

BEACH PLAN BINDER PROVISIONS

Effective January 1, 2003, a licensed agent or broker of a company, which is a member of the Association, may grant temporary binding coverage to an applicant per GS 58-45-35 (d) and GS 58-45-36.

To initiate binding authority, the producer must issue a temporary ACORD binder of insurance and a copy should be attached to the application being sent to the Association. The period may be no longer than 12:01am EST on the thirtieth (30) day from the effective date of binder. In addition:

1. Collect estimated policy premium from applicant, binder of coverage can not be initiated prior to the date and time the payment is collected by the producer from the applicant.
2. Copy of the binder must be sent by email or FAX to the Plan within 24 hours of executed binder date. The ACORD binder format should be utilized.
3. Complete Association application requirements, including required photographs.
4. Applicant and risk must meet the published underwriting guidelines; vacant buildings with the exception of real estate closing with intent to occupy, may not be bound.
5. Fire coverages (basic and broad form policies) are not written for any risks located in the "Coastal" territories by the Beach Plan. The only coverage on Farm properties that may be bound is Windstorm and Hail in the "Coastal" territories. The Association guidelines do not allow fire coverage on commercial manufacturing over 10,000 square feet; however, these risks may be bound for Windstorm and Hail coverage only over the essential carrier.
6. The application including, copy of binder and premium must be received by the Association, within five (5) business days of effective date of binder.
7. Designated hurricanes within the restricted coordinates by the Association will immediately suspend producer's binding authority. No new or increased coverage shall be bound or application for a new or increased

coverage accepted when the center of a designated hurricane is located within Longitudes 65 degrees West and 85 degrees West; Latitudes 20 degrees North and 37 degrees North. The term "designated hurricane" is a windstorm designated as a hurricane by the U.S. Weather Bureau.

8. Combined dwelling and property coverage cannot exceed \$1.5 million on Dwelling business.
9. Combined coverage of building and property cannot exceed \$2.5 million on Commercial business; an additional amount of \$250,000 may be bound for Business Income.

The Association will issue a policy as bound that meets the requirements. If during the underwriting process a situation arises that requires a reduction in coverage, or does not meet underwriting criteria, underwriting will generate the proper notice to be sent to the applicant allowing fifteen days (15) advance notification prior to processing the change to the policy, or cancellation of the policy. Unearned premium will be calculated in accordance with the rules of the rating organization having applicable jurisdiction.

Premium due notices that are paid to the producer will be considered as payment to the Association. Proof of payment to the producer prior to the due date must accompany any late payment to the Association.

The Plan reserves the right to suspend a producer's binding authority for repeated violation of the published rules and procedures. In the event the producer would have a revocation of state license, then binding authority would immediately cease at time of revocation.