

The Fix and Flip/Rent product is NOT a Builder's Risk policy and should not be used as a replacement for true builder's risk.

The Steadily Fix & Flip/Rent product is intended for customers who are renovating dwellings with the intention of converting them to long-term rentals upon renovation completion. The following outline the specifics of the product:

- Intended for internal improvements to the dwelling such as enclosing a room, kitchen remodel, etc.
- Cosmetic updates to the exterior including roof replacement are acceptable
- Renovations on vacant properties must begin within 60 days of the acquisition date or date the property becomes vacant
- Intent of the certificate holder must be to convert the dwelling to a long-term rental (> 30 days) post-renovation
- Loss Valuation during renovation is purchase price plus invested capital
- Vacancy coverage extension endorsement automatically applied

Prohibited Renovations:

- New construction
- Adding square footage to the dwelling
- Tear down and rebuild
- Relocation of load bearing walls
- Reconstruction of exterior walls of the dwelling. Replacing siding is acceptable.
- Renovations after fire, or significant theft or vandalism damage are ineligible. Steadily's Underwriters may consider if the loss is a result of a natural catastrophe, but eligibility is at the sole discretion of Underwriters.

COVERAGE RESTRICTIONS UNTIL WORK COMMENCES

Coverage limitations apply until renovations commence or if work pauses for longer than 14 days.

- Higher deductible (greater of 10% Cov A or \$25,000) for Cov A-C
- \$5,000 deductible for General Liability with a \$100,000 liability sub-limit.

FIX & FLIP/RENT REQUIREMENTS

- All areas of ingress and egress including windows and doors must be fully secured during the policy period
- Tanks containing fuel or flammable liquids and any combustible debris or materials must be removed within 7 days of inception of the policy
- Monthly inspections are required by the insured or insured representatives

GENERAL REQUIREMENTS

- Slightly below Average, Average to Above-Average condition to qualify
- 1 to 4 family dwellings
- Structure on permanent and fixed location
- No condominiums (coming soon)
- Modified DP3 form for all policies

GENERAL INELIGIBLE CHARACTERISTICS

See *Prohibited Risks** section for full list

- Damaged or unsound structures
- High wildfire risk
- Too close to water or saltwater
- Log, EIFS, earthen, and straw homes
- Mixed use commercial properties
- Barndominiums
- Tiny homes

SHORT-TERM RENTALS (<30 days)

- Not eligible

OCCUPANCY

- Renovations (fix & flip/rent)
- Rentals with agreements greater than 30 days post renovation (**no short term rentals**)
- **INELIGIBLE:** Vacant risks with no intent to be occupied or renovated within 60 days
- **INELIGIBLE:** Owner/Tenant occupied; Seasonal occupancy

ELIGIBLE CONSTRUCTION

- Brick veneer
- Frame
- Stucco
- Masonry
- Hardiboard (will be rated as Brick Veneer)
- Asbestos (coverage restrictions apply)
- Log homes are **ineligible**

INSPECTIONS

- Exterior inspections may be ordered on all bound applications/certificates
- Completed by 3rd party vendor
- If inspector is denied access, we may cancel the policy/certificate according to applicable laws and regulations

ROOF CHARACTERISTICS

- Roofs will be rated based on their condition
- Roofs with excessive damage, wear and tear, etc. will not be eligible. *On a case by case basis, Underwriting may consider an ACV roof endorsement or full roof exclusion.*
- For renovations, roofs with excessive damage, wear and tear, etc. will be excluded automatically until the roof has been replaced or repaired to Underwriter satisfaction
- Flat roofs must have adequate drainage and no areas of water pooling or gathering
- Roofs 15 years old or older are settled for the lesser of the cost to repair or actual cash value
- For roofs with multiple roof layers, only costs related to repair, remove or replace the top-most layer are covered
- Tile roofs, including but not limited to concrete and clay, that are improperly maintained or showing signs of significant wear and tear are ineligible

Prohibited Roof Types

- Aluminum
- Tin
- Earthen or Vegetative Material
- Flat roofs lacking proper drainage systems
- Solar
- Wood Shake
- T-Lock shingles

EARTHQUAKE COVERAGE

Not available. CA properties will receive a separate quote for earthquake coverage if bound.

FLOOD COVERAGE

Not available.

COVERAGE LIMITS

- Maximum Dwelling Limit \$1,000,000
- Maximum Combined Parcel Dwelling Limit \$1,000,000
- Private Structures Limit = 10% of Dwelling Limit (no option to change)
- Maximum Personal Property Limit = 30% of Dwelling Limit or \$200,000 whichever is smaller
- Maximum Additional Living Costs / Fair Rental Value Limit = 30% of Dwelling Limit or \$75,000 whichever is smaller
- Maximum TIV = Dwelling Limit x 2
(*Total Insurable Value = Dwelling + Private Structures + Personal Property + Additional Living Expense/Fair Rental Value*)

LIABILITY LIMITS

- Liability limit option of \$1,000,000 per occurrence and \$2,000,000 annual aggregate per location
- Stand-alone liability coverage is not available. Nominal property coverage to secure liability coverage is also not permitted.
- Maximum Medical Payments Limit \$5,000/person
- Swimming Pool and Trampoline exclusions apply to all policies
- Animal liability excluded. Limited dog bite coverage is automatically included, unless specifically excluded.

INSURANCE TO VALUE

Each location should be insured for one of the following two options:

- Replacement cost of the dwelling
- Purchase price of the dwelling plus invested capital
- Coinsurance provisions apply
- An annual inflation guard is applied at each renewal

OWNERSHIP

- Certificate holders must have insurable interest in the property.
- Multiple ownership by more than 2 individuals (not including spouses) must be pre-approved by Underwriting
- Any property with more than 2 mortgage interests ineligible

Limited Liability Companies (LLCs), Corporations or Partnerships are acceptable if:

- they have insurable interest in the property,
- they are listed as the owner on the deed,
- they are the owner listed in relevant appraisal district

Limited Liability Companies (LLCs), Corporations or Partnerships with:

- any contractor operations **must provide proof of an in-force General Liability coverage or declarations page** with minimum \$1,000,000 per occurrence/ \$2,000,000 aggregate limits **prior to binding** to be eligible for Premises Liability coverage.

Limited Liability Companies (LLCs), Corporations or Partnerships are not acceptable for Personal Liability coverage.

Examples of strictly Ineligible Named Insureds include but are not limited to

- Nursing homes, halfway houses, long-term care facilities
- Condominium or Homeowners Associations
- Land Trusts
- Co-ops
- Any industrial or manufacturing operation
- Daycares and childcare facilities
- Welders, metal fabrication, and sawmills
- Any business operation that presents an excessive risk or hazard, determined at our sole discretion.

Definitions

Named Insured: Entitled to all the benefits and coverage provided by the policy

Additional Insured: Someone not the owner, but who, under certain circumstances, may be entitled to some of the benefits and a certain amount of coverage under the policy.

Additional Interest: A 3rd party who benefits from knowing an insurance policy is in place, but does not need coverage. *Does this third party need the benefits of coverage under this insurance policy? If the answer is no, it is likely they just need to know of any changes made to the policy and they should be added as an additional interest.*

OLDER HOME REQUIREMENTS

Electrical

- Knob and tube wiring, aluminum wiring or fuse boxes excluded
- Dwellings with a year built of pre-1940 should have electrical systems and components installed or updated within the last 30 years or it would be ineligible. If under renovation, agent and/or customer will attest the electrical will be completely updated during the renovation.

Plumbing

- Galvanized plumbing ineligible
- Dwellings with a year built of pre-1940 should have plumbing systems and components installed or updated within the last 30 years or it would be ineligible. If under renovation, agent and/or customer will attest the plumbing will be completely updated during the renovation.

Heating

- Primary heat source must be thermostatically controlled

ABOVE GROUND FUEL TANK REQUIREMENTS

- Fuel tanks must be in compliance with [2024 International Fire Code \(IFC\) 6104.3](#)
- Fuel tanks must properly maintained and in good condition
- Fuel tanks must be a bright, reflective color (white, gray, silver or similar)
- Do-it-yourself repairs and painting are prohibited
- Refer to [Fuel Tank Guidelines](#) for additional information

PROHIBITED RISKS*

The following are ineligible for coverage with Steadily in all programs:

- No more than 10 insured locations in close proximity such as a single street or neighborhood. Any exceptions must be approved by Fortegra.
- Dwellings intended for more than 4 families; Single Family homes, duplexes, triplexes and quadplex are eligible
- Mobile homes or any structures intended to be mobile or moved using attached wheels (i.e. motorhomes or travel trailers)
- Properties wholly or partially abandoned, condemned, or in foreclosure or receivership
- Unusual construction i.e., log, yurts, dome homes, Lustron homes, straw, do-it-yourself, Morgan buildings, houseboats, earthen materials, below ground, treehouses, or EIFS
- Dwellings intended for public use
- [Location on island including barrier island](#)
- Locations with farm, ranch or commercial exposures that increase risk of physical loss
- Location whole or in part over water (incl. houseboats)
- Dwellings used by sororities or fraternities, halfway homes, assisted living facilities, nursing homes, or group homes
- Solar panels are acceptable but coverage for them is excluded
- Unacceptable brush fire and coastal exposure
- Applicant(s) with history of arson or insurance fraud
- Applicant(s) canceled or non-renewed for underwriting reasons. *If the reasons for cancellation or nonrenewal have been addressed, Underwriting will review on a case by case basis.*
- Coverage gap preceding the effective date of our policy if greater than 30 days unless approved by underwriting
- Barred windows and doors are ineligible unless 50% of the dwellings openings on the lowest level do not have bars. Barred openings are acceptable if they have a quick release mechanism.
- Presence of washing machines and/or dryers outside the dwelling.

PREMISES & PERSONAL LIABILITY PROHIBITED RISKS*

The following are ineligible for coverage with Steadily in all programs:

- Risks with attractive nuisance like empty swimming pool, playfort in front yard, unprotected hot tub, etc.
- Liability is excluded in its entirety for pools, hot tub, jacuzzi, whirlpool, or spa.
- Dangerous, non-domesticated and/or exotic animals are ineligible
- Presence of any animal with a bite history, unless we agree to remove the \$50,000 dog bite coverage at our sole discretion
- Presence of atypical or out-of-the-ordinary liability exposure
- Unacceptable commercial use includes but is not limited to customer, employee, contractor foot traffic on premises, manufacturing facilities, welding, food processing, day care/home care provider, hair salon, or dangerous equipment on premises
- Pools and trampolines not enclosed by a 4 foot fence with a locking mechanism are ineligible
- Properties not solely used for residential purposes. Limited incidental commercial, farming, and ranching activities acceptable as long as they do not present an increase in hazard
- Limited and incidental farm and ranch means the activities result in nominal (less than \$1,000 per annum) income and/or profits for named insured or tenant

COVERAGE LIMITATIONS

NOTE: These guidelines highlight certain provisions of the policy and are provided as guidance only. This list is not exhaustive nor does it alter coverage in any way. Many of these items are common exclusions found in property and liability policies. Should you have questions please contact Steadily's MGA Team. Please review policies and Certificates issued in full for complete information about coverages provided by the policy. If there is any conflict between the policy and these guidelines, THE PROVISIONS OF THE POLICY SHALL PREVAIL.

Policies do not include coverage for the perils of

- **Terrorism** (unless selected by the Master Policyholder for an additional premium per certificate)
- **Earthquake** (risks in CA will be presented with an offer of Earthquake coverage through a partner carrier)
- **Mine Subsidence**
- **Flood**

Policies Exclude

- Ordinance or Law Coverage - there is no extension of coverage to increases in the cost of construction, repair or demolition of the dwelling or other structures resulting from ordinances, laws or building codes.
- Knob & Tube Wiring, Aluminum Wiring or Fuse Boxes - also excluded is resulting fire damage from these hazards
- Liability in its entirety for trampolines, pools, hot tubs, jacuzzis, whirlpools and/or spas.
- Liability or Bodily Injury related to fungi, wet rot or dry rot.
- Coverage for losses contributable to a communicable disease.
- Liability Coverage as related to the presence of asbestos.

- Liability or Bodily Injury from animals (exception is \$50,000 limit for dog bite coverage, if purchased)
- Liability or Property Coverage for cannabis items or activities
- Liability or Property Coverage from cyber loss
- Coverage for solar panels.
- Additional conditions, coverage limitations and deductibles apply while property is being renovated (including the period prior to work commencing and whenever work is not actively occurring). See policy language for additional details.

Additional Guidelines

- It is the insured's responsibility to report the adequate appraised value of the risk location. The Master Policy contains an 80% coinsurance clause.
 - ◆ RCV (Replacement Cost) is the cost of repair or replacement with new materials of like kind and quality and used for the same purpose.
 - ◆ ACV (Actual Cash Value) is the depreciated value of the property after accounting for age, wear and tear.
 - ◆ A deduction for depreciation will apply if the building limit is not at least 80% of the building cost at time of loss.
- Loss settlement during renovations will be limited to Invested Capital only.
 - ◆ Invested Capital is the actual purchase price, less the value of the land, plus verifiable cost of improvements completed prior to the loss. See policy language for additional details.
- Pre-1940's homes will be subject to Functional Replacement Loss Cost.
- Roof Loss Settlement Terms vary based on the age of the roof. Refer to the policy for information on Roof Loss Settlement Type.
- Roofs with multiple layers of roofing material will only have coverage for the top-most layer.
- Cosmetic damages to the roof from wind and/or hail are excluded.