



NORTH CAROLINA

INSURANCE UNDERWRITING ASSOCIATION

BEACH PLAN

NORTH CAROLINA

JOINT UNDERWRITING ASSOCIATION

FAIR PLAN

January 5, 2007

**IMPORTANT NOTICE
DYNAMIC WEB AUDIT PROCEDURE**

The North Carolina Insurance Underwriting Association and North Carolina Joint Underwriting Association will implement a Dynamic Web Audit Procedures beginning February 7, 2007, which is described below.

As outlined in the Dynamic Web Agreement under Item 2:

The Producer will maintain a copy of the uploaded web application with the required signatures of the Applicant(s) for the applicable plan NCJUA/NCIUA. The Producer agrees that the signed copy of such application is the property of the NCJUA/NCIUA and must be provided within twenty-four (24) hours if requested by the NCJUA/NCIUA during normal business hours. The Producer hereby indemnifies and holds harmless the NCJUA/NCIUA for any loss sustained as a result of a claim for which the Producer cannot provide such executed applications.

Currently we do not have a set audit process to verify compliance of this requirement and will implement the following audit process.

- A random selection of 220 new business applications that are a combination of FAIR and Beach Plan business will be audited monthly by the Associations for signature compliance.
- A letter will be sent requesting copies of the signed applications to the Producers listed on the selected files for audit.
- Producers must provide the requested copies within fourteen (14) days. (The web agreement allows for twenty-four (24) hour submission on copies for requested applications that are requested by the Associations)
- The Associations are expecting a 99% signature compliance rate of overall audit results.
- Producers that do not comply will receive a compliance warning letter from the Associations.
- After three (3) compliance warning letters within one (1) year, the Dynamic Web Agreement will be suspended and commission reduced to the approved rate for those Producers not on the Dynamic Web.
- The suspension of Dynamic Web authorization will last for twelve (12) months.

We thank you for your continued support of the North Carolina Insurance Underwriting Association and the North Carolina Joint Underwriting Association.

Sincerely,
Bruce D. Lee
Underwriting Manager

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