

Excess Wildfire Policy Frequently Asked Questions

? What does this Excess Wildfire policy cover?

This policy provides up to \$7m excess **“wildfire”** coverage for dwellings with replacement costs of **up to \$10m**. (see definition of “wildfire” below)

The policy is designed to work with a HO/DP policy that has a \$3,000,000 fire or **“wildfire”** sublimit* (*meaning the most they will pay for damage caused to the dwelling by fire or **“wildfire”**)

If there is no underlying **“wildfire”** coverage, the SIR/Deductible* on our Excess “wildfire” policy is \$3,000,000. (*meaning that the Insured will pay the first \$3,000,000 of damage to the dwelling before the **Excess Wildfire policy** will pay)

? Several markets are offering primary HO/DP coverage with a “wildfire” deductible. How does this work with the Excess Wildfire policy?

Carriers either apply the wildfire deductible to Section I or they only apply it to the Dwelling. Under the primary policy, wildfire losses over that deductible are paid under the peril of “Fire”.

Our **Excess Wildfire policy** also has a \$3,000,000 underlying wildfire/fire coverage requirement. This requirement acts as a “deductible” or a “self-insured retention” (SIR) if there is no underlying coverage at the time of a covered wildfire loss.

Unless the primary policy has a wildfire deductible that is higher than \$3,000,000 for the dwelling, there is no need for our policy

? How does the Excess Wildfire policy work with the California FAIR Plan (CFP) policy?

We have confirmed with CFP that they will accept a risk that is underinsured, as long as the full \$3,000,000 maximum limits available are only applied to the DWELLING.

Since the FAIR Plan policy covers “fire” (which includes **“wildfire”**) the \$3,000,000 underlying Dwelling requirement will be met for the Excess Wildfire policy.

However, if underinsured, the CFP loss will be paid on an ACV basis. The Excess Wildfire policy Loss settlement provisions follow the underlying (CFP) policy.

When an excess wildfire policy is issued in conjunction with a CFP policy, the Insured will have \$3,000,000 available for a covered wildfire loss plus the limits from the Excess Wildfire policy.

Example: \$7 million RC for dwelling with CFP \$3,000,000 plus \$4,000,000 limit on the Excess Wildfire policy = \$7,000,000 total limits available for a covered **“wildfire”** loss. However, both losses will be paid on an ACV basis





How are eligibility and rate determined?

The rating and wildfire risk eligibility are dynamically controlled by the reinsurer.

1. The location is first reviewed by an Amwins underwriter who confirms the risk meets underwriting guidelines.
2. Then, the risk is modeled individually and against the portfolio to further determine eligibility and pricing.
3. Next, the risk is entered into a system that uses data mining, artificial intelligence and machine learning tools to look at risk concentration and aggregation.
4. If the risk qualifies, we return a quote that is valid for 5 days. If coverage is bound, total net due is payable in 10 days.

The reason for the short validity period is to closely manage the aggregate and release capacity for new business if coverage is not bound.

Important Key Points

1. If there is a fire that is not a “wildfire” as defined below, it may be covered under the primary policy, but there will be no coverage under the Excess Wildfire policy, because the cause does not meet the definition below.

For example: a fire starts in the kitchen or a BBQ catches fire on the deck – there is no coverage under this policy

2. There is no coverage for Other Structures, Personal property or Loss of Use
3. We will only pay that part of the total of all loss payable that exceeds the underlying limit shown in the declaration only after there is actual payment of the underlying limit

“Wildfire” is defined as “an uncontrollable fire, wildland fire, forest fire, brush fire, desert fire, firestorm or any other series of fires, regardless of origin, which is predominantly fueled by indigenous vegetation. Wildfire does not include planned fires or planned burning of any kind or nature.

However, a Wildfire will include a planned fire that becomes uncontrollable, and thus otherwise meets the definition of Wildfire.



Dwelling Excess Policy Frequently Asked Questions



? What does this Excess Wildfire policy cover?

This policy provides up to \$7m excess **fire and “extended coverages”** for dwellings with replacement costs **up to** \$10m. (see List of Covered Perils next page)

This policy is designed to work with a Dwelling property policy, such as a California FAIR Plan (CFP) or similar policy, that has a \$3,000,000* Dwelling limit

(*meaning the most they will pay for damage caused to the dwelling by a covered peril)

The Deductible/SIR* on our **Dwelling Excess** policy is \$3,000,000. This means that underlying carrier must pay the first \$3,000,000 before the **Dwelling Excess** policy will pay.

*The SIR or “self-insured retention applies if there is no underlying coverage at the time of a covered loss. This means that the Insured must pay the first \$3,000,000 before the **Dwelling Excess** policy will pay.

? The California FAIR Plan and other similar markets offer Fire and Extended coverage on the Dwelling as well as Other Structures, Personal Property and Loss of Use. How does this work with the Dwelling Excess policy?

The **Dwelling Excess** policy only covers the Dwelling.

? How does the Dwelling Excess policy work with the California FAIR Plan (CFP) policy?

The maximum total property limit available with the FAIR Plan is \$3 million. When Replacement Cost coverage is chosen, the FAIR plan policy must include 10% Ordinance or Law (O/L). Since our underlying requirement is \$3 million, a FAIR Plan or other similar policy that provides a Dwelling Limit or Dwelling +10% O/L limit of \$3 million, will meet the underlying requirement for the **Dwelling Excess** policy.

? Is there a Coinsurance requirement in the Dwelling Excess Policy?

No. However, if underinsured, the CFP loss will be paid on an ACV basis*. The **Dwelling Excess** policy Loss Settlement Provisions follow the underlying policy loss settlement provisions. *See next page for details

Example A: \$7 million RC for newer dwelling with CFP \$3,000,000 plus \$4,000,000 limit on the **Dwelling Excess** policy = \$7,000,000 total limits available for a covered loss. However, both losses will be paid on an ACV* basis because the dwelling limit on the CFP policy is less than 80% of the replacement Cost.

Example B: \$7 million RC for older dwelling with CFP \$3,000,000 plus \$4,000,000 limit on the **Dwelling Excess** policy = \$7,000,000 total limits available for a covered loss. However, both losses will be paid on an ACV* basis. In this case, the % of depreciation applied to the CFP policy may result in their payable loss of less than \$3,000,000. The **Dwelling Excess** “attachment point” (similar to a deductible or self-insured retention (SIR)) is \$3,000,000, resulting in a gap or an obligation for the Insured to pay the difference between the amount paid by the underlying policy and the \$3 million “attachment point” of the **Dwelling Excess** policy

*Actual Cash value (replacement cost less depreciation) is determined at the time of the loss. Newer homes generally have less or no depreciation, while older homes may have significant depreciation.



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3. Next, the risk is entered into a system that uses data mining, artificial intelligence and machine learning tools to look at risk concentration and aggregation.
4. If the risk qualifies, we return a quote that is valid for 5 days. If coverage is bound, total net due is payable in 10 days. The reason for the short validity period is to closely manage the aggregate and release capacity for new business if coverage is not bound.

Important Key Points

1. There is no coverage for Other Structures, Personal Property, Loss of Use or Personal Liability
2. We will only pay that part of the total of all loss payable that exceeds the underlying limit plus any deductible only after there is actual payment of the underlying limit shown on the Declaration.

List of Covered Perils:

- Fire Or Lightning
- Internal Explosion
- Windstorm Or Hail
- Riot Or Civil Commotion
- Aircraft
- Vehicles
- Smoke
- Volcanic Eruption
- Vandalism Or Malicious Mischief

California Assembly Bill(AB) 2756:

Requires that all policies written by the California FAIR Plan that include Replacement Cost, must include Ordinance or Law (O/L) coverage at 10% of the Coverage A- Dwelling Limit. If the Coverage A- Dwelling limit is not at least 80% of the replacement value of the property at the time of the loss, coverage will revert to an Actual Cash Value basis

