

MISSOURI PROPERTY INSURANCE PLACEMENT FACILITY

The Missouri FAIR Plan

PRODUCER GUIDE

INDEX

AMOUNT OF INSURANCE	6
ASSIGNMENT OF INTEREST	5
AUTHORITY OF PRODUCERS	3
CANCELLATION	9
CLAIMS	13
CO-INSURANCE	6
COMMISSIONS	3
COMPLETING THE APPLICATION (NEW/RENEWALS)	4
CONDITION CHARGES	11
DECLINATIONS	9
DEDUCTIBLES	7
DEEMER PROVISION	8
DEFINITIONS - DWELLING - COMMERCIAL - FARM	4
ELIGIBILITY RULES	12
ENDORSEMENTS	9
FARM PROPERTY	6
FORMS	14
INSPECTION	11
INSTALLMENT PAYMENT PROGRAM	15
INTRODUCTION	1
LICENSING	3
LOCATION OF PROPERTY	5
MANDATORY DISCLOSURE OF EXCLUDED COVERAGE'S	8
MARKET VALUE	7
MERGERS AND ACQUISITIONS	3
MINIMUM PREMIUM	9
NEW BUSINESS	8
NEW CONSTRUCTION	7
OUTBUILDINGS	6
REINSTATEMENTS	10
RENEWALS	9
REQUEST FOR QUOTE BEFORE INSPECTION.....	8
SEASONAL PROPERTIES	6
VACANT OR UNOCCUPIED	7
WAIVER OF PREMIUMS	9
WOOD BURNING STOVES	7

WHAT IS THE FAIR PLAN?

The Missouri Basic Property Insurance Inspection and Placement Program (Program) operates as the Missouri Property Insurance Placement Facility (the Facility). The Facility is also known as the Missouri FAIR (Fair Access to Insurance Requirements) Plan a syndicate representing all fire insurance companies licensed to do business in the State of Missouri.

House Bill 772 of the 75th Missouri General assembly established the Program in 1969. Section 379.810 through 379.875 Revised Missouri statutes provide the guidelines and limitations of the Program.

The Facility provides basic property insurance; i.e. fire, extended coverage, and vandalism or malicious mischief on habitational and commercial risks, which are located in the State of Missouri. This policy does not provide for loss by theft, liability, flood, earthquake, additional living expense, damaged caused by the weight of ice or snow, damage to or caused by burst water pipes and/or back-up of sewer drains or sumps or any combination of these.

All policies are issued through the Facility.

Missouri Fair Plan is a market of last resort. Property should not be submitted unless coverage is unavailable through the standard market.

Risks, must meet “reasonable” underwriting standards reflecting an interest on the part of the owners in the proper upkeep and maintenance of the property.

Properties considered to be unacceptable include vacant structures, or those which are essentially unoccupied; property which the owner has failed, or refused to repair or restore, and property which have characteristics of ownership, condition, occupancy or maintenance which violate public policy.

Neighborhood or area location (environmental hazard) shall not be considered in determining acceptability in the FAIR Plan.

The FAIR Plan will not issue Mortgagee interest only policies.

LICENSING AND AUTHORITY OF PRODUCERS

The facility will only accept business from producers holding a current agent, agency, or broker license issued by the Missouri Department of Insurance, Financial Institutions and Professional Registration.

Each producer will be assigned a Facility Account Number. Your FACILITY ACCOUNT NUMBER must always be shown on all applications and endorsement requests submitted.

To apply for your account number, submit a copy of your current Missouri insurance license, your Federal identification number or Social Security number, mailing address and phone number. The Facility may ask you to complete an IRS form W-9 to prevent the need for backup withholding.

It is the Producers responsibility to keep us informed of agency name and address changes. It is also the Producers responsibility to provide the Facility with a copy of the renewal license when issued by the State of Missouri.

No Producer has a contract or license with the Missouri Property Insurance Placement Facility. Therefore, no producer has the authority to act for the Facility in the binding of coverage, acceptance of premium payment, amending amount of coverage, assigning policies or obligating the Facility in any manner.

The monthly statements and commission checks are mailed on or about the 3rd business day of the month. No commission check will be issued when a copy of the producers current license is not on file.

Commissions are not paid on the installment payment program handling fee, or on the unpaid installment balance. Commission is earned only on paid premium. Return commission is charged back to producers on return premium or premium reversals.

As set by Missouri State Statute, commission is 12% for new business and 10% for renewals. For crime business the rate is: new 14%, renewals 12%. Commission checks will be issued in the name that appears on your license. When the commission statement shows a balance due the Facility we expect a prompt remittance from the producer.

MERGERS AND ACQUISITIONS

The Facility requires letters from both parties clearly stating who will be responsible for existing business, the date responsibility transferred from one party to another and disposition of future commission.

COMPLETING THE APPLICATION

An application must be completed for each fire division. The original signature of the applicant is required on the application at time of submission to the Facility. (photo copy or carbon copy not acceptable)

AN INSTRUCTION SHEET IS ATTACHED THAT PROVIDES GUIDANCE COMPLETING THE APPLICATION!

A photo of the property is required with every new application. All new purchases should include a copy of an appraisal.

Commercial and Farm property require the producer to provide a signed letter indicating coverage cannot be placed on the standard market.

A generic application is used for dwelling, commercial and farm risks. Please check the appropriate box at the top of the application to indicate the type of coverage you are applying for.

All policies are issued on Named Peril basis, only those perils listed below may be covered;

Fire, Lightning, Windstorm, Hail, Explosion, Riot, Civil Commotion, Aircraft, Vehicle, Smoke,
Volcanic Eruption and Vandalism or Malicious Mischief.

THIS IS NOT A HOMEOWNERS POLICY! THIS IS NOT A REPLACEMENT COST POLICY!

DEFINITIONS

DWELLING

Dwellings are buildings that contain four apartments or less and used for residential purposes. Incidental service occupancies are permitted, such as daycare, beauty shop or office.

COMMERCIAL

Buildings occupied for business purposes, such as;

- * Apartment Risk (over 4 units)
- * Contractors Risk
- * Motel/Hotel Risk
- * Industrial and Processing Risk
- * Institutional Risk
- * Mercantile Risk - (An establishment which the principal business is the buying and selling of goods, retail/wholesale. Included are bars, grills and restaurants.)
- * Office Risk
- * Service Risk

FARM

A farm is property used to generate income, i.e., raising crops or livestock. A dwelling with additional buildings situated on a large parcel of ground does not necessarily qualify for farm property coverage.

Indicate if the applicant has previously applied to the FAIR Plan.

ASSIGNMENTS OF INTEREST

If you are making an application to assign an existing policy to new property owners indicate the policy number of the existing policy.

Assignments are to be submitted only by the producer of record. A new application must be completed and signed by the new owner. Assignments are not effective until the application has been approved by the Facility in writing. Never indicate to the new owner that coverage is in force until you have received written approval from the Facility. The date of purchase must be shown. If an assignment of policy is not desired, the current insured(s) may choose to cancel the policy. You will then need to submit a properly completed new application for the new owners.

LOCATION OF PROPERTY

(Questions 00-03)

To avoid any confusion on coverage a complete description of where the property is located is required. Properties outside the city limits require the legal description (section, township and range,) or 911 address, city, county and zip code. Also, if the property location is outside the city limits we require specific driving instructions to assist our inspectors in locating the correct property. The legal description can be located on the on the property tax bill or property deed.

NAME AND MAILING ADDRESS OF APPLICANT

(Questions 04-07)

We do not write mortgage interest only policies.

For building coverage, complete the applicants name as it appears on the property title and provide their mailing address.

For contents only coverage the name of the tenant applying for coverage and the mailing address of tenant.

OCCUPANCY

(Question 8)

For dwelling applications indicate if property is occupied by the owner or a tenant.

PREMIUM ESCROWED

(Question 9)

If escrowed, check yes and a copy of the quote will be sent to the mortgage holder.

All quotes will be sent in duplicate to the applicant or his representative, as indicated on the application. One copy of the quote will be sent to the producer. Please return one copy of the quotation letter to the Facility with payment.

NAME AND ADDRESS OF MORTGAGEE

(Questions 10-17)

Complete information is required about all mortgagees or loss payees. This includes name, address and loan number. Attach separate piece of paper if more space is needed.

If "Contract for Deed" cross out the word mortgagee, write contract for deed, and list the name and mailing address of seller.

NAME OF PERSON INSPECTOR CAN CONTACT

(Questions 18-19)

All new application requests are inspected so we require the name and telephone number of person to contact.

The Facility may exercise the right to inspect properties for eligibility before quoting. This may take up to

eight weeks. A quote may be obtained prior to inspection if the application submission meets Facility requirements.(See page 8 -*Request Quote before Inspection Requirements*) The inspector does not always contact applicant prior to inspection. The inspector does carry a photo ID and will produce it upon request.

When an inspection is made the inspector will leave a copy of the findings on the premises. Surcharges are assessed by our contract inspectors for all deficiencies. The owner will be notified in writing what surcharges are applied and be given the opportunity to correct the deficiency.

PRODUCER NAME AND ADDRESS

(Questions 20-24)

Please indicate your name as it appears on your state insurance license include your mailing address and phone number. Enter your Facility account number in order to receive commission. Sign the application.

AMOUNT OF INSURANCE

(Questions 25-27)

The Facility will write a maximum combined limit of coverage for any one location of \$200,000 on residential and \$1,000,000 for commercial and farm risks.

Coinsurance is not offered on buildings. Commercial contents coverage is offered at no, 80%, 90% or 100% coinsurance.

If you are applying for Extended Coverage and Vandalism in addition to Fire coverage check appropriate box.

Form CP 1650 must be completed and submitted along with the application on all commercial class rated risks containing 15,000 or less square feet in a single fire division. All occupancies in the building and square footage for each occupancy must be shown.

For coverage of contents only, the application must show the specific occupancy to be covered and include two (2) interior photos along with the exterior photo.

If the occupancy is a tavern, you must indicate if any cooking is being done on premises.

If occupancy is an auto repair shop, you must indicate if there is any spray painting being done on premises.

SEASONAL OCCUPANCY

(Question 28)

A seasonal dwelling is a dwelling that is continuously unoccupied for three or more consecutive months during any one year. A secondary dwelling is when an insured owns 2 dwellings and frequently spends time at both properties.

FARM

(Question 29)

A farm is defined as property used to generate income, i.e., raising crops or livestock. A dwelling with additional buildings situated on a large parcel of ground does not necessarily qualify for farm property coverage. Form FAC - FM - 01 must be completed and submitted along with the application on all farm risks. A photo of each building or structure is required along with a diagram of the layout of the premises.

OUTBUILDINGS

(Question 30)

DWELLING - A 10% extension of the building value applies to other structures used in connection with the dwelling in good or fair condition.

FARM - A 10% extension of Coverage A applies to other private structures appurtenant to dwelling, not farm buildings. Provide the construction, condition and a photo of all outbuildings located on the farm property.

OUTDOOR RADIO/TV EQUIPMENT

(Question 31)

If windstorm or hail coverage is desired on outdoor radio or television equipment, indicate the amount of insurance being requested. We require the serial number, brand name, model and photograph of all items to be insured. Amount of insurance requested must be higher than the policy deductible.

AWNINGS/SIGNS/CANOPIES

(Question 32)

If windstorm or hail coverage is desired on awnings, canopies or signs, indicate the amount of insurance being requested. We require a photograph of all awnings, canopies or signs to be insured. The amount of insurance requested must be higher than the policy deductible.

DEDUCTIBLE

(Question 33)

The standard deductible is \$250.00 for dwelling and farm property and \$500.00 for commercial risks. If a higher deductible is desired so indicate.

NEW CONSTRUCTION

(Questions 34-35)

For a new construction to be eligible application must be submitted along with photo prior to construction being started. We need the estimated cost of construction and the expected date when the building will be completed.

The Facility will not insure any building on which construction has begun.

VACANT OR UNOCCUPIED

(Question 36)

The Facility will not insure vacant or unoccupied dwellings or farms which have more than 50% of the total square footage unoccupied. Commercial property is not eligible if 70% or more total square footage is vacant or unoccupied. A complete explanation should be provided, advising percentage of vacancy, reason and length of time building will be vacant

PRIOR FIRE LOSSES

(Question 37)

All fire losses over \$500.00 on property for which the applicant had an insurable interest, must be listed on a separate memo explaining the cause of loss, property location of loss, amount of claim paid and the date that the loss occurred.

RATING INFORMATION

(Questions 38-45)

All questions must be answered in order to compute the correct premium.

If questions number 40 is answered "yes," describe the business in detail.

You must answer question 44 feet from fire hydrant and miles to fire department so the proper protection class can be applied. If inadequate information is provided class 10 will be assigned.

MARKET VALUE

(Question 46)

Enter the market value of the property to be insured subject to the Facility limits. Do not use replacement cost, the amount it would cost to replace the building at today's cost. The Facility does not write replacement cost insurance. Always include a recent appraisal on all recent purchases and all other property if available.

WOOD/COAL BURNING STOVE

(Questions 47-50)

The woodstove should sit at least 36 inches away from any combustible wall and have protected pad under it. If closer than 36 inches, advise the construction of the surrounding walls. A photograph of the stove is required.

PURCHASE DATE

(Questions 51)

If building coverage you must indicate the day, month and year the property was purchased. If property inherited please indicate. **THIS IS THE ORIGINAL DATE OF PURCHASE NOT THE REFINANCED DATE!**

PURCHASE PRICE

(Question 52)

This is the amount the applicant paid for the property, if land was included indicate the amount of land included. **THIS IS THE ORIGINAL AMOUNT OF PURCHASE NOT THE REFINANCED AMOUNT!**

AMOUNT OF ALTERATIONS OR IMPROVEMENT COMPLETED

(Question 53)

Alterations and improvements are money spent by owner or tenant to improve the physical condition of the building. Include copies of paid receipts if possible. This amount should not include money spent on general maintenance or upkeep of the property.

MANDATORY DISCLOSURE OF EXCLUDED COVERAGE

The following coverage's are not provided: loss by theft, liability, flood, earthquake, additional living expense, weight of ice and snow, burst water pipes, backup of sewer drains and/or sumps or any other combination of these. Make sure you specifically point out these exclusions to the applicant.

SIGNATURE

All applications must be signed by the applicant, legal guardian, partner if a partnership or officer if a corporation. All submissions must include the original signature of the applicant. Photocopies, carbon copies and faxes are not acceptable.

NEW BUSINESS

Upon receipt of the application, the Facility will order an inspection of the property. If the property meets underwriting standards a premium quote will be issued. If the risk meets the qualifications for the installment program both annual and installment amounts will be quoted. Refer to installment section for qualifications. **PLEASE DO NOT SEND A CHECK WITH THE APPLICATION.**

REQUEST FOR QUOTE BEFORE INSPECTION REQUIREMENTS (RESIDENTIAL ONLY).

Producers must submit a minimum of four photo's with the new application. The photo's must be clear photo's showing the front, rear, roof and one interior living area. You will also need to include photos of any outbuildings or woodstove/furnaces on the premises. You will need to read and complete a Request for Quote Prior to Inspection form. Submit form for quote along with the new application for consideration. Commercial and Farm property are not eligible.

DEEMER PROVISION

Risks are automatically deemed insured if, through no fault of the applicant, coverage has not been offered or declined within twenty (20) calendar days after the last date the application was received in the Facility office. Providing, however, applicant pays the estimated annual premium. A minimum deposit payment of \$100.00 for habitational risks with requested limits up to \$100,000 and \$200.00 for limits \$100,001 - \$200,000. Commercial & Farm minimum deposit is \$200.00 and is subject to an increase based on the limits requested.

You should contact the Facility to obtain an accurate deposit amount for commercial and farm property. This payment is only a deposit premium and will be subject to adjustment after the inspection is completed.

If you wish to take advantage of this Deemer provision, it is suggested you make provision for the payment of the estimated annual premium to the Missouri Fair Plan in advance of the expiration of the twenty (20) day waiting period. Include a photo of property, if not previously provided. Coverage will become effective at 12:01 a.m. (Standard Time) on the twentieth day after receipt of the application, or the day after the check is received, whichever is later.

The Producer shall be responsible for understanding the deemer provision and so notifying their client.

ENDORSEMENTS

Producers are not authorized to issue endorsements for the Facility. A written request must be submitted for policy changes. Be sure that you give us the location of the property insured and not the mailing address. The policy number and the name of the insured are also required.

Any increase in coverage will be made effective the day following receipt of premium but not sooner than fifteen (15) days from the date the Facility processes the additional premium invoice. A decrease in coverage will be made effective the day after the Facility receives the endorsement request in our office or on the date requested if later. Most requests are processed within five (5) business days of receipt.

WAIVER OF PREMIUM

When a policy is endorsed after the inception date, the Facility may waive any additional or return premium up to \$3.00 on habitational risks and \$15.00 on commercial and farm risks.

RENEWAL BUSINESS

The Facility offers a one year term policy that does NOT automatically renew.

An expiration notice (FAC 23) is sent to both the Producer and Mortgagee approximately sixty (60) days prior to the expiration date. The producer is responsible to maintain their own system to determine policy expiration dates and to assist with renewal coverage for their insured. If you have not received the expiration notice in at least thirty days in advance of the expiration you should contact the Facility to obtain a duplicate application.

Commercial and Farm business require the producer to submit a letter indicating they cannot obtain coverage from standard carriers for the renewal application every year. The letters must be dated within six months of the renewal date.

The notice of policy expiration and renewal application (FAC 24) is sent to the Insured approximately sixty (60) days prior to the expiration date. To avoid a lapse in coverage the insured should submit the renewal application along with the quoted premium to at the Facility office prior to 12:01 A. M., on the expiration date of the current policy.

It should not be assumed that the Facility would automatically issue a renewal policy. New underwriting information may determine the applicant ineligible for insurance coverage.

DECLINATIONS AND NON-RENEWALS

If a risk is not accepted, the applicant/insured, producer and mortgagee, if any, will be notified. Non-renewals notices will provide a minimum of thirty (30) days notice prior to expiration date of current policy. Binders will be terminated effective the date the Facility is notified of deficiencies.

DECLARATIONS PAGE

The Facility will mail a Declaration to the first named insured's mailing address, the mortgagee and the producer. The insured's and mortgagee's copy will include the policy forms.

CANCELLATION AND MINIMUM PREMIUMS

The first named insured shown in the Declaration may cancel the policy at any time. Notice must be submitted prior to the requested cancellation date. Return premium is always made payable to the insured and mailed directly to the insured.

If the Facility cancels a policy, a thirty (30) day delivery confirmation notice of cancellation will be given. Except in the event of nonpayment of premium for a policy in force, then a 10 day notice will be given. If the insured request a policy to be cancelled for any reason we may retain a minimum premium of \$50.00 on habitational and \$100.00 on commercial and farm.

On all cancellations, the producer will be charged the return commission on his monthly account.

REINSTATEMENTS

The request for reinstatement must be made BEFORE the effective date of cancellation. A policy may be reinstated only when the reason(s) for cancellation have been corrected and acknowledge by the Facility. Any required premium is must also be submitted.

NO POLICY WILL BE REINSTATED AFTER THE DATE OF CANCELLATION.

INSPECTION CONDITIONS CHARGES

When any of the conditions noted below exist in a building or other structure, an additional charge per \$100 of insurance for each condition may be applied to the building and/or contents based premium and other structure additional premium.

Each condition does not necessarily apply to all perils covered in the policy. For example, if it involves a fire hazard, only the fire premium may be surcharged; if an E.C., hazard is involved, the E.C., premium may be surcharged.

- A. Heating: Unsafe arrangement of heating of chimneys, woodstoves including proper clearance, stovepipes, or gas vents and improper use of space heaters.

Surcharge .25

- B. Wiring: Unsafe or inadequate electric wiring, spliced wires, nonstandard extensions cords, overloading and over fusing.

Surcharge .25

- C. Conversions: Subdivision or conversion of original living space to multiple units with overcrowded occupancy, inadequate sanitary facilities, unsafe arrangement of cooking devices.

Surcharge .50

- D. Physical Conditions and Housekeeping: Tuck pointing, wood surfaces unpainted or decaying, porches not well maintained, roof deterioration, plumbing, plaster, broken windows unsatisfactory control of combustibles.

Surcharge .50

- E. Housekeeping: Yards, basements, interiors, or attics not kept clean and free from combustibles, rubbish and litter.

Surcharge .50

If the applicant corrects all deficiencies and provides written evidence of repair to all items and a photo showing all areas in question the Facility will remove the surcharge.

ELIGIBILITY

The following risks will not be considered acceptable by the Facility:

1. Vacant or unoccupied property. Property is consider vacant or unoccupied when 70% of commercial, 50% of dwelling and 50% of farm square footage is not occupied.
2. Property that is in a severe state of disrepair.
3. Property with unrepaired damage of any kind including damage due to prior losses.
4. Property where the applicant has had an unsatisfactory loss history.
5. Any risk having characteristics of occupancy or ownership which may be in violation of law or public policy.

Risks which are found to have one or more of the following conditions, may be considered unacceptable:

1. Unsafe heating arrangements, such as:
 - a) Seriously rusted or deteriorated equipment.
 - b) Deteriorated chimneys and vents, including from furnaces to chimneys.
 - c) Improper use of space heaters, solid, liquid or gas with insufficient clearance to combustibles.
2. Unsafe electric wiring, such as:
 - a) Exposed or frayed wires
 - b) Improperly spliced wires
 - c) Overloaded circuits
 - d) Improper use or improperly installed wiring and/or fixtures
 - e) Improper use of extension cords
3. Poor housekeeping (accumulated combustibles, trash, debris or garbage).

CLAIMS

1. The Facility Operations Manager will supervise all claim adjustments and direct payment of losses.
2. The following instructions apply in reporting a claim under a policy insured by this Facility.
 - A. All claims must be reported timely to the Facility by submission of the ACORD "Property Loss Notice" or The Facility loss notice on our website. To obtain Accord form write to: Insurance Service Office, Two Blue Hill Plaza, P.O. Box 1770, Pearl River, New York - 10965-8770- request form No. - ACORD 1 (2/88) or go to www.missourifairplan.com.
 - B. The "Notice of Loss" must be completed in detail, including the principal party to be contacted and that individual's phone number where they can be reached. The "Notice of Loss" must contain a SPECIFIC DATE, time the loss occurred and include policy number, loss location, and circumstances of loss.
 - C. The producer or personnel in the producers office are not permitted to refer claims directly to any adjustment service company. All claims must be reported by mail to the Facility office at 906 Olive, Suite 1000, St. Louis, Mo. 63101, or faxed to (314)421 – 2575 or telephoned to (314)421-0170.
 - D. Claims will be assigned to outside qualified independent adjusters, based upon geographic territory and loss circumstances. The Facility Operations Manager reserves the the right to make claim assignments to those adjusters deemed qualified to handle the claim settlement. The Facility strives for prompt contact of the policyholder, and routine claims are often closed within 30 days from assignment date.
3. The Facility writes a "basic" named peril policy, covering buildings and contents for both commercial and habitational risks. The policy quotes "direct" loss by named peril. The loss must occur by one of the named perils in the policy to qualify for coverage.
4. All claim settlements are actual cash value at the time of the loss, which also includes those losses that are deemed constructive totals.

FORMS

Listed below are the various application forms used by the Missouri Fair Plan:

- A. **ACORD 67MO (08/01) - These application forms are provided to producers free of charge. Please access the applications from our web site at; *www.missourifairplan.com* (this is a generic application used for all lines of business, EXCEPT CRIME).**
- B. **FAC 23 - 11/93 - Notice of Policy Expiration**
- C. **FAC 24 - 8/94 - Notice of Policy Expiration and Renewal Application**
- D. **CP 1650 - 11/85 - Class Rate Information**
- E. **FAC - FM - 01 - 1/91 - Schedule of Items Farm Property**
- F. **Commercial Crime Application**
- G. **Residential Crime Application**
- H. **Request for Quote Prior to Inspection**

INSTALLMENT PAYMENT PROGRAM

The Facility offers an Installment Payment Program.

The conditions and procedures of the plan are as follows:

A. Eligibility

The installment payment program is only available on those policies that meet the following eligibility requirements;

1. The first named insured on the policy is the only individual eligible to request the Installment Payment Program. If the insured's premium is paid by a mortgagee out of an escrow account or by a titleholder, the policy will not be eligible for the Installment Payment Program.
2. Dwelling risks must have an annual premium of \$125.00 or more.
3. Commercial and farm risk must have an annual premium of \$250.00 or more.

B. Installment new business quote and Expiration Renewal Application

1. The new business quote and policy expiration/renewal application will include the following;
 - Current date of quote
 - Annual Premium
 - Date payment is due
 - Amount of installment payment due
 - Handling fee
2. Quotes will be mailed to the insured and producer. The insured should mail one copy of the quote with the appropriate installment amount due, to the Facility office.
3. The policy expiration/renewal application will be mailed to the insured for completion. The insured should complete questions 1-6, sign the application and return with the appropriate installment amount due prior to the expiration date.
4. The 2nd and 3rd installment notices will also be mailed to both the insured and the producer 30 days before they are due.

C. Payment Terms

A separate check for payment by one of the methods described below must be submitted with the quote or expiration/renewal application.

1. Pay the total annual premium at one time.
2. Pay by installment
 - (a) The down payment must be at least 40% of the annual premium quoted and include \$5

handling fee.

(b) The Facility will advise the insured and producer when the additional installments are due.

3. Payments may be made as follows;

- (a) Cash
- (b) Certified Check
- (c) Bank Check
- (d) Money Order
- (e) Check from Mortgage
- (f) Check drawn on the account of the producer

4. Payments not accepted

- (a) Post dated checks
- (b) Checks payable to the producer only, not endorsed
- (c) Partial Payment of installment options
- (d) Starter checks
- (e) Credit card
- (f) Wire transfers
- (g) Third party checks

D. Excess Premiums

Any excess premium will be applied to the next installment due.

If policy is paid in full excess premium will be returned to the party making the final payment. Refunds will be held until payment has been processed by our bank, approximately 20 days.

E. Handling Fee

There is \$5.00 per installment handling fee, not refundable!

F. Endorsements

Changes made after the inception date of a policy will not be eligible for the installment plan. The additional premium due must be paid in full. This applies to rate changes, condition charges and coverage changes. Return premium will be deducted from future installments, if any. Return premium as a result of an endorsement will be sent directly to the first named insured.

G. Additional Installment Payments

1. Second Installment

If the insured is participating in the premium installment plan, 60 days after the inception date of the policy an invoice will be mailed to the insured and to the producer advising that payment is due on the 90th day.

- (a) If the insured fails to pay the second installment when due a 10 day notice of cancellation for non-payment will be sent to the insured, producer and the mortgagee, if any.
- (b) Payment received at the Facility's office on or after the cancellation date will be returned and a new application is required.
- (c) If payment is received at the Facility's office prior to the cancellation date, a reinstatement notice will be sent to the insured, producer and mortgagee, if any.

2. Third installment

One hundred fifty (150) days after the inception date, an invoice will be mailed to the insured and producer advising that payment is due on the 180th day.

- (a) If the insured fails to pay the third installment when due, a cancellation notice for non-payment will be sent to the insured, producer and mortgagee, if any.**
- (b) Payments received at the Facility's office on or after the cancellation date will be returned and a new application is required.**
- (c) If payment is received at the Facility's office prior to the cancellation date, a reinstatement notice will be sent to the insured, producer and mortgagee, if any.**