

CRIME INSURANCE

On February 1, 1987, the Federal Crime Insurance Program ceased providing coverage in North Carolina. Legislative action in 1986 transferred this responsibility to the North Carolina FAIR and Beach Plans for properties located in their geographical area.

The FAIR Plan and Beach Plan Crime Insurance Policies, by law, can be no more restrictive than the Federal Policy, and the Associations have made every effort to follow the Federal Program in the printing of its applications, policies and forms, and in the development of its rules, rates, premium and underwriting requirements. Therefore, much of the information contained in this Manual would not apply to the Crime Insurance policies.

Policies are available for residential and commercial properties. Both classes of policies have Protective Device Requirements. We will inspect commercial properties to assure compliance with the Protective Device Requirements if burglary coverage is desired. Residential policies have a warranty provision and the producer also certifies that he/she has explained the Protective Device Requirements to the applicant. If a residential property is found not to have the protective devices at the time of a loss, and the lack of the protective devices was material to the loss, the loss will not be covered.

Crime policies have thirty (30) day's cancellation provisions for non-payment of premium, misrepresentation, or cause (not meeting reasonable underwriting standards). The Plan of Operation states that reasonable underwriting standards shall include, but not be limited to, the following:

- physical condition of the property;
- violation of law, public policy, morals and the character or integrity of the property owner or occupant;
- such other standards as may be approved from time to time by the Commissioner of Insurance.

The Plans of Operation also require that the insured must notify local law enforcement authorities and the Association immediately (as soon as practicable) after the discovery of a loss.

Applications for coverage for residential or commercial coverage may be ordered from the Plan office. Copies of these applications are located in the Appendix. The Application for Residential Crime Insurance is considered to be self-explanatory. It also contains rating information so that the producer can determine the premium necessary to send with the application.

It is our experience that very few business owners decide to apply for Commercial Crime Insurance after they learn about the Protective Device Requirements. Businesses with the requirements may not feel that they need insurance. If you have specific questions about how to apply for Commercial Crime Insurance, please call our office and ask for Crime Insurance Underwriting.