

## MN FAIR Plan General Rules

### Valuation

All policies issued by the FAIR Plan are NON-REPLACEMENT COST policies.

The limit of coverage provided by the FAIR Plan cannot exceed the estimated market value of the structures to be insured. The FAIR Plan will use the estimated market value determined by the County Assessor to establish the limit of insurance coverage. The FAIR Plan does allow the addition of a reasonable amount for demolition/debris removal to arrive at the final coverage limit. A reasonable amount for debris removal is defined as no more than 50% of the coverage limit for the structure, not to exceed \$20,000.

For properties purchased after the most recent market valuation by the county, the market value of the structures to be insured will equal the sale price of the property less the value of the land. If the sale documents do not set forth the value of the land, the land value stated on the most recent county valuation will be used.

The FAIR Plan considers the determination of market value by the County Assessor or recent sale price to be the most accurate and equitable measurement of the market value of property to be insured. The FAIR Plan will however consider all information an applicant wishes to present that may have a bearing on the market value of the structures to be insured.

The MN FAIR Plan is exempt from MN Statute 65A.08, also known as the MN Valued Policy Provision.

### Agents

The FAIR Plan does not appoint agents. The agent does not represent the FAIR Plan. Agents have no binding authority for the FAIR Plan. Any agent licensed in the State of Minnesota may submit an application to the FAIR Plan, but only after exhausting all reasonable steps to place the applicant in the voluntary market. The FAIR Plan pays 12% commission on new business premiums received, and 5% commission on renewal premiums received.

### Applications

A completed, signed application is required for each property insured. Applications must be completed on line at our website: [www.mnfairplan.org](http://www.mnfairplan.org).

### Photographs

Photographs of the front and back of each structure to be insured must accompany all applications. **Applications received without photographs will be rejected and returned for resubmission with photographs.**

### Estimated Market Value

Applications must include the most recent property valuation provided by the county in which the insured property is located. The applicant name(s) must match the name of the Owner(s) or Taxpayer(s) on the county valuation report. **Applications received without the most recent county property valuation will be rejected and returned for resubmission.**

If the county valuation does not reflect the recent acquisition of the property by the applicant(s), you must include documents showing the applicant's purchase of the property including the amount paid along with the application.

### **Third Party Checks**

**The FAIR Plan cannot accept third party checks.** Checks must be made payable to the MN FAIR Plan.

### **Agency Checks**

**The FAIR Plan cannot accept checks drawn on an agent's account.** We accept checks drawn on an individual's account, cashiers checks, certified checks, or money orders. Applicants and policyholders can also make premium payments online. Details can be found at our website.

### **Payment Plans**

All policies will accept a maximum of four premium payments, regardless of bill to party. Policyholders have the option of making up to four premium payments. Mortgage holders are expected to provide a single payment.

### **Condition Charges (Commercial Lines)**

Condition charges may apply to the premium charged for commercial coverage. Condition charges are intended to encourage improvement of the property we insure. Condition charges will be added only when we inspect the property, and can document the condition(s) with photographs.

### **Coverage Forms**

The FAIR Plan provides **Named Peril** coverage using standard insurance forms approved for use by the Commissioner:

#### **Dwelling Fire /Mobile Home Fire (ISO DP-00 01)**

- Owner Occupied
- Non-owner Occupied
- Vacant
- Seasonal
- Contract for Deed Holders Interest
- Dwelling under construction

#### **Homeowners**

- Renters ISO HO-00 04
- Condominium Owners ISO HO-00 06
- Residential Owner Occupied ISO HO-00 08

#### **Commercial Fire (ISO CP-00 99)**

- Occupied
- Vacant

#### **Farm Fire (ISO FP-00 10)**

- Owner Occupied
- Tenant Occupied
- Vacant

Liability and Theft coverage is available only under the Homeowners Policy. Seasonal risks do not qualify for Homeowners coverage. Owner occupancy as a primary residence is required for Homeowners coverage. We do not offer scheduled property coverage under any policy offered by the FAIR Plan.

### **Claims**

Claims should be reported directly to the FAIR Plan as soon as possible. Losses can be reported by phone or email. Losses that render the insured property uninhabitable must be reported by phone within 24 hours of the loss.

### **Changes in Coverage**

All requests for changes in coverage must be made in writing, using the form available at our web site and signed by the policyholder or agent. Requests for increases or decreases in coverage limits must also include the most recent property tax statement showing the current market value of the property exclusive of land.

## **Financial Interest Changes**

All requests to change mortgage holders or other financial interests must be made in writing, using the form available at our website and signed by the policyholder or agent.

## **Agent Changes**

All requests for agent changes must be made in writing, using the form available at our website and signed by the policyholder.

## **Cancellation**

All requests for cancellation must be made in writing, signed by the policyholder or agent. A form is available at our website for this purpose. Signed cancellation requests can be faxed, mailed or scanned and emailed. Backdated cancellations effective more than 30 days prior to the date requested must include proof of duplicate coverage or proof of sale. Return premium if owed, will be computed on a pro-rata basis. To qualify for a refund of premium, cancellation must be requested while coverage is still in force. We cannot provide premium refunds for policies that have expired or lapsed. Premium refunds are computed from the date of cancellation back to the inception date of the current active policy term.

## **Appeals**

Any applicant, insured, or agent may file an appeal to the Governing Board in regard to decisions of the FAIR Plan staff. All appeals must be in writing, and include the reason why the Board should overturn the decision of the staff.

## **Mobile Home Fire/Dwelling Fire Rules**

### **Available Coverages**

Mobile Home Fire and Dwelling Fire coverage can be purchased for Fire and Lightning only, Fire and Extended Coverage, or Fire, Extended Coverage and Vandalism, at the choice of the applicant.

### **Coverage B**

Automatic coverage is provided under the ISO DP 00 01 form for Coverage B at an amount of 10% of Coverage A. This is not additional coverage however. If the applicant needs more coverage than provided by the automatic extension, request the amount desired without subtracting the 10% provided by the extension. Please do not enter an amount for Coverage B if the applicant simply wants the automatic 10% coverage extension provided by the policy.

### **Free Standing Outbuilding Coverage**

Coverage is available for free standing outbuildings (no Coverage A required). If the structure is unheated, the applicable fire rate will be reduced by 50%. Rates for EC and VMM coverage will be the same as those for normal Dwelling Fire risks. If coverage is needed for more than one free standing outbuilding, a separate application must be submitted for each free standing outbuilding to be covered.

### **Deductibles**

The minimum deductible amount for non-owner occupied structures is \$1,000.00. The minimum deductible for owner occupied structures is \$500.00

## **CD Holder's Interest**

Contract Sellers can apply for ISO DP 00 01 coverage with their name listed as a financial interest. The Contract Purchaser will be listed as the named insured. Unless otherwise requested, the Contract Seller will be the 'bill to' party for such coverage.

## **Inflation Guard**

The Inflation Guard endorsement is made part of all Dwelling Fire policies issued. It is not however added to Mobile Home Fire coverage.

## **Homeowners Rules**

### **Occupancy**

The insured premises must be owner occupied to qualify for Homeowner coverage.

### **Limits of Coverage**

The ISO HO 00 08 policy automatically provides Coverage B and Coverage D at 10% of the amount of Coverage A, and Coverage C at 50% of the amount of Coverage A. The applicant may choose higher or lower limits for each coverage provided. The premium charged will be adjusted to reflect the increase or decrease in coverage limit. We do not offer Scheduled Personal Property coverage.

### **Coverage B**

The coverage provided by the Homeowner policy for Coverage B is additional coverage. If the applicant needs more Coverage B than 10% of Coverage A, please request the additional amount desired after subtracting the 10% already provided by the policy.

### **Theft Coverage**

Theft coverage is provided for on-premises losses only. The \$1000.00 limit for theft losses cannot be increased.

### **Liability Coverage**

Personal Liability Coverage is limited to \$100,000.00. Medical Expense Coverage is limited to \$1,000.00. The limits for Liability and Medical Expense coverage cannot be increased.

### **Minimum Coverage Amount**

To qualify for Homeowners coverage, the residence premises must have a value of \$10,000 or more.

### **Deductibles**

The minimum deductible for Homeowner coverage is \$500.00

### **Inflation Guard**

The Inflation Guard Endorsement is automatically included with all Homeowner's 8 policies issued.

## **Farm Fire Rules**

### **Available Coverage**

We provide coverage for Farm dwellings, outbuildings, equipment and Farm Personal Property. We do not provide Liability coverage for Farm Fire risks. We do not provide coverage for livestock, growing crops, trees, plants, or shrubs.

### **Coverage B**

Automatic coverage is provided under the ISO FP 00 10 form for private garages at an amount of 10% of Coverage A. This is additional coverage. If the applicant needs more coverage than provided by the automatic extension, request the amount desired after subtracting the 10% provided by the extension. Please do not enter an amount for Coverage B if the applicant simply wants the automatic 10% coverage extension provided by the policy.

### **Machinery and Farm Outbuildings - Coverage E & Coverage G**

We require a separate description and specific limit of liability for each outbuilding or piece of machinery insured. Blanket coverage is available only for miscellaneous tools valued at less than \$2500.00 in the aggregate.

### **Applications**

If Coverage E or Coverage G coverage is desired, the Farm Supplement Form must be completed, in addition to the Farm Fire application form.

### **Rating Type**

In the absence of information to the contrary, farm fire risks will be rated as type 2 risks.

### **Deductibles**

The minimum deductible for owner occupied Farms is \$500.00. The minimum deductible for non-owner occupied Farms is \$1,000.00

**For additional or more detailed information, please refer to the FAIR Plan Underwriting Guidelines.**