



North Carolina Insurance Underwriting Association

Beach Plan

To All Producers – March 2005

IMPORTANT INFORMATION – PLEASE RETAIN IN YOUR OFFICE **Please make sure this Producer Mailing is circulated to your entire staff**

BEACH PLAN **COMMERCIAL POLICIES – DIRECT BILL HANDLING PROCEDURES**

Beginning April 1, 2005, the NCIUA will implement a Direct Bill Program to the policyholder or alternative payer rather than bill the producing agent. The program will only apply to Beach Plan. Continuations with an effective date of July 1, 2005, will begin converting to policyholder billing.

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. Producers should immediately review July 1, 2005 and after continuations and provide notice to the Association of all Commercial policies that will be other than policyholder bill. Continuation billing will be released to the policyholder unless we are notified otherwise at least sixty (60) days prior to expiration. 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 that will apply to the continuation of the policy according to an index published by the US Consumer Price Index, currently 4%. Once a policy reaches the \$3.0 million cap of the Association, the automatic increase process will cease. The payment must be paid by the expiration to avoid a fifteen (15) day notice of cancellation being mailed to the appropriate parties.

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. 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-termed 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. Also, within the first forty five (45) days of initial coverage, Dynamic Web return premiums will be mailed to the Producer.

The provided Beach Plan Commercial Polices Direct Bill Handling Procedures are the same that currently exist for residential policies. However, if you have any questions please feel free to contact your Association Underwriter.

Sincerely,
Lee E. Dunn, Jr.
Underwriting Manager