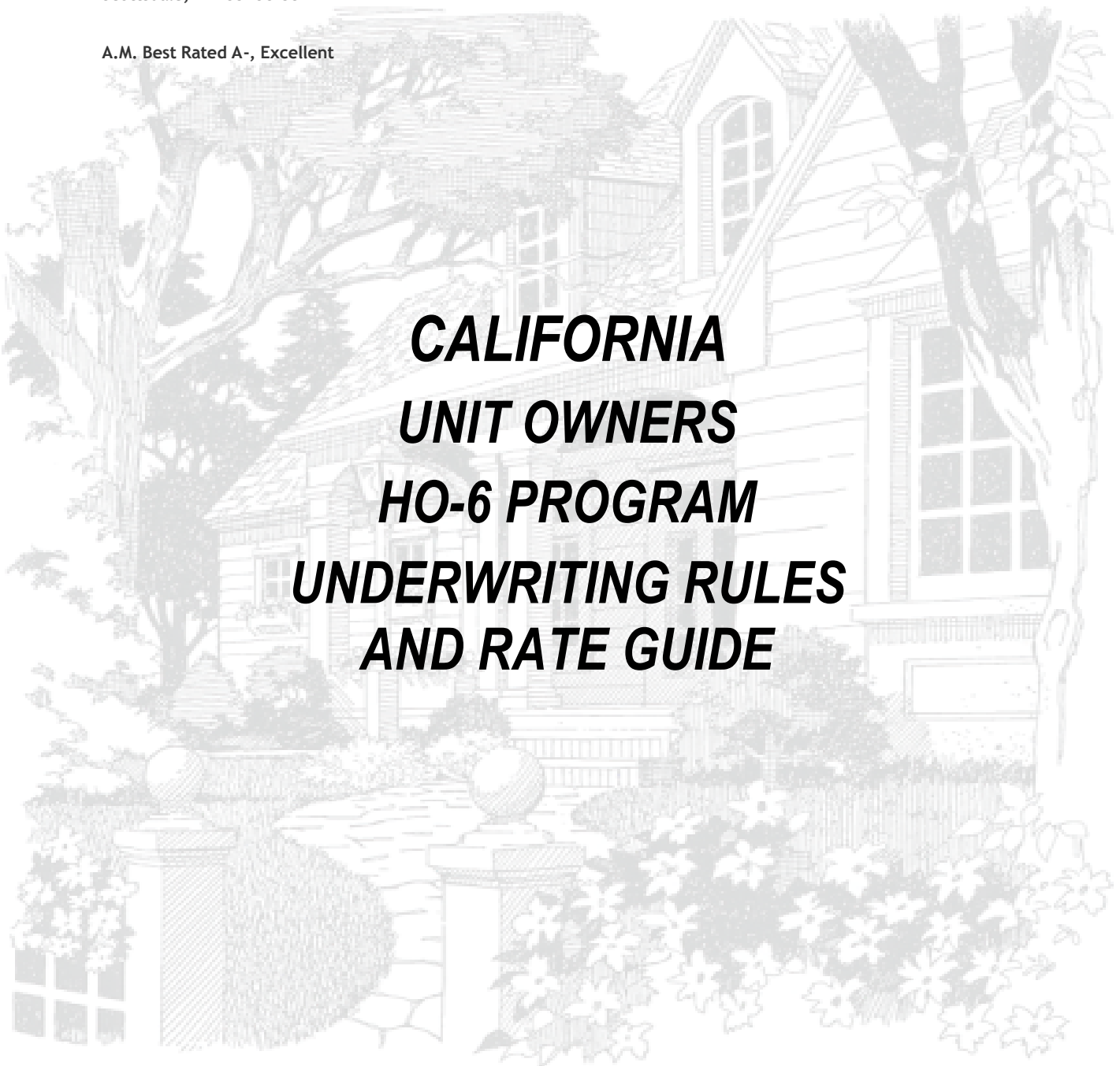


American Reliable
Insurance Company

8655 E Via De Ventura
Scottsdale, AZ 85258-3321

EFFECTIVE NEW / RENEWAL: 08/01/04

A.M. Best Rated A-, Excellent



**CALIFORNIA
UNIT OWNERS
HO-6 PROGRAM
UNDERWRITING RULES
AND RATE GUIDE**



ANDERSON & MURISON, INC.

P.O. BOX 41911

LOS ANGELES, CA 90041

(800) 234-6977 Fax: (323) 255-0957

HOW TO CONTACT US

UNDERWRITING – (480) 483-8666 or (800) 535-1333
FAX: (480) 483-0238

CLAIMS – (800) 245-1505
FAX: (800) 224-4170 or (480) 483-2912

BILLING/STATUS – (800) 891-3392

SUPPLIES – Contact your General Agent

PREMIUM RULES

VALUES TO BE WRITTEN:

Minimum Limit: \$ 5,000
Maximum Limit: \$150,000

Submit risks exceeding \$75,000 to the General Agent.

DWELLING COVERAGE: Coverage is provided for alteration, appliances, fixtures, and improvements which are part of the building and which are contained within the insured's unit; other items of real property that are exclusively part of the insured's unit (for example, interior walls and finished floorings); property that the insured is responsible for insuring according to the terms of the unit owners' association or corporation agreement; and structures, other than the insured units, that are at the same location as the unit and are owned solely by the insured (for example: garages and storage sheds).

POLICY TERM: A policy may be written for a term of 12 months. Renewal policies will be based upon the rules, rates and forms in effect on the effective date of the renewal.

INSTALLMENT BILLING OPTIONS: A fully earned premium of \$6.00 for each installment will be collected from those insureds who elect to pay via an installment billing plan.

WHOLE DOLLAR PREMIUM ROUNDING: All policy and endorsement premiums will be a full dollar amount. For this purpose, an amount of fifty (50) cents or more will be rounded to the next whole dollar.

MINIMUM PREMIUMS:

A minimum written premium of \$175.00 for each policy applies.

A minimum retained premium of \$35.00 for each policy applies.

Monetary endorsements are subject to a minimum written premium amount of \$5.00.

CHANGES: All changes requiring adjustment of premium will be computed pro rata. All changes will be based upon the rules, rates and forms in effect on the effective date of the change.

WAIVER OF PREMIUM: If a policy is changed and results in a premium increase of less than \$5, this adjustment will be waived.

CANCELLATIONS: If the insurance is canceled at the request of the Company or the insured, the unearned premium will be computed on a pro-rata basis.

TERRITORY DEFINITION: One rate entire state.

UNDERWRITING RULES

BINDING:

Bound applications that do not meet our underwriting criteria for eligibility will be processed and a Notice of Cancellation will be issued to terminate coverage. Unbound applications that do not meet our underwriting criteria for eligibility will be returned to the agent with a letter of explanation.

For coverage to begin as requested, the application must be mailed within 72 hours of the effective date, otherwise coverage is bound at 12:01 a.m. the day it was received by the company or general agent.

NATURAL CATASTROPHES - BINDING:

EARTHQUAKE RESTRICTIONS: When a major earthquake occurs, the Company will impose binding authority restrictions on all agents in the affected area:

- Binding authority will be restricted when an earthquake reading 5.0 or greater on the Richter Scale occurs.
- Binding authority will be restricted for the day of the quake and for the 3 day period following the quake.
- An aftershock reading 5.0 or greater on the Richter Scale will be considered a new earthquake, and will result in a new period of suspended binding authority.
- The restrictions will apply to all counties located within 150 miles of the earthquake's epicenter.
- The same above restrictions apply to any requests to increase coverage limits.
- Renewals are not affected by these restrictions.

This only applies when earthquake coverage is provided.

As a rule, if a threat exists, agents should not bind coverage until they have called the Company and verified that no binding restrictions are in effect.

UNACCEPTABLE RISKS

1. Apartment Cooperatives.
2. Mobile Homes, trailer homes, modular homes, houseboats, portable buildings, or any structure made of cloth or canvas.
3. Vacant units.
4. Short term or vacation rentals.
5. Units under construction.
6. Units in foreclosure, properties where tenants are behind in rent or where occupant in possession is adverse to owner.
7. Units where space is rented to others for commercial use or property with any type of business on the premises.
8. Risks with other insurance in force, except insurance which covers perils not insured by the unit owners policy.
9. Units on piers or pilings.
10. Units located in or near brush fire or landslide areas.
11. Units without utility services.
12. Units located in forested areas.
13. Units that have more than two mortgages.
14. Units not maintained in an insurable condition; must show pride of ownership.
15. Unit premises occupied by more than one family.
16. Units with unrepaired damage and/or open claims, including earthquake damage.
17. More than three claims/losses within the past 36 months.
18. Any risk with a claim/loss resulting from any insured's willful or malicious behavior.
19. Risks that have been refused, canceled, or non-renewed in the past three years.
20. Risks with any business conducted on the premises. This includes, but is not limited to childcare.
21. Risks with homemade supplemental heating devices; supplemental heating devices that are the primary source of heat; or supplemental heating devices that are not properly maintained.
22. Any risk with a declared value of more than the requested policy limits.

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Coverage C - Personal Property (Also includes Coverage D - Loss of Use with limit of 10% of Coverage C):

Minimum Amount:	\$ 5,000	
Maximum Amount:	\$150,000	<i>Submit values in excess of \$75,000 to the General Agent.</i>
Primary residence, per \$1,000 of coverage.....		\$3.50
Seasonal / Secondary residence, per \$1,000 of coverage.....		\$4.20
Rentals, per \$1,000 of coverage.....		\$4.70

(Seasonal / Secondary and Rental properties include a limit on Personal Property for loss by theft of \$3,000).

PREMIUMS SHOWN INCLUDE:

- \$250 All Peril Deductible - Primary Residence
- \$500 All Peril Deductible - Seasonal / Rental Residence
- Personal Property coverage as selected
- Dwelling Coverage - \$1,000
- Loss of Use - 10% of Personal Property amount

CREDITS: If the risk is insured for one or more years and has not had any losses / claims during that time period, a 10% credit applies to the base premium.
 If the risk is insured for three or more years and has not had any losses / claims during that time period, a 20% credit applies to the base premium.
 Secured Complex credit - 5% - Main door entrance access by key lock or buzzer.

SUPPLEMENTAL HEATING SURCHARGE:.....\$25.00
 Risks with homemade supplemental heating devices; supplemental heating devices that are a primary source of heat; supplemental heating devices that are not properly maintained are not eligible.

OPTIONAL COVERAGES:

Coverage A - Dwelling: \$1,000 of Basic Coverage is automatically included with the purchase of Coverage C - Personal Property.

Additional limits may be purchased as follows:

Primary residence, per \$1,000 of coverage.....	\$4.25
Seasonal / Secondary residence, per \$1,000 of coverage.....	\$5.10
Rentals, per \$1,000 of coverage.....	\$5.80

OPTIONAL DEDUCTIBLES:

Primary Residences: Does not change the earthquake deductible, if purchased.

- \$500 All Perils 10% credit applies to the base premium - Coverage C only
- \$1,000 All Perils 15% credit applies to the base premium - Coverage C only

Seasonal / Secondary / Rental Residences: Does not change the earthquake deductible, if purchased.

- \$1,000 All Perils 5% credit applies to the base premium - Coverage C only

PERSONAL PROPERTY REPLACEMENT COST, per \$1,000 of coverage: (Limit must equal Personal Property limit.).....\$ 1.00

INCREASED LOSS ASSESSMENT COVERAGE: (\$2,500 Limit).....\$40.00

EARTHQUAKE COVERAGE PREMIUM, per \$1,000 of coverage:

Subject to a deductible of 10% of the total coverage amount. \$1,000 minimum deductible applies.
 Rate based on total Dwelling and Personal Property coverage.

Frame.....	\$ 6.00
Masonry.....	\$10.00

The premises cannot be located on a landfill or within 10 miles from a major recognized earthquake fault.

The coverage cannot be bound during the first 60 days immediately following an earthquake measuring 5.0 or greater on the Richter scale if the premises is located within a 100 mile radius from the epicenter.

Coverage E - Personal Liability: (Also includes Coverage F - Medical Payments with limits of \$500 per person / \$5,000 per occurrence).

\$ 25,000.....	\$ 96.00
\$ 50,000.....	\$118.00
\$100,000.....	\$132.00
\$300,000.....	\$156.00

OL&T Coverage: (Also includes Medical Payments with limits of \$500 per person / \$5,000 per occurrence).

\$ 25,000.....	\$ 96.00
\$ 50,000.....	\$118.00
\$100,000.....	\$132.00
\$300,000.....	\$156.00

WORKER'S COMPENSATION:

Occasional Workers - Included when CPL coverage is purchased.

Outside Household Workers - Employment of not less than 10 hours per week of service.
 Principle jobs include, but are not limited to, gardeners, landscapers, and chauffeurs.

Add \$105.00 per employee, per year.

Inside Household Workers - Employment of not less than 10 hours per week of service.

Principle jobs include, but are not limited to, housekeepers, cooks, nurses, and baby-sitters.

Add \$131.00 per employee, per year.