



# Homeowners Catastrophe Insurance Trust

The following questions and answers are not a part of the policy. They are intended only as a brief explanation of certain provisions in the policy. For a complete understanding of the coverages and limitations in the policy, you must refer to the Certificate of Insurance and Difference in Conditions Coverage Form issued to each certificate holder.

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**Q WHAT IS THE HOMEOWNERS CATASTROPHE INSURANCE TRUST?**

**A** The Trust was formed in 1975 to permit subscribing members to obtain protection on their property against disaster losses of various types, principally earthquake and flood.

**Q IS THIS PROGRAM 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** Approved non-admitted insurance providers in your state. Refer to the Application.

**Q WHAT PERILS WILL I BE INSURED AGAINST?**

**A** All risks of physical loss or damage from any external cause, including flood and earthquake, except coverage is not provided for loss or damage directly or indirectly caused by a peril covered in Section I of a Standard Homeowners Policy Form 3, or other perils excluded in the policy.

**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 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 the 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. A 10% additional rate applies. 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 owner-occupant of a permanent, residential building designed for the occupancy of one or two families, regardless of the type of construction.

Mobile homes and condominiums are NOT eligible for coverage under this program. Each application is individually underwritten—not all homes are eligible for coverage. Rental homes will be eligible for coverage on a case-by-case basis

**Q CAN I INSURE MORE THAN ONE LOCATION?**

**A** Yes. Secondary dwellings can be covered, especially if used by the insured and not held for rental. Both the primary and secondary dwelling must be insured.

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, etc. 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

## Questions and Answers (cont.)

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adjusted on the cost to rebuild, repair or to replace with like kind and quality, without deduction for depreciation. 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.

### **Q HOW DO I APPLY FOR INSURANCE PROTECTION?**

**A** Complete the application for insurance, answer all underwriting questions and sign as required.

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

### **Q HOW WILL I KNOW THAT MY APPLICATION HAS BEEN ACCEPTED?**

**A** If accepted, a Certificate of Insurance will be mailed to you specifying the coverage provided.

### **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 waived 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 loss results acceptable to the insurers, which in turn, helps preserve a stable, secure program. The application asks questions which reveal potential problems. We may decline coverage for any risk which appears unreasonably exposed to damages by flood or earth movement.

### **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 the Trust.

### **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 Certificate of Insurance.

### **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 WHAT IS THE PROCEDURE AT TIME OF POLICY RENEWAL?**

**A** Approximately 30 days before the in-force certificate is to expire a billing will be mailed out to the responsible party (you or your mortgage company) for payment for the continuance/renewal of the policy. If our office receives full payment before the renewal certificate is to be in effect, a renewal certificate will be issued and mailed out to you. **There is no grace period whatsoever.** If payment is not received prior to the expiration date of the existing policy, coverage will cease. Underwriter approval will then be needed to start coverage again any time a payment arrives at our office after the expiry date. If underwriter approval is received, the customary 10-day waiting period for new business will apply before coverage begins again. If payment is received more than 30 days after the in-force certificate expired, coverage will not be accepted. A new application will need to be submitted and reviewed by underwriters, the application will be treated as new business, and underwriters will still have the option to issue or decline coverage. If coverage is issued in this circumstance, the traditional 10-day waiting period will also apply.

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### **IMPORTANT:**

**There may be a waiting period before this important protection is in force.**

**This coverage is available only for owner-occupied residential buildings designed for occupancy by one or two 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.**

The Administrator of the Homeowners Catastrophe Insurance Trust is:

**Trustco, Inc.**

**2063 East 3900 South S-100**

**Salt Lake City, Utah 84124**

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