

SECTION II ELIGIBILITY

A. ELIGIBLE APPLICANTS

Any individual, Partnership, Corporation, Association, Joint Venture, Holding Company, Fictitious Entity or Estate having an insurable interest in any real or personal property which has a fixed location in this state may apply for coverage in the FAIR Plan.

Any officer of a Corporation or Holding Company may apply for coverage in the FAIR Plan. The application must be signed by the officer and his/her title designated.

Principals of an Association, Joint Venture or Fictitious Entity may apply for coverage in the FAIR Plan. The application must be signed by the principal and his/her interest designated. Mortgagees and Loss Payees may apply for coverage on behalf of a property owner, but the application must be in the name of the property owner and signed by the property owner.

Trustees of an estate may apply on behalf of the estate.

Tenants and others who have an insurable interest through contractual obligation may apply for coverage in the FAIR Plan, but the application must be in the name of the property owner and signed by the property owner.

B. INELIGIBLE APPLICANT

1. Any person who has been convicted of or has an outstanding indictment for the crime of arson or any crime involving a purpose to defraud an insurance company.
2. Any person who submits an application to the Plan which contains misrepresentations that affect acceptance/rejection of a particular risk shall be ineligible and any policy issued by the Plan on that particular property shall be null and void.
3. Any person who will not provide access to their property for inspection by the Plan.
4. Such other characteristics of applicants as may be approved by the Insurance Commissioner.

C. ELIGIBLE PROPERTY

To be eligible for insurance in the Plan the property must meet the following minimum qualifications:

1. The property must be located in the Commonwealth of Pennsylvania.
2. The building or the tangible personal property must be at a fixed location.

D. INELIGIBLE PROPERTY

The following properties are ineligible for insurance coverage in the Plan:

1. Motor Vehicles

2. Farms

(a) Farm property is defined as all buildings and their contents whether occupied by the owner or by an employee or by a tenant, located on or used in connection with land devoted to any one or more of the following:

1. Cultivation of the soil;
2. Rearing or keeping live stock; or
3. Producing fruit, grain, vegetables, poultry, hay or other produce for commercial or business purposes.

3. Buildings which are vacant or unoccupied for longer than thirty (30) days, unless boarded up and neither open nor accessible to unauthorized persons. Vacancy, whether under a Dwelling or Commercial policy, means containing no contents usual or incidental to the occupancy. Unoccupancy of a dwelling means the absence of use as a dwelling place by human beings. Unoccupancy of a commercial building means the building containing contents pertaining to the occupancy of the building while operations or other customary activities are suspended. Vandalism and Malicious Mischief Coverage may not be provided.

Except:

- (a) Vacant buildings, not boarded up, may be insured while rehabilitation or reconstruction work is actively in process. V&MM can be provided.
- (b) Unoccupied buildings, not boarded up, may be insured while listed for sale with a real estate agent or after settlement waiting to be occupied for a period of not more than one year, except Commercial Buildings must be boarded after three months. Electric and Gas utilities must remain on and the building must maintain as though occupied. Vandalism and Malicious Mischief may be provided.
- (c) Vacant or unoccupied buildings, not boarded up, may be insured while the insured is on active military service without a vacancy surcharge. V&MM may be provided.
- (d) Vacant or unoccupied dwellings, not boarded up, may be insured when boarding is prohibited by local ordinance at the otherwise applicable surcharge.
- (e) Seasonal and second homes may be insured. Such property is expected to be furnished and ready for use. V&MM may be provided.
- (f) Partly vacant or unoccupied buildings, not boarded up, may be insured if the first floor is occupied and only upper floors are vacant or unoccupied but not accessible, no surcharge applies.
- (g) Unusual situations, subject to the approval of the Underwriting Manager.

4. Vacant or unoccupied buildings under the same ownership for longer than one (1) year.

Except:

- (a) Those properties that are part of an estate in process of settlement.
- (b) Those properties currently under active renovation by a professional contractor or such active renovations are to begin within thirty (30) days of the effective date of insurance coverage and copies of contract(s) and/or specifications are submitted with the application.
- (c) Those properties under agreement of sale to a contract purchaser providing: Settlement is to take place not more than ninety (90) days from the effective date of insurance, and the application (applicant's name) states all parties in interest.

5. Property in extremely dilapidated condition or which has been substantially damaged by fire, lightning, explosion, windstorm, hail, smoke, aircraft or vehicles, riot or civil commotion, vandalism, sinkhole collapse or sprinkler leakage.

NOTE: Exceptions may be granted under 3, 4 and 5 above for Co-operative Community Home Improvement Grant Programs, provided full details of the program are submitted to the Plan's Underwriting Manager for approval.

6. Property subject to sprinkler leakage damage from a system which is outdated or in such disrepair that the rating organization (I.S.O.) will not rate the building as sprinklered.
7. Buildings in danger of collapse or which have significant existing damage including but not limited to mine subsidence bulging and/or cracked foundation walls and sagging floors.
8. Buildings where Government Authority has issued an order to vacate, destroy or raze the property or where the building has been classified uninhabitable or structurally unsafe.
9. Buildings which have characteristics of ownership, tenancy, occupancy or maintenance which violate public policy or which result in increased exposure to loss, including:
 - (a) Owner or occupant incendiarism.
 - (b) At least 65% of the rental units in the building are unoccupied, and the insured has not obtained prior approval from the FAIR Plan of a rehabilitation plan which necessitates a high degree of unoccupancy.
 - (c) Fire damage exists and the insured has stated or such time has elapsed as clearly indicates that the damage will not be repaired.
 - (d) Following a fire, permanent repairs following satisfactory adjustment of loss have not commenced within 60 days.
 - (e) Property has been abandoned or there has been removal of undamaged salvageable items from the building and the applicant can give no reasonable explanation for such removal.
 - (f) Utilities such as electric, gas, or water services have been discontinued and the applicant has failed to pay his/her account for such services within 60 days.
 - (g) Real estate taxes have not been paid for a one year period after the taxes were first due.
 - (h) Property which has current violations of fire safety, health, building, or construction codes.
 - (i) Where the building has been subject to more than two (2) fires, each loss amounting to at least \$500 or one percent of the insurance in force, whichever is greater, in any 12-month period or more than three (3) such fires in any 24-month period, provided that the cause of such fires is due to conditions which are the responsibility of the applicant or building owner.

- (j) Where, based on reliable information, good cause exists to believe that the building will be burned for the purpose of collecting the insurance on the property.
- (k) Conviction or unresolved indictment of an applicant or lienholder or any other person having a financial interest in the property for the crime of arson or a crime involving a purpose to defraud an insurance company.
- (l) Such other characteristics as may be approved by the Insurance Commissioner.

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 policy holder 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.