



**North Carolina  
Insurance Underwriting Association**

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**Beach Plan**

**To: All Producers - JUNE 2002**

**IMPORTANT INFORMATION – PLEASE RETAIN IN YOUR OFFICE**

**Please make sure this Producer Mailing is circulated to your entire staff**

**BEACH PLAN**  
**Direct Bill Handling Procedures**

Beginning July 1, 2002, we will implement a direct bill program to the policyholder or alternative payer rather than billing the producing agent. This program will only apply to beach dwelling and windstorm/hail policies. Continuations with an effective date of October 1, 2002, will begin converting to this program.

New business will require a **full** down payment at time of application, and we should be advised if the future billings should be sent to the mortgage company for escrow. All copies of new business declarations and **billings** (if applicable) will be sent to the producer, as we currently do today.

Continuations will generate a billing notice that will be sent to the payer (policyholder or mortgage company) at least forty-five (45) days prior to the policy expiration. Continuations will be mailed directly to the appropriate parties with a courtesy copy of the billing to the producer. Note: Premium Finance Companies will not be billed directly; the insured is responsible for obtaining the necessary agreements.

We will implement an automatic increase to the building coverage (A) that will apply to the continuation of the policy according to an index published by the Marshall & Swift Appraisal Service. Policies that approach the \$1.5 million cap of the Association will have the endorsement removed in order to allow the continuation at the existing amount of coverage.

5651 Dillard Drive, Cary NC, 27511 – P. O. Box 8009, Cary, NC 27512  
Phone: 919/821-1299 \* 800/662-7048 in NC \* Fax: 919/829-1793 \*[www.ncjua-nciua.org](http://www.ncjua-nciua.org)

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Procedures.6.2002.doc

The payment must be paid fifteen (15) days prior to the expiration to avoid a notice of cancellation being mailed to the appropriate parties. The notice will allow approximately twenty-five (25) days notification. Premium must be received by the Association's Office prior to the cancellation date in order to continue coverage, as the postmark will not be considered as payment, nor will "quick coverage" provisions be applicable. Payments received during the cancellation period will generate a notice of rescission to be forwarded to the parties involved.

Payments received after the cancellation date, but within sixty (60) days of the expiration will be reinstated the date payment is received by the Association and will provide a lapse in coverage and the policy will be short-tered maintaining the same expiration date. A reinstatement notice will be sent to all parties, and any resulting return premium will be sent to the insured. Payments received after sixty (60) days will be returned to the producer and new applications will need to be submitted.

**The current Hurricane procedures will override these guidelines when the storm has entered the published coordinates.**

Payments to the Association must be made on a gross basis; failure to do so will result in an additional premium billing to the insured (payer). We will generate a commission statement at the end of each business month with a remittance advice, which would include any payments due the producer for commission.

All refunds will be sent to the named insured of the policy, except in the case of a premium finance agreement that will generate a payment to that company.

If you would have any questions, please feel free to contact your Association Underwriter.

Sincerely,  
*Bruce D. Lee*  
Assistant Underwriting Manager