

**Effective Date: 02/2006**

**Revision Date:**

### **SECTION III UNDERWRITING STANDARDS**

In addition to meeting the eligibility requirements set forth in The Eligibility section, properties insured in the FAIR Plan must meet the Plan's reasonable underwriting standards.

Properties must be reasonably well maintained with windows and doors intact and electrical wiring in good condition.

A physical inspection of a property may show the existence of conditions which will cause the Plan to decline coverage on the risk or restrict peril coverage. These conditions include, but are not limited to:

- Excessive accumulation of combustible materials;
- Broken windows;
- Loose, broken or exposed wiring;
- Roof, wall or plumbing leaks;
- Improper use of extension cords (attached to walls, running under rugs, etc);
- Broken plaster with exposed lath.
- Automatic sprinkler system having:
  - (a) Sprinkler heads over 50 years old
  - (b) Rust or corrosion on piping, tank and tank supports.
  - (c) No operative local alarm
  - (d) No protection from freezing or pipes unless system has been designed to function without heat
  - (e) Inadequate protection from mechanical injury, such as damage from fork lifts
  - (f) Inadequate clearance to merchandise or fixtures which prevents system from functioning efficiently
- Vacant or unoccupied section(s) not properly boarded

Some conditions, such as broken electrical wiring, are inherently hazardous. Other conditions, while not fire hazards in themselves, are indicative of poor maintenance and neglect or could contribute to the acceleration of a fire, should one occur.

If there is a policy in force in the FAIR Plan and one or more of these types of conditions are found to exist, the Plan may, at its discretion, allow a period of time for the correction of the condition(s). Failure to notify the Plan in writing within that period of time of the condition(s) being corrected could result in policy cancellation.

The inspection of the property may show the existence of conditions which constitute an increase in hazard, but which the Plan does not consider severe enough to warrant declination of coverage. A charge will be made for these conditions. Refer to The Inspections section for an explanation of Plan condition charges.