



**NORTH CAROLINA
INSURANCE UNDERWRITING ASSOCIATION**

BEACH PLAN

**NORTH CAROLINA
JOINT UNDERWRITING ASSOCIATION**

FAIR PLAN

UPDATE BEACH PLAN BINDER PROVISIONS-November 30, 2005

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 accept a Dynamic Web application with policy number assignment, or issue a temporary ACORD binder of insurance. The period of ACORD binder may be no longer than 12:01am EST on the thirtieth (30) day from the effective date of binder. In addition the following criteria must be met:

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 ACORD binder must be sent by email or FAX to the Plan within 24 hours of executed binder date, unless the Dynamic Web method had been utilized for binder provision.
3. Complete Association application requirements, including required photographs. The application including, copy of binder and premium must be received by the Association, within five (5) business days of effective date of binder, unless the Dynamic Web method had been utilized for binder provision.
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. Dwelling Fire or Commercial Fire coverages (basic and broad form policies) are not written for any risks located in the "Coastal" territories by the Beach Plan. Homeowner coverage is considered Beach Plan in both the "Beach" and "Coastal" territories. 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. A designated Hurricane within the Association's coordinates will suspend Producer's binding authority as of 12:01am EST the day after it occurs. 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° West and 85° West; Latitudes 20° North and 37° North. The term "designated hurricane" is a windstorm designated as a hurricane by the U.S. Weather Bureau.
7. Combined dwelling and personal property coverage cannot exceed \$1.5 million on Dwelling business, or \$1.5 million on dwelling Coverage A for Dwelling Windstorm and Hail business.
8. Combined coverage of building and business property cannot exceed \$3 million on Commercial business; and an additional amount of \$300,000 may be bound for Business Income.
9. Homeowner Coverage A may be bound to a maximum of \$1 million, and Homeowner Windstorm and Hail to a maximum coverage A of \$1.5 million.

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.