



Homeowners Catastrophe Insurance Trust (HCIT)

Questions and Answers – For Policy Holders

The following questions and answers do not make up official insurance certificate language. This information is intended as a brief explanation of certain provisions in the policy. For a complete understanding of the coverages and limitations in the policy please refer to the Certificate of Insurance and Difference in Conditions Coverage Form issued to each certificate holder.

Q WHAT IS HCIT?

A HCIT was originated in 1975 to permit individuals to obtain protection for their dwellings against disaster losses of various types, principally earthquake, flood and landslide.

Q IS HCIT PART OF THE FEDERAL FLOOD PROGRAM OR IS IT SUBSIDIZED BY THE FEDERAL OR STATE GOVERNMENT?

A No. This program is the development of private industry. Many businesses and financial leaders, insurance commissioners, as well as agents and brokers prefer to see private enterprise insure against disaster losses wherever possible.

Q WHO WILL PROVIDE THE INSURANCE PROTECTION?

A Certain Underwriters at Lloyds of London.

Q WHAT PERILS WILL I BE INSURED AGAINST?

A Earthquake, Flood and Landslide.

Q DOES MY PRESENT HOMEOWNERS POLICY OR MY FIRE INSURANCE POLICY PROVIDE PROTECTION AGAINST THE SAME PERILS?

A Probably not. Very few homeowners policies or fire insurance policies are extended to cover the major perils shown above. If you have any questions regarding your present insurance, we suggest you check with your local independent insurance agent.

Q IS THERE A DEDUCTIBLE?

A Yes, 5% of the Building Sum Insured. For example, if you select a coverage amount of \$100,000 on your home, the deductible will be \$5,000 and will apply to all covered perils in a single loss.

In cases where your mortgage company will not accept the 5% deductible, you have the option of changing the deductible **for the flood peril only** to 1% of the dwelling sum insured. The "1% Deductible" application must be accompanied by an affidavit signed by you, the insured, certifying the mortgagee has declined the 5% deductible and is requiring a lower deductible.

Q WHO IS ELIGIBLE FOR THIS INSURANCE?

A The owners of a permanent, residential building designed for the occupancy of one to four families. Mobile homes, condominiums and townhomes are NOT eligible for coverage under this program. Each application is individually underwritten—not all homes are eligible for coverage.

Q CAN I INSURE MORE THAN ONE LOCATION?

A Yes, secondary dwellings can be covered as well as homes you may own held for rental. A separate application will be required for each location. If the applications are accepted by the underwriters, a separate Certificate of Insurance will be issued for each dwelling.

Q WHAT IS COVERED AND FOR WHAT AMOUNTS?

A Your dwelling building can be insured from \$70,000 up to \$1,000,000 for any occurrence. (Higher limits may be available on request.) This is the amount you will enter in the Coverage Amount and Premium Selection table on the application.

Additional amounts of coverage are automatically provided as follows:

10% of the dwelling building amount will be applied to a loss to a detached structure (for example, a garage) on the same premises.

20% of the dwelling building amount will be applied to a loss to contents of the dwelling buildings on the same premises.

10% of the dwelling building amount will apply to Extra Living Expense or Prohibited Use, subject to a maximum of \$25,000.

At your option, at the time of a loss, the total amount of coverage will apply as a blanket limit to the dwelling building, contents, detached structures, or extra living expense, subject to a maximum amount of coverage on detached structures of \$100,000 and a maximum amount of coverage on extra living expense of \$25,000.

Q WHAT PROPERTY IS EXCLUDED FROM COVERAGE?

A Animals, birds, fish, motor vehicles, water craft, aircraft, jewelry, watches, furs, precious stones, silver, gold, fine arts, firearms, money, banknotes, securities, stamps, valuable papers, please see certificate wording for a complete list of excluded items. Also excluded is loss or damage to timber, crops, land, boat docks, landscaping, fences, swimming pools, walks, driveways and other paved surfaces outside the insured dwelling, and retaining walls that are not part of the insured dwelling. Also excluded is any building, structure or barn used for commercial or farming purposes or to produce income. A complete list of property excluded may be found in the coverage form.

Q ON WHAT BASIS WILL LOSSES BE PAID?

A Subject to coverage limits in your certificate, structural loss or damage to your dwelling buildings and detached structure (if any), shall be adjusted on the cost to rebuild, repair or to replace with like kind and quality, without deduction for depreciation if repairs are made. Subject to coverage limits in your certificate for contents, adjustment of loss or damage to contents will be made on the basis of Actual Cash Value of the property immediately prior to loss, which includes a deduction for depreciation.

Questions and Answers (cont.)

Q HOW DO I APPLY FOR INSURANCE PROTECTION?

A Complete the application for insurance, answer all underwriting questions providing as much information as possible and sign as required.

Submit the application with your check, payable to *HCIT*, for the annual premium to your Independent Insurance Agent. You may also authorize payment by Credit Card (VISA or MasterCard) or ACH. Your agent will forward the application to HCIT for approval.

Q WHEN WILL MY COVERAGE BECOME EFFECTIVE?

A All coverages will be effective on the proposed effective date you show in the application or ten (10) days* from the date your application (with your premium payment) has been date-stamped by the Administrator of the Trust and accepted by the Underwriter, WHICHEVER IS LATER.

*Note: If this insurance is being required for the closing of a new mortgage loan, the above waiting period may, at the discretion of the Underwriter, be reduced to five (5) days.

Q DOES THE INSURER HAVE THE RIGHT TO REJECT MY APPLICATION FOR INSURANCE?

A Yes. We believe that by continuing to individually underwrite each application, we can maintain acceptable risk to the insurers, which in turn, helps provide a stable platform for long-term availability of the product. We may decline to provide coverage for a dwelling, which appears unreasonably exposed to damages by flood, landslide or earth movement or a combination of exposures which could include age or current condition of the dwelling.

Q DO I REALLY NEED THIS PROTECTION?

A We hope that catastrophe insurance will never be used. Your home represents a major investment. We feel it is important to protect that investment with the broadest possible coverage.

Q HOW WOULD I REPORT A CLAIM?

A Claims should be reported to the Administrator of the Homeowners Catastrophe Insurance Trust. A national claims adjusting firm has been designated by the Underwriters to handle claims for HCIT.

Q CAN THIS COVERAGE BE CANCELED BY THE UNDERWRITERS OR THE INSURED?

A Coverage can be canceled by either party subject to restrictions shown in the insurance contract, form DIC-0614.

Q HOW DO I DETERMINE THE COST FOR COVERAGE ON MY HOME?

A Refer to the Premium Table on the Application. The coverage you choose should at least equal the building replacement cost of your home.

Q IS COVERAGE AUTOMATICALLY RENEWED?

A Yes. Once your application is approved by underwriters, a certificate will be issued for a 12 month policy period and will automatically renew as long as the renewal billing criteria is met. If your coverage is required by your mortgage company and is billed to your escrow, HCIT will bill your mortgage company for the renewal premium. HCIT may, at underwriters request non-renew coverage providing the policy holder with 45 days advance notice of non-renewal.

IMPORTANT:

**There may be a waiting period before this important protection is in force.
This coverage is available only for residential buildings designed for occupancy by no more than four families.
Your application must be fully completed, signed and dated for consideration.
Your Check or VISA/MasterCard authorization for the full premium must accompany the application.**

This insurance coverage is provided by Certain Underwriters at Lloyds, London.
The local representatives for underwriters and administrators of HCIT:

Trustco, Inc.
2735 East Parleys Way - Suite 303
Salt Lake City, Utah 84109-1666
www.hcitins.com

(801) 278-5341, (800) 644-4334, FAX (801) 278-3629, E-mail hcit@trustcoinc.com