
21%	.660	46%	.815	71%	.876	96%	.982
22%	.678	47%	.818	72%	.878	97%	.986
23%	.689	48%	.821	73%	.880	98%	.991
24%	.701	49%	.824	74%	.883	99%	.995
25%	.712	50%	.827	75%	.885	100%	1.00

First Loss Scale Formula - Calculation of Premium When Value Exceeds Association Limit - EXAMPLE

Total Insurable Value of the dwelling = \$750,000

Maximum AIUA limit of liability = \$500,000

Total premium applicable for Total Insurable Value (using AIUA rates) = \$3,800

The percent (%) that the AIUA limit of liability bears to the total insurable value of the dwelling = \$500,000 divided by \$750,000 = 67%

67% = Excess Rate Factor of .867

Premium applicable to the AIUA policy = \$3,800 x .867 = \$3,295

Binder Procedure

Not Eligible --The following transactions are NOT considered a real estate closing and are NOT eligible for a binder:

1. Line of Credit
2. Construction loans
3. Credit card with equity line of credit
4. Any type of personal loan
5. 30-day notes, 60-day notes, or similar instruments
6. Any financial arrangement that does not meet the Association's definition of originating mortgage

Binder – Producers must submit their binder requests to the Association via E-Application. The following procedures should be followed:

1. The individual producer should verify that the closing is eligible for binding with the AIUA.
2. The producer should complete the binder request form and application via E-Application.
3. If the information submitted via E-Application is complete and correct, a binder number, effective date, and expiration date will be assigned.
4. The binder will be transmitted to the producer via E-Application.
5. The AIUA must receive the photos, full payment of premium, and a copy of the signed closing papers, including a copy of the real estate appraisal, within thirty (30) days of the binder effective date.

Under no circumstances will the AIUA issue a binder in the event that a named storm has been declared by the NOAA (National Hurricane Center) to be within 80 degrees W Longitude and 20 degrees N Latitude or a Tropical Storm Watch/Warning has been declared for Baldwin and/or Mobile County.

Binders issued PRIOR to the close of E-Application will be accepted and processed.

**ALABAMA INSURANCE UNDERWRITING
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DWELLING POLICY PROGRAM MANUAL**

101. FORMS, COVERAGES, MINIMUM LIMITS OF LIABILITY

A. Forms

The Dwelling Policy Program makes available the following policy forms:

1. DP 00 01 – Basic Form
2. DPW 00 01 – Basic Form Wind/Hail Only
3. DP 00 02 – Broad Form
4. DPW 00 02 – Broad Form Wind/Hail Only

B. Coverages

1. Form DP 00 02 and DPW 00 02 provides the following Coverages. These Coverages are written as separate items in the policy:

Coverage A – Dwelling

Coverage B – Other Structures

Coverage C – Personal Property

Coverage D – Fair Rental Value

Coverage E – Additional Living Expense

2. Form DP 00 01 and DPW 00 01 provides Coverages A through D;

C. Minimum Limits of Liability

The following coverages are subject to a minimum limit of liability:

Coverages	Minimum Limit
1. Coverage A – Dwelling	\$50,000 (Form DP 00 02/DPW 00 02)
2. Coverage C – Personal Property	\$5,000
3. There are no minimum limits for Form DP 00 01/DPW 00 01 .	

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102. PERILS INSURED AGAINST

The following is a general description of the coverages provided by the individual Dwelling Policy Forms. The policy should be consulted for exact contract conditions.

Perils Insured Against	DP 00 01	DPW 00 01	DP 00 02	DPW 00 02
Fire or Lightning, Internal Explosion	Yes	No	Yes	No
Extended Coverage meaning Windstorm or Hail, Explosion, Riot or Civil Commotion, Aircraft, Vehicles, Smoke, Volcanic Eruption	Yes	Windstorm, or Hurricane, or Hail ONLY	Yes	Windstorm or Hurricane, or Hail ONLY
Vandalism or Malicious Mischief	Yes	No	Yes	No
Damage By Burglars, Falling Objects, Weight of Ice, Snow or Sleet, Accidental Discharge of Water or Steam, Sudden Cracking of a Steam or Hot Water Heating System, Freezing, Sudden Damage from Artificial Electric Currents	No	No	Yes	No
Additional Risks with Certain Exceptions (Special Coverage)	No	No	No	No

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103. ELIGIBILITY

A Dwelling Policy may be issued to provide insurance under:

- A.** Coverage A – on a dwelling building:
 - 1. Used solely for residential purposes except that certain incidental occupancies or up to 5 roomers or boarders are permitted;
 - 2. Containing not more than four apartments; and
 - 3. Which may be in a townhouse or row house structure; or
 - 4. In course of construction.
- B.** Coverage C in:
 - 1. A dwelling with rental apartments including furnishings, equipment and appliances in halls or utility rooms; or
 - 2. Any apartment, cooperative or condominium unit used as private living quarters of the insured or rented to others.

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**104. PROTECTION CLASSIFICATION CODES AND
INFORMATION**

A. Codes

Protection Class	Code
1	01
2	02
3	03
4	04
5	05
6	06
7	07
8	08
8B	19
9	09
10	10

B. Protection Information

The Protection Class listings in the Community Mitigation Classification Manual apply to risks insured under Dwelling Program policies.

1. The protection class indicated applies in a municipality or classified area where a single class of fire protection is available throughout (8, 7, 6, etc.).
2. In a classified area where two or more classifications are shown (e.g. 6/9), the classification is determined as follows:

Distance To Fire Station	Class
a. 5 road miles or less with hydrant within 1,000 feet *First protection class (e.g. 6/9...use Class 6)	*
b. 5 road miles or less with hydrant beyond 1,000 feet	9
c. Over 5 road miles	10

3. Propriety (Subscription) Type Fire Departments are identified by a footnote in the Community Mitigation Classification Manual. Class 10 applies to properties which are not subscribers. When other than Class 10 is applied, attach Endorsement **DP 04 85**, Fire Department Clause.
4. For information regarding Class 8B, refer to the Community Mitigation Classification Manual.
5. All other properties are Class 10.

105. SEASONAL DWELLING DEFINITION

A seasonal dwelling is a fully furnished dwelling that is not occupied on a full time basis.

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106. CONSTRUCTION DEFINITIONS

A. Frame

Exterior wall of wood or other combustible construction, including wood iron-clad, stucco on wood, or plaster on combustible supports. (Use Construction Code 1)
Aluminum or plastic siding over frame. (Use Construction Code 5)

B. Masonry Veneer

Exterior walls of combustible construction veneered with brick or stone.
(Use Construction Code 2)

C. Masonry

Exterior walls constructed of masonry materials such as adobe, brick, concrete, gypsum block, hollow concrete block, stone, tile or similar materials, and floors and roof of combustible construction.
(Disregarding floors resting directly on the ground). (Use Construction Code 3).

D. Superior

(Use Construction Code 4)

1. Non-Combustible

Exterior walls and floors and roof constructed of, and supported by metal, asbestos, gypsum, or other non-combustible materials

2. Masonry Non-Combustible

Exterior walls constructed of masonry materials (as described in C. above) and floors and roof of metal or other non-combustible materials.

3. Fire Resistive

Exterior walls and floors and roof constructed of masonry or other fire resistive materials.

E. Fortified Wind Resistive (IRC/FFSL)**1. New Construction**

To be considered for Fortified Wind Resistive New Construction discounts, the one or two-family dwelling (including a modular home as defined in 24 C.F.R. 3282.12, but EXCLUDING a manufactured home) must have been designed and constructed in conformity with, and has been certified by a licensed, professional engineer as meeting, the requirements of the 2006 International Residential Code (IRC) for One and Two-Family Dwellings promulgated by the International Code Council (ICC) including the design criteria applicable to construction in hurricane-prone regions; or must have been designed and constructed in conformity with, and has been certified by the Institute for Business and Home Safety (IBHS) as meeting, the requirements of the Fortified For Safer Living (FFSL) wind resistive construction standards promulgated by IBHS.

Inspection by and certification from a licensed, professional engineer and/or the Institute for Business and Home Safety (IBHS) attesting that the home was built in compliance with 2006 International Residential Code and/or IBHS's Fortified For Safer Living (FFSL) wind resistive construction standards is required before any discount can be given.

NOTE: Dwellings qualifying and receiving Fortified Wind Resistive (IRC/FFSL) discounts are not eligible for Building Code Effectiveness Grading (BCEG) discounts.

a) Rate

Apply the applicable factor from the rate tables to the otherwise applicable Wind/Hail/Hurricane rate.

2. Retrofitted Construction

To be considered for Fortified Wind Resistive Retrofitted Construction discounts, the one or two-family dwelling (or a manufactured home designed and manufactured to comply with Federal manufactured home construction and safety standards applicable to homes located within Wind Zone III of the Basic Wind Zone Map published by the United States Department of Housing and Urban Development 24 C.F.R. 3260.305 must have been designed and constructed in conformity with, and has been certified by the Institute for Business and Home Safety (IBHS) as meeting, either the Level 1, Level 2 or Level 3 hurricane mitigation requirements of the Fortified: Existing Homes program promulgated by IBHS.

Inspection by and certification from the Institute for Business and Home Safety (IBHS) attesting

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that the home was complies with the Fortified: Existing Homes program is required before any discount can be given.

NOTE: Dwellings qualifying and receiving Fortified Wind Resistive Retrofitted Construction discounts are not eligible for Building Code Effectiveness Grading (BCEG) discounts.

a) Rate

Apply the applicable factor from the rate tables to the otherwise applicable Wind/Hail/Hurricane rate.

Note

Mixed (Masonry/Frame) – a combination of both frame and masonry construction shall be classed and coded as frame when the exterior walls of frame construction (including gables) exceeds 33 1/3% of the total exterior wall area; otherwise, class and code as masonry.

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107. SINGLE BUILDING DEFINITION

- A.** All buildings or sections of buildings which are accessible through unprotected openings shall be considered as a single building.
- B.** Buildings which are separated by space shall be considered separate buildings.
- C.** Buildings or sections of buildings which are separated by:
 - 1.** A 6-inch reinforced concrete or an 8-inch masonry party wall;
or
 - 2.** A documented minimum two-hour non-combustible wall which has been laboratory tested for independent structural integrity under fire conditions;

Which pierces or rises to the underside of the roof and which pierces or extends to the inner side of the exterior wall shall be considered separate buildings. Accessibility between buildings with independent walls or through masonry party walls described above shall be protected by at least a Class A Fire Door installed in a masonry wall section.

108. RATES

- A.** This Manual contains individual company rates.
- B.** All rules in this Manual are designed to be utilized with rates. All references in the rules and examples to rates and/or premiums (including base premiums) shall be interpreted to mean those established by the Alabama Insurance Underwriting Association.
- C.** Rules in this Manual reference state rates. The "Rate Page" is used for consistency with the rules.

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201. POLICY PERIOD

The policy may be written for a period of one year and may be extended for successive policy periods by extension certificate based upon the forms, premiums and endorsements then in effect for the Alabama Insurance Underwriting Association. A policy may not be written for a period less than one year.

202. CHANGES OR CANCELLATIONS

If insurance is increased, cancelled or reduced, the additional or return premium shall be computed on a pro rata basis. Calculate premium adjustments using the rates and rules in effect as of the effective date of the policy.

203. MANUAL PREMIUM REVISION

A manual premium revision shall be made in accordance with the following procedures.

- A.** The effective date of such revision shall be as announced.
- B.** The revision shall apply to any policy or endorsement in the manner outlined in the announcement of the revision.
- C.** Unless otherwise provided at the time of the announcement of the premium revision, the revision shall not affect:
 - 1.** In-force policy forms, endorsements or premiums, until the policy is renewed.

204. MULTIPLE LOCATIONS

A policy may NOT be issued to provide insurance at more than one described location.

205. MULTIPLE POLICIES

Insurance may be provided on the same property under two or more Dwelling policies in one or more companies.

206. MINIMUM PREMIUM

The minimum premium shall be \$100.

207. TRANSFER OR ASSIGNMENT

A policy may NOT be endorsed to effect:

- A.** Transfer to another location within the same state; or
- B.** Assignment from one insured to another in the event of transfer of title of the dwelling.

208. WAIVER OF PREMIUM

When a policy is endorsed after the inception date, any additional or return premium of \$3.00 or less may be waived. Any return premium for that amount or less shall be returned to the insured upon request.

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209. WHOLE DOLLAR PREMIUM RULE

- A. Each premium shown on the policy and endorsements shall be rounded to the nearest whole dollar. A premium of fifty cents (\$.50) or more shall be rounded to the next higher whole dollar.
- B. In the event of cancellation by the company, the return premium may be carried to the next higher whole dollar.

210. REFER TO COMPANY

Whenever a risk is rated on a refer to company basis, coverage may not be bound without prior company approval. The risk will be rated in accordance with regulatory or statutory rate filing requirements.

301. BASE PREMIUM COMPUTATION

To compute the BASE PREMIUM, use the Key Premiums and Key Factors that are displayed in the rate pages.

- A. (All Forms) Fire, All Other Extended Coverage Perils (AOP EC), Wind/Hail, Hurricane (DP 00 01), (DP 00 02), (DPW 00 01), (DPW 00 02)
Coverage A – Dwelling
Coverage C – Personal Property
 1. From the Key Premium Table, select the Key Premium for the classifications or coverages that apply to the risk.
 2. From the Key Factor Table, determine the Key Factor for the desired limit of liability. If the desired limit of liability is not shown in the table, interpolate as illustrated in Paragraph B. of this rule.
 3. Multiply the Key Premium by the Key Factor and round to the nearest whole dollar to develop the BASE PREMIUM (\$.50 or more rounded to the next higher whole dollar).

B. Interpolation Example

When the desired limit of liability is less than the highest limit shown, interpolate the Key Factors using the nearest limit above and below the desired limit.

Example

\$25,500 desired limit; the nearest limits are \$25,000 and \$26,000.

For \$25,000 the Key Factor is 1.082; for \$26,000 the Key Factor is 1.098. Figure the difference between the two Key Factors and divide by 10. This provides a factor per \$100.

$$\begin{array}{r} 1.098 \\ -1.082 \\ \hline .016 \div 10 = .0016 \end{array}$$

Multiply the factor per \$100 times five, and add 1.082: the Key Factor for \$25,000:

$$\begin{array}{r} .0016 \\ \times 5 \\ \hline .0080 + 1.082 = 1.090 \end{array}$$

The result, 1.090, is the Key Factor for this example.

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302. VANDALISM & MALICIOUS MISCHIEF – DP 00 01

Develop the BASE PREMIUM by multiplying the same limit of liability selected for Extended Coverage by the V.& M.M. rate per \$1000 of insurance shown below:

Not Seasonal or Vacant	\$.12
Seasonal & Not Vacant60
Vacant	7.00
In Course of Construction.....	.12

303. ORDINANCE OR LAW COVERAGE – ALL FORMS

- A. Applicability by Form**
- 1. DPW 00 01**
Coverage is **not** automatically included in this form and MAY NOT be added by endorsement.
 - 2. DPW 00 02**
A limited amount of coverage is automatically included at each Described Location to pay for the increased costs necessary to comply with the enforcement of an ordinance or law. This amount is equal to 10% of the limit of liability that applies to:
 - a.** Coverage A or Unit-Owner Building Items if the insured is an owner of a Described Location; or
 - b.** Coverage B if the insured is an owner of a Described Location which is not insured for Coverage A or Unit-Owner Building Items; or
 - c.** Improvements, Alterations and Additions if the insured is a tenant of a Described Location.**This amount MAY NOT be increased by endorsement.**

304. PERMITTED INCIDENTAL OCCUPANCIES

- A.** One of the incidental occupancies described in B. below is permitted in a premises eligible for coverage under a Dwelling Policy, if:
- 1.** The policy provides insurance under Coverage A, B or C;
 - 2.** The incidental occupancy is operated by the insured who is the owner or a resident of the premises; and
 - 3.** There are no more than two persons at work in the incidental occupancy.
Use Endorsement DP 04 20 Permitted Incidental Occupancies.
- B. Permitted Incidental Occupancies**
- 1.** Offices, Schools or Studios meaning offices for business or professional purposes, and private schools or studios for music, dance, photography and other instructional purposes.
 - 2.** Small Service Occupancies meaning occupancies primarily for service rather than sales. For example: barber or beauty shop, tailor or dressmaker, telephone exchanges or shoe repair shops using handwork only.
 - 3.** Storage of merchandise if the value of the merchandise does not exceed \$10,000.
- C.** The amounts of insurance for the contents of the incidental occupancy and merchandise in storage shall be stated as separate contents items in the policy declarations.
- D. Premium**
Determine the Coverage C BASE PREMIUM under Rule **301.**, using the single Key Factor for the total amount of insurance for:
- 1.** Household personal property,
 - 2.** Contents of the incidental occupancy, and
 - 3.** Merchandise in storage.

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401. SUPERIOR CONSTRUCTION

- A.** Refer to the Construction Definition rule in this manual for details.
- B.** For E.C. rating purposes a dwelling classified as:
1. Fire Resistive is considered Wind Resistive.
 2. Masonry Non-Combustible is considered Semi-Wind Resistive.
- C. Premium:**
Multiply the **BASE PREMIUM** by the appropriate Construction Factor found in the rate tables.

**402. COVERAGE C – PERSONAL PROPERTY IN BUILDINGS SUBJECT TO COMMERCIAL CLASS
RATES OR SPECIFIC RATES**

- A. Fire**
Use the appropriate factor shown below if the building is classified in Div. 5 of the Commercial Lines Manual, Rule 85, paragraph:

B.1.	B.3. or
or	is rated
B.2.	specifically
*	**

1. Fire Resistive,
Masonry Non-Comb.
& Non-Comb.

Multiply the
Masonry Cov. C
BASE PREM. by .50 1.00

2. All Other
Construction

Multiply the Masonry
Cov. C. or Frame
BASE PREM. by 1.00 2.00

- B. E.C., V&MM, or Broad Form**
Multiply the Cov. C **BASE PREMIUM** by 1.00.

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403. DWELLING UNDER CONSTRUCTION

- A.** Two methods are provided for insuring this exposure.
- 1. Named Insured Is The Intended Occupant.**
A builder (contractor) may be designated as an additional insured. The policy may be cancelled upon completion of the dwelling.
Use Endorsement **DP 11 43** Dwelling Under Construction.
 - 2. Named Insured Is Not The Intended Occupant.**
A builder (contractor) may be designated as an additional insured. The policy may be cancelled upon completion of the dwelling.
Use Endorsement **DP 11 43** Dwelling Under Construction.
- B. Premium**
- 1. Named Insured Is The Intended Occupant.**
Multiply the Coverage A Owner Occupied **BASE PREMIUM** by .65.
Status Code 1.
 - 2. Named Insured Is Not The Intended Occupant.**
Multiply the Coverage A Owner Occupied **BASE PREMIUM** by 2.00.
Status Code 1.

404. MOBILE OR TRAILER HOMES

Mobile or Trailer Homes are eligible for coverage subject to rule **103 ELIGIBILITY**.
Apply a factor of **2.025** to the **BASE PREMIUM**.

405. TOWNHOUSE OR ROW HOUSE

- A.** Determine the total number of individual family units within a Fire Division. For example, a 2 family dwelling attached to a 1 family dwelling is considered **3 individual family units** within a Fire Division if both dwellings are not separated by a fire wall. Four attached 2 family dwellings are considered **8 individual family units** within a Fire Division if they are not separated by fire walls.
A policy may be issued for:
1. Coverage A when the dwelling contains 1, 2, 3 or 4 individual family units within a Fire Division.
 2. Coverage C in a dwelling with 1 or more individual family units within a Fire Division.
- B. Premium**
- | No. of Individ.
Family Units | Use Cov. A* or C
BASE PREMIUM for |
|---|--|
| 1, 2, 3 or 4 | 1, 2, 3 or 4 families |
| 5 or more | * Not Eligible |
- *Refer to Commercial Lines Manual for building coverage when it contains 5 or more individual family units within a Fire Division.

406. DEDUCTIBLES

All policies are subject to a deductible that applies to loss from all perils. A separate deductible type applies to Fire, All Other Extended Coverage Perils Except Wind/Hail/Hurricane (AOP EC), Wind/Hail Except Hurricane and Hurricane Coverages.

For Theft Coverage, the deductible amount may differ from the deductible amount that applies to Fire and Allied Lines perils.

A FIRE Deductible applies to all loss caused by Fire, Lightning, and Internal Explosion.

All Other Extended Coverage Perils Except Wind/Hail/Hurricane Deductible (AOP EC) applies to all loss caused by any covered peril other than Fire, Lightning, Internal Explosion, Wind, Hail or Hurricane.

Fire Deductible

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This option provides deductible amount of \$500, \$1,000 or \$2,500.

All Other Extended Coverage Perils Except Wind/Hail/Hurricane Deductible (AOP EC)

This option provides deductible amount of \$500, \$1,000 or \$2,500.

Note: Selected Fire Deductible and All Other Extended Coverage Perils Except Wind/Hail/Hurricane Deductible (AOP EC) MUST be equal. For example, If \$1,000 Fire Deductible is selected, then \$1,000 All Other Extended Coverage Perils Except Wind/Hail/Hurricane Deductible (AOP EC) must also be selected.

A Wind/Hail Percentage Deductible applies to all Windstorm and Hail losses other than Hurricane.

A Hurricane Percentage Deductible applies to Windstorm loss that occurs 24 hours before, during, or 24 hours after a hurricane, declared by the National Weather Service, makes landfall anywhere in the state of Alabama.

Note: A hurricane is a storm that originates in the tropics and either attains a sustained wind speed of 74 mph or more; or a storm surge of at least 4 feet or more above normal, whether or not sustained wind speed of 74 mph or more is attained.

Wind/Hail Except Hurricane Percentage Deductible

This option provides deductible amount of 1%, 2%, 5%, or 10% of the Coverage A limit of liability.

These deductible amounts apply to Windstorm and Hail loss other than Hurricane for all Section I property coverages.

Hurricane Percentage Deductible

This option provides deductible amount of 1%, 2%, 5%, or 10% of the Coverage A limit of liability.

These deductible amounts apply to Windstorm loss that occurs 24 hours before, during, or 24 hours after a hurricane, declared by the National Weather Service, makes landfall anywhere in the state of Alabama.

Note: Selected Wind/Hail Except Hurricane Percentage Deductible and Hurricane Percentage Deductible MUST be equal. For example, If 2% Wind/Hail Except Hurricane Percentage Deductible is selected, then 2% Hurricane Percentage Deductible must also be selected.

Deductible Factors

To compute the premium for this provision, multiply the BASE PREMIUM by the applicable deductible factor listed in the rate tables for the deductible amounts selected:

COVERAGES A, B, D or E and COVERAGE OPTIONS FOR BUILDINGS AND NON-BUILDING STRUCTURES.

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RESERVED FOR FUTURE USE

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407. AUTOMATIC INCREASE IN INSURANCE

Alabama Insurance Underwriting Association reserves the right to increase Coverage A – Dwelling Limit on an annual basis by a percentage factor determined from a review of inflationary trends affecting building materials and construction costs. Coverage will be rounded to the nearest \$1,000.

408. PROTECTIVE DEVICES

Credit for Protective Devices is not available.

**409. ACTUAL CASH VALUE LOSS SETTLEMENT WINDSTORM OR HAIL LOSSES TO ROOF
SURFACING – DP 00 02, DPW 00 02**

- A. The policy provides settlement for building losses on a repair or replacement cost basis, subject to certain conditions.
- B. The policy shall be endorsed to provide loss settlement exclusively on an Actual Cash Value basis for roof surfacing when damage is caused by the peril of Windstorm or Hail or Hurricane if the roof's life expectancy has been exhausted or the condition does not meet the underwriting guidelines for replacement cost coverage.
- C. To develop a premium for this option,
multiply the BASE PREMIUM by a factor of .98.

Use Endorsement DP 04 75 – Actual Cash Value Loss Settlement – Windstorm or Hail Losses to Roof Surfacing .

500. MISCELLANEOUS RATES

The following rates per \$1,000 apply to all occupancies, territories, construction, and protection classifications, unless otherwise specified:

- A. Fire: Protection Class 1-8\$1.51
8B, 9 &10.....\$ 2.69
- B. Extended Coverage (DP 00 01) \$.89
- C. Broad Form (DP 00 02) \$1.35
- D. Broad Form (DP 00 02) with Endt.

DP 04 65 Not Available

Rates for **A.** are cumulative with either **B., C., D.,** or **E.**

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501. COVERAGE B – OTHER STRUCTURES

- A. Coverage for other structures described as covered under Coverage B is automatically provided on a blanket basis for up to 10% of the Coverage A limit.
1. Under **DP 00 01**, use of this option reduces the Coverage A limit for the same loss.
 2. Under **DP 00 02**, this limit is additional insurance.
- The blanket limit may not be increased. If the blanket limit is not sufficient, Other Structures may be covered on a separate policy for the desired limit of coverage. Dwelling rates shall apply.**

**502. COVERAGE D – FAIR RENTAL VALUE
COVERAGE E – ADDITIONAL LIVING EXPENSE**

- A. Coverage is provided in the forms on a limited basis as follows:
1. DP 00 01/DPW 00 01
 - a. Coverage D
Up to 20% of the Coverage A limit is available. Use of this option reduces the Coverage A limit for the same loss.
 - b. Coverage E
Not automatically included in form. It may NOT be added as noted in B. below.
 2. DP 00 02/DPW 00 02
Coverage D and E combined – Up to 20% of the Coverage A limit is available for Coverage D and Coverage E. combined as additional insurance.
- B. Coverage may NOT be increased or added.

**503. ORDINANCE OR LAW COVERAGE
COVERAGE B – SPECIFIC STRUCTURES, BUILDING ITEMS AND IMPROVEMENTS,
ALTERATIONS AND ADDITIONS**

- A. For DP 00 01 and DPW 00 01 and, the policy may NOT be endorsed to add an amount of Ordinance or Law Coverage.
For Form DP 00 02 and DPW 00 02, the basic 10% of coverage may NOT be increased.

**504. IMPROVEMENTS, ALTERATIONS AND ADDITIONS TENANT AND CO-OP UNIT-OWNER DP 00 01 OR
DP 00 02**

- A. Named perils coverage is automatically provided in the forms for up to 10% of the Coverage C limit.
1. Under DP 00 01, use of this option reduces the Coverage C limit for the same loss.
 2. Under DP 00 02, this limit is additional insurance.
This limit may NOT be increased.
- B. For Form DP 00 02, coverage may NOT be extended to Special Coverage.
- C. Coverage may NOT be written without Coverage A and/or C.

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505. BUILDING ITEMS CONDO UNIT-OWNER – DP 00 01

- A.** Building items are not covered in the forms.
Named Perils is available for an additional premium.
- B.** Coverage may NOT be written without Coverage A and/or C.
- C.** Premium
 - 1. Fire, E.C., and Broad Forms
 - a. Rate as dwelling/contents. Follow Rule 301 Base Premium Computation
 - 2. V.& M.M. (**DP 00 01**)
Refer to Rule **302.** – V.& M.M.
Use Form **DP 00 01** and Endorsement **DP 17 66** Unit-Owners Coverage for Named Perils Coverage.

506. LOSS ASSESSMENT PROPERTY COVERAGE CO-OP OR CONDO UNIT-OWNER OR TENANT – DP 00 01 OR DP 00 02 DWELLING BUILDING OWNER – ALL FORMS

- A.** Coverage for property loss assessment, for which the insured may be liable, is NOT included in the forms.
Coverage is NOT available for an additional premium.

507. FIRE DEPARTMENT SERVICE CHARGE

The policy provides up to \$500 for this service. Increased limits are NOT available.

508. TREES, SHRUBS AND OTHER PLANTS

- A. DP 00 01**
 - 1. Coverage for Trees, Shrubs and Other Plants is NOT provided in this form and coverage is NOT available.
- B. DP 00 02**
 - 1. Up to 5% of the Coverage A limit is available in the form (subject to a \$500 per item maximum) for specified perils as additional insurance.
 - 2. Windstorm or Hail
Coverage for Windstorm or Hail is NOT available.

509. EARTHQUAKE COVERAGE

Earthquake coverage is **NOT** available.

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510. THEFT COVERAGE

- A.** A Fire policy insuring Coverages A or C may be extended, for an additional premium, to provide On and Off-Premises Coverage for the perils of Theft and Vandalism and Malicious Mischief (V.&M.M.) resulting from theft.
- 1.** Owner-Occupied Dwellings and Owner-Occupied Co-op or Condo Units;
 - a.** The policy may be extended to provide On or Off-Premises Coverage.
 - b.** The minimum limit of liability is \$1,000 each for On and Off -Premises Coverage. The maximum limit of liability is \$10,000 each for On-and-Off Premises Coverage.
 - c.** Off-Premises Coverage is only available when On-Premises Coverage is purchased.
The limit of liability shall not be greater than that selected for On-Premises Coverage.
Use Endorsement **DP 04 72** Broad Theft Coverage.
 - 2.** Non-Owner Occupied dwellings etc... are not eligible for Theft Coverage

B. Premium

Rates for the base deductible are displayed in the table below.

Compute the premiums separately for each premises in the manner and sequence that follows:

1. Theft and V.&M.M.

a. Owner-Occupied Dwellings, etc.

Code as separate record with subline 41 (441 if 150 character format) for On-Premises Only and subline 42 (442 if 150 character format) for both On and Off Premises Coverage.

Compute the premiums for the desired limit of liability separately for On and Off-Premises Coverage.

Rate per \$1,000 of Insurance

On-Premises	Entire State	\$39
Off-Premises	Entire State	\$16

C. Deductibles

1. Base Deductible

\$500 Deductible. (Size Code 25)

2. Optional Deductibles

To compute the premium for this provision, multiply the premium for the Base Deductible computed in

B.1. above by the factor listed below:

Ded.	Size Code	Factor
1,000	82	.90
2,500	86	.73

511. SINKHOLE COLLAPSE COVERAGE

Sinkhole coverage is **NOT** available.

512. WINDSTORM OR HAIL COVERAGE – AWNINGS, SIGNS & OUTDOOR RADIO AND TELEVISION EQUIPMENT

The peril of Windstorm or Hail or Hurricane does **NOT** cover:

- A. Awnings, Signs and Outdoor Radio and Television Equipment in DP 00 01/DPW 01 or DP 00 02/DPW 02;
- B. Coverage may NOT be added.

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513. WATER BACK UP AND SUMP OVERFLOW

Coverage is NOT available.

514. PERSONAL LIABILITY

Coverage is NOT available.

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ADDITIONAL RULE(S)

Wind-Only Policy

If desired, a policy covering only the perils of Windstorm, Hail, and Hurricane may be issued on an eligible dwelling (See Dwelling Fire Underwriting Guidelines and rule 103 Eligibility).

Rates are developed as follows:

Calculate the sum of the Wind/Hail Coverage premium for the desired limit of liability plus the Hurricane Coverage premium for the desired limit of liability.

Zone Surcharge Factors:

To compute the Total Policy Premium, multiply the BASE PREMIUM for Fire, AOP EC, Wind/Hail and Hurricane by the applicable Zone factor listed in the rate tables.

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BUILDING CODE EFFECTIVENESS GRADING

This rule does not apply to Mobile or Trailer homes. **This rule does not apply to dwellings receiving Fortified Wind Resistant (IRC/FFSL) New Construction or Fortified Wind Resistant Retrofitted Construction discounts.**

A. General Information

1. The Building Code Effectiveness Grading Schedule develops a grade of 1 to 10 for a community based on the adequacy of its building code and the effectiveness of its enforcement of that code. Policies which cover the perils of Windstorm or Hail or Earthquake may be eligible for special rating treatment, subject to the criteria in the following paragraphs. The Building Code Effectiveness Grading factor applies, where applicable, in addition to the Public Protection Classification factors.
2. In some communities, two Building Code Effectiveness Grades may be assigned. One will apply to 1 and 2 family dwelling buildings and/or personal property contained in such buildings. The other grade will apply to all other buildings occupied for residential, commercial and/or manufacturing purposes including personal and business property contained therein. The Community Mitigation Classification Manual will indicate the application of each grade.
3. The Building Code Effectiveness Grade for a community, and its effectiveness dates, are provided in the Community Mitigation Classification Manual published by ISO.

B. Community Grading

1. The Building Code Effectiveness Grading applies to any building that has an original certificate of occupancy dated the year of the effective date of the community grading, or later. A rating factor has been developed for each community grade.
2. If a community is regarded subsequent to its initial grading, the factor for the revised grade applies to building that have an original certificate of occupancy dated the year of the effective date of the revised grading, or later.
3. Where certificates of occupancy are not issued, equivalent documentation acceptable to the company may be used.
4. If, due to an addition or alteration, the original building is changed to comply with the latest building code, the factor for the community grading applicable at the time the reconstruction is completed will apply to such building.
5. The Building Code Effectiveness Grade may apply to Windstorm/Hail or Earthquake, or to both. Specific information is provided in the Community Mitigation Classification Manual. If the grade in the manual does not apply to one of the perils, the factor should not be applied for that peril.

C. Individual Grading

Individual Grading is not available.

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D. Ungraded Risks

Buildings which do not meet the criteria in Paragraphs B. or C. above for Grade assignment are rated and coded as ungraded risks. Do not classify as Grade 10.

Premium Credit Computation

1. Community Grading

a. Windstorm, Hail, Hurricane

(1) Compute the premium credit as follows:

(a) For buildings which are eligible under Paragraph B. of this rule, and for personal property inside such buildings, multiply the Key Premium by the applicable factor and

(b) Multiply the result from Step (a) above by the Key Factor for the desired amount of insurance.

2. The premium credit does **not** apply when the peril of windstorm or hail is excluded from the policy.

a. Credit Factors

(1) See BCEG Factors in the AIUA Rate Tables.

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**Description of AIUA Zone Boundaries
Mobile & Baldwin Counties, Alabama**

Gulf Front: This zone encompasses all areas of Orange Beach, Gulf Shores, and Dauphin Island that are south of the Gulf Intracoastal Waterway, defined by the AIUA as the approximate center point traversing the path between Arnica Bay heading westward into Bay La Launch and along Wolf Bay to Bon Secour Bay and continuing westward across Mobile Bay to Pascagoula Bay. Refer to the AIUA rating zone map for additional details.

M1: This zone encompasses areas from the coastline, to 1 mile inland, of the Mobile County coastline (including Mobile Bay) as defined by the AIUA. Areas South of the Gulf Intracoastal Waterway, as previously defined, are not included in this zone. Refer to the AIUA rating zone map for additional details.

M2: This zone encompasses areas greater than 1 mile, to 3 miles inland, of the Mobile County coastline (including Mobile Bay), as defined by the AIUA. Areas South of the Gulf Intracoastal Waterway, as previously defined, are not included in this zone. Refer to the AIUA rating zone map for additional details.

M3: This zone encompasses areas greater than 3 miles, to 10 miles inland, of the Mobile County coastline (including Mobile Bay), as defined by the AIUA. Areas South of the Gulf Intracoastal Waterway, as previously defined, are not included in this zone. Refer to the AIUA rating zone map for additional details.

M4: This zone encompasses areas greater than 10 miles, to 20 miles inland, of the Mobile County coastline (including Mobile Bay), as defined by the AIUA. Areas South of the Gulf Intracoastal Waterway, as previously defined, are not included in this zone. Refer to the AIUA rating zone map for additional details.

M5: This zone encompasses areas greater than 20 miles inland of the Mobile County coastline (including Mobile Bay), as defined by the AIUA. Areas South of the Gulf Intracoastal Waterway, as previously defined, are not included in this zone. Refer to the AIUA rating zone map for additional details.

B1: This zone encompasses areas from the coastline, to 1 mile inland, of the Baldwin County coastline (including Mobile Bay), as defined by the AIUA. Areas South of the Gulf Intracoastal Waterway, as previously defined, are not included in this zone. Refer to the AIUA rating zone map for additional details.

B2: This zone encompasses areas greater than 1 mile, to 3 miles inland, of the Baldwin County coastline (including Mobile Bay), as defined by the AIUA. Areas South of the Gulf Intracoastal Waterway, as previously defined, are not included in this zone. Refer to the AIUA rating zone map for additional details.

B3: This zone encompasses areas greater than 3 mile, to 10 miles inland, of the Baldwin County coastline (including Mobile Bay), as defined by the AIUA. Areas South of the Gulf Intracoastal Waterway, as previously defined, are not included in this zone. Refer to the AIUA rating zone map for additional details.

B4: This zone encompasses areas greater than 10 mile, to 20 miles inland, of the Baldwin County coastline (including Mobile Bay), as defined by the AIUA. Areas South of the Gulf Intracoastal Waterway, as previously defined, are not included in this zone. Refer to the AIUA rating zone map for additional details.

B5: This zone encompasses areas beyond 20 miles inland of the Baldwin County coastline (including Mobile Bay), as defined by the AIUA. Areas South of the Gulf Intracoastal Waterway, as previously defined, are not included in this zone. Refer to the AIUA rating zone map for additional details.

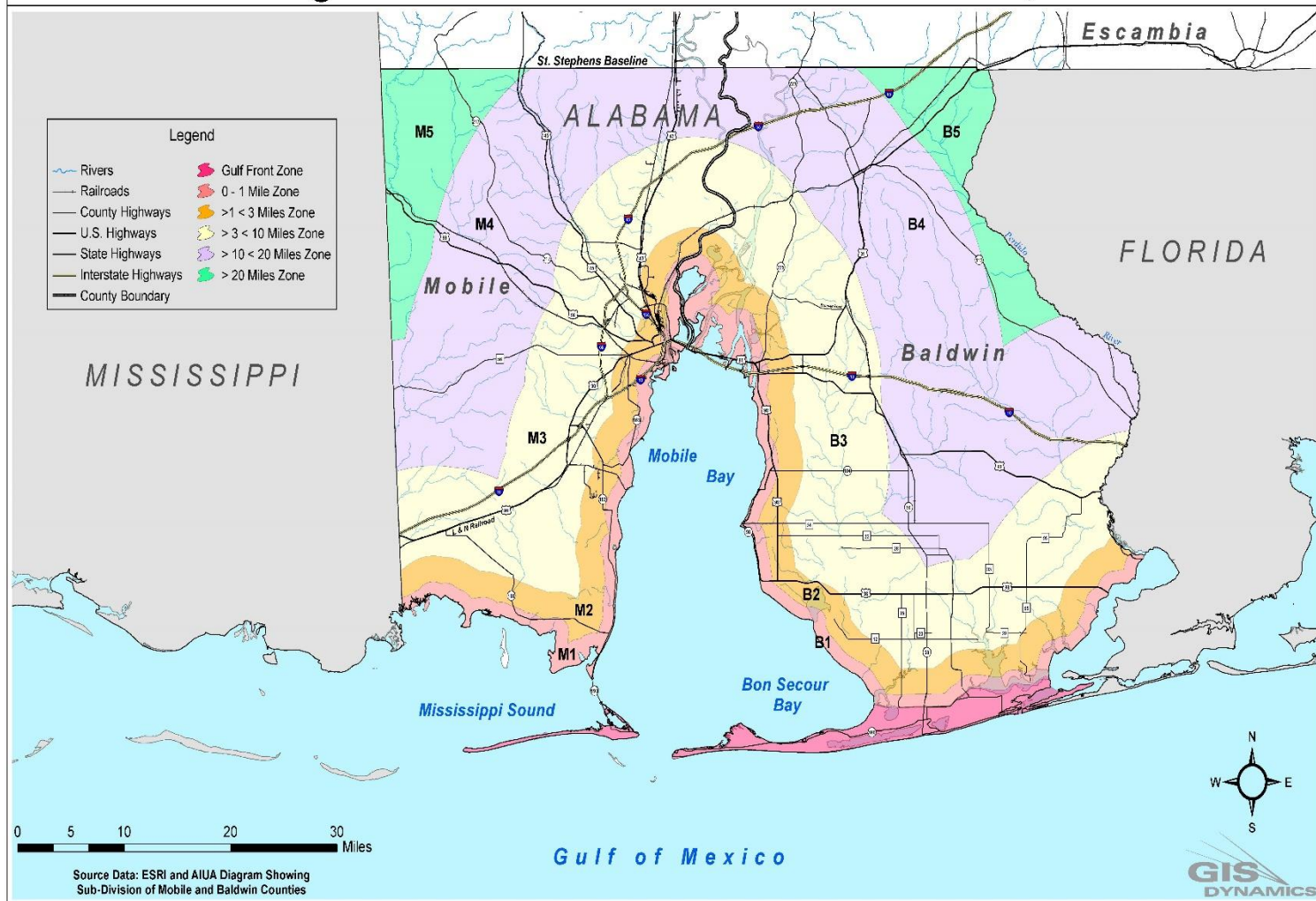
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NOTES:

1. Distance buffers were created by calculating offsets using a two-dimensional distance formula against the input geometry (coastline of Baldwin and Mobile Counties) using statute miles performed in a projected coordinate system (NAD_1983_StatePlane_Alabama_West_FIPS_0102_Feet) that minimizes distortion of the input dataset.
2. Specific coordinates of each of the AIUA zone boundaries are available by request from the technology department at the AIUA.
3. Geo coordinates (latitude/longitude) of the covered structure, as determined by the AIUA, will be used to define the applicable rating zone.

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AIUA Rating Zones - Mobile and Baldwin Counties, Alabama



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RESERVED FOR FUTURE USE

AIUA Rate Tables:

Key Premiums

Fire Key Premium

Coverage	DP 00 01	DP 00 02
Building (Coverage A)	60.278	61.785
Contents (Coverage C)	14.107	14.460

AOP EC Key Premium

Coverage	DP 00 01	DP 00 02
Building (Coverage A)	29.381	30.116
Contents (Coverage C)	2.692	2.759

Hurricane Key Premium

Coverage	DP 00 01/DPW 00 01	DP 00 02/DPW 00 02
Building (Coverage A)	124.812	127.934
Contents (Coverage C)	11.433	11.718

Other Wind/Hail Key Premium

Coverage	DP 00 01/DPW 00 01	DP 00 02/DPW 00 02
Building (Coverage A)	16.002	16.401
Contents (Coverage C)	1.467	1.503

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ALABAMA (01)

Fire Key Factors

Limit of Liability	Coverage A	Limit of Liability	Coverage C
1,000	0.310	1,000	0.350
2,000	0.346	2,000	0.480
3,000	0.382	3,000	0.610
4,000	0.419	4,000	0.740
5,000	0.455	5,000	0.870
6,000	0.491	6,000	1.000
7,000	0.528	7,000	1.130
8,000	0.564	8,000	1.260
9,000	0.600	9,000	1.390
10,000	0.637	10,000	1.520
11,000	0.673	11,000	1.650
12,000	0.709	12,000	1.780
13,000	0.746	13,000	1.910
14,000	0.782	14,000	2.040
15,000	0.818	15,000	2.170
16,000	0.855	16,000	2.300
17,000	0.891	17,000	2.430
18,000	0.927	18,000	2.560
19,000	0.964	19,000	2.690
20,000	1.000	20,000	2.820
21,000	1.016	21,000	2.950
22,000	1.033	22,000	3.080
23,000	1.049	23,000	3.210
24,000	1.065	24,000	3.340
25,000	1.082	25,000	3.470
26,000	1.098	26,000	3.600
27,000	1.114	27,000	3.730
28,000	1.131	28,000	3.860
29,000	1.147	29,000	3.990
30,000	1.163	30,000	4.120
31,000	1.180	31,000	4.250
32,000	1.196	32,000	4.380
33,000	1.212	33,000	4.510
34,000	1.229	34,000	4.640
35,000	1.245	35,000	4.770
36,000	1.261	36,000	4.900
37,000	1.278	37,000	5.030
38,000	1.294	38,000	5.160
39,000	1.310	39,000	5.290
40,000	1.327	40,000	5.420
41,000	1.343	41,000	5.550
42,000	1.359	42,000	5.680
43,000	1.376	43,000	5.810
44,000	1.392	44,000	5.940
45,000	1.408	45,000	6.070
46,000	1.425	46,000	6.200
47,000	1.441	47,000	6.330
48,000	1.457	48,000	6.460
49,000	1.474	49,000	6.590
50,000	1.490	50,000	6.720
Each Add'l 10,000	0.163	Each Add'l \$10,000	1.300

**ALABAMA INSURANCE UNDERWRITING ASSOCIATION
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ALABAMA (01)

All Other Perils Except Wind/Hail/Hurricane (AOP EC) Key Factors

Limit of Liability	Building (Coverage A)	Contents (Coverage C)
1,000	0.211	0.170
2,000	0.249	0.330
3,000	0.291	0.500
4,000	0.339	0.670
5,000	0.384	0.830
6,000	0.432	1.000
7,000	0.473	1.170
8,000	0.519	1.340
9,000	0.568	1.500
10,000	0.609	1.670
11,000	0.646	1.840
12,000	0.681	2.000
13,000	0.729	2.170
14,000	0.759	2.330
15,000	0.799	2.500
16,000	0.832	2.670
17,000	0.872	2.840
18,000	0.912	3.000
19,000	0.946	3.170
20,000	1.000	3.340
21,000	1.031	3.510
22,000	1.062	3.670
23,000	1.094	3.840
24,000	1.125	4.000
25,000	1.157	4.170
26,000	1.181	4.340
27,000	1.205	4.510
28,000	1.228	4.680
29,000	1.252	4.850
30,000	1.276	5.020
31,000	1.300	5.190
32,000	1.323	5.360
33,000	1.346	5.530
34,000	1.370	5.700
35,000	1.394	5.870
36,000	1.418	6.040
37,000	1.442	6.210
38,000	1.465	6.380
39,000	1.489	6.550
40,000	1.513	6.720
41,000	1.537	6.890
42,000	1.560	7.060
43,000	1.584	7.230
44,000	1.607	7.400
45,000	1.631	7.570
46,000	1.655	7.740
47,000	1.679	7.910
48,000	1.703	8.080
49,000	1.727	8.250
50,000	1.751	8.420
Each Add'l 10,000	0.240	1.700

**ALABAMA INSURANCE UNDERWRITING ASSOCIATION
DWELLING POLICY PROGRAM MANUAL**

ALABAMA (01)

Wind/Hail Except Hurricane Key Factors

Limit of Liability	Building (Coverage A)	Contents (Coverage C)
1,000	0.211	0.170
2,000	0.249	0.330
3,000	0.291	0.500
4,000	0.339	0.670
5,000	0.384	0.830
6,000	0.432	1.000
7,000	0.473	1.170
8,000	0.519	1.340
9,000	0.568	1.500
10,000	0.609	1.670
11,000	0.646	1.840
12,000	0.681	2.000
13,000	0.729	2.170
14,000	0.759	2.330
15,000	0.799	2.500
16,000	0.832	2.670
17,000	0.872	2.840
18,000	0.912	3.000
19,000	0.946	3.170
20,000	1.000	3.340
21,000	1.031	3.510
22,000	1.062	3.670
23,000	1.094	3.840
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29,000	1.252	4.850
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39,000	1.489	6.550
40,000	1.513	6.720
41,000	1.537	6.890
42,000	1.560	7.060
43,000	1.584	7.230
44,000	1.607	7.400
45,000	1.631	7.570
46,000	1.655	7.740
47,000	1.679	7.910
48,000	1.703	8.080
49,000	1.727	8.250
50,000	1.751	8.420
Each Add'l 10,000	0.240	1.700

**ALABAMA INSURANCE UNDERWRITING ASSOCIATION
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ALABAMA (01)

Hurricane Key Factors

Limit of Liability	Building (Coverage A)	Contents (Coverage C)
1,000	0.211	0.170
2,000	0.249	0.330
3,000	0.291	0.500
4,000	0.339	0.670
5,000	0.384	0.830
6,000	0.432	1.000
7,000	0.473	1.170
8,000	0.519	1.340
9,000	0.568	1.500
10,000	0.609	1.670
11,000	0.646	1.840
12,000	0.681	2.000
13,000	0.729	2.170
14,000	0.759	2.330
15,000	0.799	2.500
16,000	0.832	2.670
17,000	0.872	2.840
18,000	0.912	3.000
19,000	0.946	3.170
20,000	1.000	3.340
21,000	1.031	3.510
22,000	1.062	3.670
23,000	1.094	3.840
24,000	1.125	4.000
25,000	1.157	4.170
26,000	1.181	4.340
27,000	1.205	4.510
28,000	1.228	4.680
29,000	1.252	4.850
30,000	1.276	5.020
31,000	1.300	5.190
32,000	1.323	5.360
33,000	1.346	5.530
34,000	1.370	5.700
35,000	1.394	5.870
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38,000	1.465	6.380
39,000	1.489	6.550
40,000	1.513	6.720
41,000	1.537	6.890
42,000	1.560	7.060
43,000	1.584	7.230
44,000	1.607	7.400
45,000	1.631	7.570
46,000	1.655	7.740
47,000	1.679	7.910
48,000	1.703	8.080
49,000	1.727	8.250
50,000	1.751	8.420
Each Add'l 10,000	0.240	1.700

Construction Type Factors

Fire Factors		
	Type	Selected
Frame		1.000
Aluminum		1.000
Plastic Siding		1.000
Masonry Veneer		0.982
Masonry		0.860
Mobile Home		1.000
Superior - Non Combustible		0.522
Superior - Masonry Combustible		0.522
Superior - Fire Resistive		0.522
Hurricane Factors		
	Type	Selected
Frame		1.000
Aluminum		1.000
Plastic Siding		1.000
Masonry Veneer		0.982
Masonry		0.860
Mobile Home		1.000
Superior - Non Combustible		0.522
Superior - Masonry Combustible		0.522
Superior - Fire Resistive		0.522
Wind/Hail Except Hurricane Factors		
	Type	Selected
Frame		1.000
Aluminum		1.000
Plastic Siding		1.000
Masonry Veneer		0.982
Masonry		0.860
Mobile Home		1.000
Superior - Non Combustible		0.522
Superior - Masonry Combustible		0.522
Superior - Fire Resistive		0.522
AOP EC Factors		
	Type	Selected
Frame		1.000
Aluminum		1.000
Plastic Siding		1.000
Masonry Veneer		1.000
Masonry		1.000
Mobile Home		1.000
Superior - Non Combustible		1.000
Superior - Masonry Combustible		1.000
Superior - Fire Resistive		1.000

Protection Class Factors

Apply to Fire Key Premium

Protection Class	Coverage A	Coverage C
1-3	1.00	1.00
4	1.10	1.06
5	1.29	1.18
6	1.48	1.37
7	1.88	1.68
8	2.38	2.06
8B, 9	3.26	2.60
10	3.98	3.16

Number of Families Factors

Apply to Fire Key Premium

Number of Families	OWNER OCCUPIED		NON-OWNER OCCUPIED	
	Cov "A" Factor	Cov "C" Factor	Cov "A" Factor	Cov "C" Factor
1	1.00	1.00	1.30	1.00
2	1.20	1.00	1.56	1.00
3 or 4	1.60	1.20	2.08	1.20
5 or more	N/A	N/A	N/A	N/A

Fortified Wind Resistive Factors

Benchmark Discounts Apply For Both The IBHS Hurricane And High Wind/Hail Certificates

	Comercial Hurricane Premium Discounts				
	2006+ IBC	Bronze	Silver	Gold	FFSL
Coastal Zone	20%	35%	45%	50%	N/A
ADJUSTMENTS:	<ul style="list-style-type: none"> • Metal Roof > 10 years old or Metal Roof with no sub-decking, or both: • 10 point reduction from above discounts. 				
	All non-metal Roofs > 5 years old: 10point reduction from above discounts				

	Residential Hurricane Premium Discounts				
	2006+ IRC	Bronze	Silver	Gold	FFSL
Coastal Zone	20%	35%	45%	55%	60%
ADJUSTMENTS:	<ul style="list-style-type: none"> • Metal Roof > 10 years old or Metal Roof with no sub-decking, or both: • 10 point reduction from above discounts. 				
	All non-metal Roofs > 5 years old: 10point reduction from above discounts				

	Residential & Comercial Other Wind/Hail Premium Discounts				
	2006+ IBC/IRC	Bronze	Silver	Gold	FFSL
Coastal Zone	10%	20%	25%	30%	35%
ADJUSTMENTS:	<ul style="list-style-type: none"> • Metal Roof > 10 years old or Metal Roof with no sub-decking, or both: • 10 point reduction from above discounts. 				
	All non-metal Roofs > 5 years old: 10point reduction from above discounts				

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ALABAMA (01)

Deductible Factors

Fire Deductible Factors - Base = \$500

Coverage Bands	500	1,000	2,500
0-50	1.000	0.930	0.820
51-100	1.000	0.930	0.820
101-150	1.000	0.930	0.820
151-200	1.000	0.930	0.820
201-250	1.000	0.930	0.820
251-300	1.000	0.930	0.820
301-500	1.000	0.930	0.820
501-999	1.000	0.930	0.820
1000-5000	1.000	0.930	0.820

All Other Perils (AOP EC) Deductible Factors - (Base = \$500)

Coverage Bands	500	1,000	2,500
0-50	1.000	0.930	0.820
51-100	1.000	0.930	0.820
101-150	1.000	0.930	0.820
151-200	1.000	0.930	0.820
201-250	1.000	0.930	0.820
251-300	1.000	0.930	0.820
301-500	1.000	0.930	0.820
501-999	1.000	0.930	0.820
1000-5000	1.000	0.930	0.820

Wind/Hail Except Hurricane Deductible Factors – Base = 5%

Coverage Bands	1%	2%	5%	10%
0-50	1.443	1.274	1.000	0.779
51-100	1.443	1.274	1.000	0.779
101-150	1.443	1.274	1.000	0.779
151-200	1.443	1.274	1.000	0.779
201-250	1.443	1.274	1.000	0.779
251-300	1.443	1.274	1.000	0.779
301-500	1.443	1.274	1.000	0.779
501-999	1.443	1.274	1.000	0.779
1000-5000	1.443	1.274	1.000	0.779

Hurricane Deductible Factors – (Base = 5%)

Coverage Bands	1%	2%	5%	10%
0-50	1.276	1.185	1.000	0.809
51-100	1.276	1.185	1.000	0.809
101-150	1.276	1.185	1.000	0.809
151-200	1.276	1.185	1.000	0.809
201-250	1.276	1.185	1.000	0.809
251-300	1.276	1.185	1.000	0.809
301-500	1.276	1.185	1.000	0.809
501-999	1.276	1.185	1.000	0.809
1000-5000	1.276	1.185	1.000	0.809

AIUA Zone Factors

Hurricane Zone Factors

Territory	Selected
South of Intracoastal Waterway	6.414
Zone 1 Baldwin	3.362
Zone 1 Mobile	4.899
Zone 2 Baldwin	2.682
Zone 2 Mobile	3.621
Zone 3 Baldwin	2.211
Zone 3 Mobile	1.952
Zone 4 Baldwin	1.581
Zone 4 Mobile	1.443
Zone 5 Baldwin	0.887
Zone 5 Mobile	1.210

Wind/Hail Except Hurricane Zone Factors

Territory	Selected
South of Intracoastal Waterway	0.518
Zone 1 Baldwin	0.764
Zone 1 Mobile	0.852
Zone 2 Baldwin	0.665
Zone 2 Mobile	0.837
Zone 3 Baldwin	0.684
Zone 3 Mobile	0.964
Zone 4 Baldwin	0.871
Zone 4 Mobile	0.947
Zone 5 Baldwin	1.082
Zone 5 Mobile	0.863

Fire and AOP EC Zone Factors

Territory	Selected
South of Intracoastal Waterway	1.000
Zone 1 Baldwin	1.000
Zone 1 Mobile	1.000
Zone 2 Baldwin	1.000
Zone 2 Mobile	1.000
Zone 3 Baldwin	1.000
Zone 3 Mobile	1.000
Zone 4 Baldwin	1.000
Zone 4 Mobile	1.000
Zone 5 Baldwin	1.000
Zone 5 Mobile	1.000

Other Rating Factors

Non-Seasonal & Seasonal Factors

Notes:

Only applies to Extended Coverage Factor.

DP 00 01 Key Premiums are Seasonal & Non-Seasonal

DP 00 02 Key Premium are only Non-Seasonal and include a charge for E.C. & V. & M. M perils.

DP 00 02 Base Premium = DP 00 01 Base Premium * Seasonal Factor

Factors to determine DP 00 02 Seasonal Premium - Need to apply to DP 00 01 Base Premium

Selected

Seasonal	Coverage A	Coverage C
N	1.00	1.00
Y	1.35	1.45

Dwelling Under Construction Factors

Occupant Type	Selected
Owner-Occupied	0.65
Tenant-Occupied	2.00

Mobile Home or Trailer Home Factor

Hurricane

Mobile Home or Trailer Home	Selected
Y	2.025
N	1.00

Other Wind

Mobile Home or Trailer Home	Selected
Y	2.025
N	1.00

Fire

Mobile Home or Trailer Home	Selected
Y	2.025
N	1.00

AOP

Mobile Home or Trailer Home	Selected
Y	2.025
N	1.00

Other Rating Factors (Cont.)

ACV Loss Settlement Windstorm or Hail Losses to Roof Surfacing - DP 04 75

Hurricane Factors

Endorsed	Selected
Y	0.980
N	1.000

Wind/Hail Except Hurricane Factors

Endorsed	Selected
Y	0.980
N	1.000

Fire and AOP EC Factors

Endorsed	Selected
Y	0.980
N	1.000

Other Rating Factors (Cont.)
BCEG Discount Factors

Hurricane Factors

Grade	Code	All AIUA Rate Zones
1	(1)	0.90
2	(2)	0.90
3	(3)	0.90
4	(4)	0.94
5	(5)	0.94
6	(6)	0.94
7	(7)	0.94
8	(8)	0.98
9	(9)	0.98
10	(10)	1.00
Ungraded	(99)	1.00

Wind/Hail Except Hurricane Factors

Grade	Code	All AIUA Rate Zones
1	(1)	0.90
2	(2)	0.90
3	(3)	0.90
4	(4)	0.94
5	(5)	0.94
6	(6)	0.94
7	(7)	0.94
8	(8)	0.98
9	(9)	0.98
10	(10)	1.00
Ungraded	(99)	1.00

Fire and AOP EC Factors

Grade	Code	All AIUA Rate Zones
1	(1)	1.00
2	(2)	1.00
3	(3)	1.00
4	(4)	1.00
5	(5)	1.00
6	(6)	1.00
7	(7)	1.00
8	(8)	1.00
9	(9)	1.00
10	(10)	1.00
Ungraded	(99)	1.00