

June 2011

BULLETIN TO: PRODUCERS

**THE PENNSYLVANIA FAIR PLAN INTRODUCES**

- \* **DWELLING PROPERTY 2 – BROAD FORM COVERAGE**
- \* **WEBSITE FEATURES**
- \* **DIRECT BILL**
- \* **RATE CHANGE**

\* **DWELLING PROPERTY 2 – BROAD FORM**

Requests from producers and insureds concerned with the inability of the residual market customer to secure coverage for Pennsylvania winter weather exposure has resulted in the FAIR Plan receiving approval to offer Dwelling Property 2 – Broad Form coverage. The coverage form is ISO based with some modifications to be consistent with the FAIR Plan's DP1 policy form. A copy of the new 17 page form DP 00 02 FPPA 07 11 is available on the FAIR Plan website under Requests, Downloadable Forms.



Dwelling Property 2 – Broad Form is effective August 1, 2011 for new business and will be offered at renewal beginning with policies effective September 1, 2011. The new coverage is optional and must meet certain additional eligibility standards. The attached Dwelling Property 2 - Broad Form criteria is added to the Eligibility section D. Ineligible Property found on the FAIR Plan website under the Information tab/General Rules and Procedures. The coverage cannot be added mid-term.

The website new business application, accessed under the Requests tab, will show a number of questions to answer when Dwelling Property – 2 Broad Form Coverage is selected under section 10. Quotes are obtained via the same Requests tab. For paper applications, the ACORD 64 PA (2011/08) application and ACORD 66 (2011/08) Dwelling Property 2 – Broad Form Application Supplement must be used. The ACORD forms are available on the website under Requests, Downloadable Forms.

The new coverage form features replacement cost on the building. Contents coverage remains ACV. The FAIR Plan uses the e2Value replacement cost calculator.

The FAIR Plan will send an offer (attached) along with the renewal quote to explain the introduction of the coverage and to determine eligibility. If the coverage is requested, payment of the revised premium quote will result in a renewal policy using the DP 2 form.

Dwelling Property 2 – Broad Form coverage is subject to inspection to determine final eligibility.

\* **WEBSITE FEATURES**

The FAIR Plan website at [www.pafairplan.com](http://www.pafairplan.com) features quoting, electronic submission of new business and allows credit card and bank account transfer (EFT) payments which provides both a convenient and quick means to pay a bill. The website also includes the FAIR Plan's rules and procedures, downloadable forms and the ability to contact us in a variety of ways as well as other important information.

\* **DIRECT BILL**

You now have the ability to select whether an individual policy is billed directly to the insured, mortgagee, or remain producer billed. If you haven't already done so, please contact us if you desire to change billing options.

\* **RATE CHANGE**

Dwelling rates are increasing an average of 4.5% effective August 1, 2011. The change will vary by territory and coverage.

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT US  
AT 1 (800) 462-4972

THANK YOU FOR YOUR CONTINUED SUPPORT !!!

10. Dwelling Property 2 - Broad Form

In addition to the preceding eligibility rules, Dwelling Property 2 - Broad Form coverage is NOT available on any property that:

- (a) Is vacant.
- (b) Is a mobile home.
- (c) Is currently under construction or rehabilitation.
- (d) Has a primary heating source that is not thermostatically controlled.
- (e) Has evidence of roof, ceiling, wall, window, or plumbing leaks. An existing policyholder will be given an opportunity to correct any adverse condition via the declination procedure.
- (f) Has an amount of insurance on the building that is less than 80% of the replacement cost.
- (g) Has a roof that is in poor condition or not properly maintained and/or has drains or gutters that do not function properly. An existing policyholder will be given an opportunity to correct any adverse condition via the declination procedure.
- (h) Is a seasonal or unoccupied dwelling unless water is turned off and plumbing effectively drained and heat is maintained at a minimum of 50 degrees.
- (i) Has any broken glass, except minor cracks, unless the minor crack exposes the premises to external elements. An existing policyholder will be given an opportunity to correct any adverse condition via the declination procedure.

# **POLICYHOLDER NOTICE**

## **IMPORTANT – PLEASE READ**

### **NEW COVERAGE BEING INTRODUCED**

The Insurance Placement Facility of Pennsylvania (FAIR Plan) is pleased to inform you that you may be eligible to upgrade your coverage to the new Dwelling Property – 2 Broad Form policy at your next renewal. This policy contains several additional coverage perils not found in your current policy and includes replacement cost coverage on the building versus actual cash value settlement provisions. In addition, your coverage will be adjusted each year when applicable to reflect the change in the cost to reconstruct your home.

#### **Who is eligible?**

The majority of existing properties will be eligible for this expanded coverage, however, there are some restrictions. The attached Dwelling Property 2 – Broad Form Application Supplement (ACORD 66 PA) outlines the eligibility requirements.

**If you do not qualify for the broad form policy based on one of the questions, you are still eligible for coverage under your existing policy. Please pay the appropriate premium on your bill.** If you do qualify, you now have a choice to continue coverage under your current basic policy form or request the new broad form policy at a higher premium cost.

#### **Highlights of the Broad Form Policy**

In addition to the perils insured against in your current policy, there is coverage for:

- Weight of ice and snow
- Freezing
- Accidental overflow of water or steam
- Replacement cost on building
- Vandalism
- Automatic value increase at renewal
- Additional living expense

#### **What does it cost?**

Since you are receiving more coverage with the Broad Form policy, it will cost more than your current policy. You will also be required to have your property insured to its replacement cost if it is not presently at that value. A replacement cost calculation tool will be used to determine the replacement cost or cost to reconstruct your property. Properties must be insured to at least 80% of their replacement value.

### **What next?**

To determine eligibility please complete the attached application supplement. It is important to answer all questions, including square footage.

**Please call your professional insurance agent to discuss this offer in more detail.** If you don't have an agent, you may also call, if eligible, for a quote at FAIR Plan's customer service at 1 (800) 462-4972.

If the quote is acceptable, you must mail the completed and signed application supplement (ACORD 66 PA), the bottom portion of the renewal bill, and the new required premium by check or money order to:

PA FAIR Plan  
530 Walnut St., Suite 1650  
Philadelphia, PA 19106-3698

If you must increase your insurance because of the replacement cost requirement, please indicate the necessary increased amount of coverage for your building on the renewal bill.

If approved, the Dwelling Property 2 – Broad Form policy will be issued. The FAIR Plan will inspect your property. If for some reason, it is determined that the property is not eligible for the new policy, you will be notified of the reason and a renewal policy will be issued under your current basic coverage. Any difference in premium will be refunded to you.

This is a policyholder notice and is not part of your policy. If there are discrepancies between this notice and the policy, the policy takes precedence.

Thank you for allowing the FAIR Plan to provide your insurance protection.



**INSURANCE PLACEMENT FACILITY OF PENNSYLVANIA  
DWELLING PROPERTY 2 - BROAD FORM APPLICATION SUPPLEMENT**

530 Walnut Street Suite 1650  
Philadelphia, PA 19106-3698  
(215) 629-8800 1-800-462-4972  
FAX (215) 409-9100

Date: \_\_\_\_\_ File No. \_\_\_\_\_  
Applicant's Name: \_\_\_\_\_  
Phone Number: \_\_\_\_\_ E-mail Address: \_\_\_\_\_  
Location of Property: \_\_\_\_\_  
\_\_\_\_\_

1. Is property vacant? (If "YES", property not eligible)  YES  NO
2. Is property a mobile home? (If "YES", property not eligible)  YES  NO
3. Is property currently under construction or rehabilitation? (If "YES", property not eligible)  YES  NO
4. Does the property have a primary heating source that is thermostatically controlled (temperature can be preset)? (If "NO", property not eligible)  YES  NO
5. Does the property exhibit any evidence of roof, ceiling, wall, window, or plumbing leaks? (If "YES", property not eligible)  YES  NO
6. Is the requested amount of insurance on the building equal to at least 80% of the replacement cost? (If "NO", property not eligible)  YES  NO  
Replacement Cost of the Building: \$ \_\_\_\_\_  
Requested Amount of Insurance on the Building: \$ \_\_\_\_\_
7. Is the roof in good condition and properly maintained? (If "NO", property not eligible)  YES  NO  
Year roof installed (YYYY): \_\_\_\_\_ Year of last roof repair / maintenance (YYYY): \_\_\_\_\_
8. Do all drains and gutters function properly? (If "NO", property not eligible)  YES  NO
9. If the property is a seasonal or unoccupied dwelling, is the water turned off and plumbing effectively drained when not in use with temperature maintained at a minimum of 50 degrees? (If "NO", property not eligible)  YES  NO
10. Does the property have any broken glass? (If "YES", property may not be eligible)  YES  NO  
Please describe: \_\_\_\_\_

TOTAL SQUARE FOOTAGE OF DWELLING	YEAR BUILT	TYPE OF BUILDING CONSTRUCTION
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**CHECK ALL THAT APPLY**

Basement       Crawlspace       Attached Garage       Built-in Garage

**STYLE OF HOME (Choose one)**

Basic       Ranch       Townhouse       Other (Please describe): \_\_\_\_\_  
 Bi-Level       Row       Victorian  
 Colonial       Split Level       2-Family

I certify that the above information is true and correct.

\_\_\_\_\_ DATE (MM/DD/YYYY)

APPLICANT'S SIGNATURE