

**MASSACHUSETTS PROPERTY INSURANCE
UNDERWRITING ASSOCIATION**

Two Center Plaza

Boston, MA 02108-1904

Phone (617) 723-3800 (800) 392-6108 (State Wide-Watts Line)

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PRODUCERS' OPERATIONS MANUAL

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**Massachusetts Property Insurance Underwriting Association
Producers' Operations Manual
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FOREWORD

The purpose of the Massachusetts Property Insurance Underwriting Association (MPIUA), also known as the FAIR (Fair Access to Insurance Requirements) Plan is to make basic property insurance available to qualified applicants who are unable to secure such insurance in the voluntary market. Coverage is provided without consideration to environmental conditions associated with the property's location. Risks must meet MPIUA's reasonable underwriting standards.

Before requesting coverage from MPIUA an attempt should be made to place coverage in the voluntary insurance market. Many insurance companies are willing to write coverage on certain properties presently insured through MPIUA.

The Producers' Operations Manual is designed to aid you in the steps to follow when placing business with MPIUA.

MPIUA PRODUCER STANDARDS

A producer is any person licensed to engage in the property insurance business as an agent or broker under the laws of the Commonwealth of Massachusetts. The producer standards listed below set forth certain standards with which all producers must comply.

The producer shall be deemed the agent of the applicant/insured, for all purposes and is not the agent or broker of the Massachusetts Property Insurance Underwriting Association or its member insurance companies.

1. All producers must comply with the Plan of Operation of the MPIUA as set forth in G.L.c. 175C. Copies are available upon request.
2. No producer has any authority to bind the Massachusetts Property Insurance Underwriting Association in any manner.
3. No insurance agent licensed to sell property insurance shall refuse a request for insurance inspection and placement from an eligible applicant for basic property insurance through MPIUA, unless such applicant is indebted to any agent or broker, or to an insurance company for requested coverage.
4. All checks payable to Massachusetts Property Insurance Underwriting Association must be immediately negotiable.
5. A producer shall advise the applicant when coverage is placed through the Association that an interior and exterior inspection of the property may be conducted, and the MPIUA Field Representative must be provided full access to the building.
6. Upon any request from an applicant/insured for placement or change in coverage, a producer shall advise the applicant/insured that such request is not effective until approved by MPIUA.
7. Before any of the following documents are submitted to MPIUA, a producer shall ascertain that the signature of the applicant/insured is on the document:
 - a) Request to cancel policy
 - b) Request for assignment of policy
 - c) All new business applications
8. Upon being advised of a claim, a producer shall notify MPIUA immediately either by mailing or faxing an ACORD Claims Form or by telephone. MPIUA will then assign an adjuster to review the claim. Claims Toll Free Telephone (800) 392-6108 Claims Fax (617) 723-8424 Claims Toll Free Fax (800) 851-8424

MASSACHUSETTS PROPERTY INSURANCE UNDERWRITING ASSOCIATION

Two Center Plaza
Boston MA 02108-1904

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Fax : (617) 557-5678

Producer Quick Reference

	Dwelling Fire DP 00 01 Basic Form	Homeowners Program Owners Forms HO 00 02, 03 Tenants Form HO 00 04 Condo Unit Owners Form HO 00 06	Commercial Standard Property Policy Form CP 00 99
Base Deductible	\$250*	\$250*	\$500*
*The Association may impose higher deductibles. For the Association's Windstorm & Hail Deductible Requirement see page 18.			
Optional Deductibles	\$100, \$500 \$1,000 & \$2,500	All Forms: \$500, \$1,000, \$2,500 HO 02, 03, only : \$100	\$250, \$1,000, \$2,500, \$5,000 \$10,000, \$25,000, \$50,000 & \$75,000
Basic Eligibility	- 1-4 Unit Dwelling. - Contents of any Residential Unit.	- HO 02, 03 : 1-4 Unit Dwelling Owner Occupied - HO 04 : Any Residential Unit - HO 06 : Owner Occupied Condo Unit	Commercial property including buildings with 5 or more apartments.
Minimum Limit	None	Section I: - HO 02, 03 – Cov A - <i>Primary Location</i> \$ 25,000 - <i>Secondary Location</i> \$ 15,000 - HO 04 - Cov C \$ 6,000 - HO 06 – Cov C \$ 10,000 Section II: All Forms Coverage E \$100,000 Coverage F \$ 1,000	None
Maximum Limit	\$1,000,000 Single Interest \$1,500,000 Multiple Interest Building & Contents Coverage	Section I: - HO 02, 03, - Cov A \$1,000,000 - HO 04, 06 - Cov C \$1,000,000 Section II: All Forms Coverage E \$500,000 Coverage F \$ 5,000	\$1,000,000 Single Interest \$1,500,000 Multiple Interest Building & Contents Coverage
Minimum Premium	\$50	\$50	\$100
Amount of Insurance Requirement (Co-Insurance)	Present Market Value	- HO 02, 03 : Generally 80% or more of Replacement Cost - HO 04, 06 : Actual Cash Value	Buildings: 80%, 90%, 100% of Replacement Cost Less Depreciation, with proper documentation, otherwise written with no co-insurance. Contents: Actual Cash Value
Application(s) Required	New Business Application MUA-1D. Mandatory Building Fire Insurance Application (MUA-CA-1) is also required if non-owner occupied building coverage requested.	New Business Application MUA-1H. Home Cost Estimator Worksheet (MUA-RIA-HCE) required for Forms HO 02 & HO 03.	New Business Application Application MUA-1C. Mandatory Building Fire Insurance Application (MUA-CA-1) is also required if building coverage is requested.
For all lines, a copy of the mortgage agreement is required if there is a non-institutional mortgage holder named on the application.			

This quick reference highlights basic MPIUA products and requirements. MPIUA Producers' Operations Manual should be consulted for details of these and additional products and requirements, as well as for detailed procedures.

I. WHO TO CONTACT IN THE ASSOCIATION

The purpose of the directory shown below is to direct inquiries to the appropriate department of the Association so that questions can be expeditiously handled and a high quality of service is maintained.

Inquiries concerning the processing status of an application, policy, endorsement, cancellation, claim or other matters can be most efficiently handled when directed to the proper department. The following is a list of the key people in the Association.

MPIUA **Executive Office**

Two Center Plaza
Boston, MA 02108-1904
(617) 723-3800 Fax (617) 557-5678

Executive

John K. Golembeski, President
Avinash C. Mehta, Technical Assistant to the President

Legal

Robert C. Tommasino, General Counsel

Underwriting

James H. Pappas, Vice President-Underwriting
Joseph A. Tragno, Underwriting Manager

Claims

William T. Walsh, Vice President-Claims
Beverly Plouff, Property Claims Manager
Peter Dumas, Liability Claims Manager

Financial

David J. Cwiekowski, Vice President and Controller
Frances DiRusso, Assistant Controller

Information Systems

Linus T. Hart, Vice President and Information Systems Manager

Audit and Budget

Leo J. Doucette, Audit and Budget Manager

TELEPHONE AND FAX NUMBERS
BUSINESS HOURS 8:00 A.M. – 4:00 P.M.
MONDAY THROUGH FRIDAY

TELEPHONE NUMBERS

The directory listed below provides you with telephone numbers and departments needed for your inquiry.

TYPE OF INQUIRY	TELEPHONE #	DEPARTMENT
<u>Underwriting Matters:</u>		
Immediate Coverage	(617) 723-3800	Consumer Service
Payment Line	(877) 221-1782	Consumer Service
New Business	(617) 723-3800	Consumer Service
Cancellations	(617) 723-3800	Consumer Service
Endorsements	(617) 723-3800	Consumer Service
Renewals	(617) 723-3800	Consumer Service
Policies	(617) 723-3800	Consumer Service
Return Premiums	(617) 723-3800	Consumer Service

Claims Matters:

Reporting of Claims	(617) 723-3800	Claims
Status of Claim	(617) 723-3800	Claims

General Procedure Calls:

All Inquiries	(617) 723-3800 State Wide-Toll Free Line (800) 392-6108	Consumer Service
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FAX NUMBERS

FAX Numbers listed below may only be used for transmission of the documents as indicated.

TYPE OF DOCUMENT	FAX#	DEPARTMENT
Immediate Coverage Applications and Related Documents Only	(800) 932-6717 (24 hour line)	Consumer Service
Loss Notices and Other Claims Related Documents Only	(617) 723-8424 (24 hour line)	Claims

II. WHO MAY APPLY

Any person or legal entity having an insurable interest in the property may apply if he has been unable to secure such insurance in the Voluntary Insurance Market.

Mortgagees are considered to have an insurable interest in the property and may apply for insurance. When authorized, in writing, by the property owner, mortgagees may apply for coverage to be written in the name of the property owner with premiums to be paid by the mortgagee.

III. ELIGIBLE PROPERTY

Coverage is available for real or tangible personal property at a fixed location in the Commonwealth of Massachusetts.

The property must be in insurable condition. The applicant must have an insurable interest in the property. Automobiles are ineligible. Properties being rehabilitated are eligible if a letter of intent or contract for reconstruction is provided. Coverage is also available on dwellings under construction under the Dwelling Policy Program.

IV. HOMEOWNERS INSURANCE - MASSACHUSETTS MARKET ASSISTANCE PLAN (MA-MAP)

A. MA-MAP

The Massachusetts Market Assistance Plan is a voluntary network for participating homeowners insurance companies and insurance brokers established to assist Massachusetts residents in obtaining homeowners insurance.

B. MA-MAP Applications

In order to obtain MA-MAP application materials, details of eligibility requirements, procedures and any other relevant information, insurance brokers and consumers may contact:

1. **MA-MAP** – (617) 723-3800 or (800) 392-6108
2. **MAIA** – (800) 972-9312
137 Pennsylvania Ave,
Framingham MA 01701
3. **MPIUA** – (617) 723-3800 or (800) 392-6108
2 Center Plaza
Boston MA 02108-1904

Completed application, signed by the applicant and broker of record, if designated by the applicant, may be sent by mail or hand delivered to:

**MPIUA
MA-MAP Administrator
2 Center Plaza
Boston, MA 02108-1904**

V. COVERAGES PROVIDED AND UNDERWRITING GUIDELINES

A. Dwelling Policy Program

1. Policy Form :

DP 00 01 – Basic Form

2. Coverages

Form DP 00 01 provides Coverages A through D. These coverages are written as separate items in the policy or in separate policies:

- a. Coverage A : Dwelling
- b. Coverage B : Other Structure
- c. Coverage C : Personal Property
- d. Coverage D : Fair Rental Value
- e. Coverage E : Additional Living Expense is available by endorsement.

3. Perils Insured Against

The following is a general description of coverages provided by form DP 00 01. The policy should be consulted for exact coverage description.

- | | |
|---|-------------------|
| a. Fire or Lightning, Internal Explosion. | Required |
| b. Extended Coverage meaning Windstorm or Hail, Riot or Civil Commotion, Aircraft, Vehicles, Smoke, Volcanic Eruption | Optional* |
| c. Vandalism or Malicious Mischief | Optional** |

* May only be written with the perils of Fire or Lightning, Internal Explosion.

** May only be written with Extended Coverage.

4. Eligibility

a. General

- (1) Real or tangible personal property must be at a fixed location in the Commonwealth of Massachusetts.
- (2) Property must meet MPIUA reasonable underwriting standards, (see Section VIII., pages 35 & 36).
- (3) Applicant must have an insurable interest in the property.

Coverages Provided and Underwriting Guidelines – Dwelling (Cont'd)

b. **Basic**

A Dwelling Policy may be issued to provide insurance under:

- (1) Coverage A - on a dwelling building:
 - (a) used solely for residential purposes except that certain incidental occupancies or up to five roomers or boarders are permitted;
 - (b) containing not more than four apartments;
 - (c) which may be in a townhouse or row house structure;
 - (d) in course of construction; or
 - (e) in process of rehabilitation

- (2) Coverage A – on a mobile or trailer home:
 - (a) using Form DP 00 01 only;
 - (b) used solely for residential purposes except that certain incidental occupancies or up to five roomers or boarders are permitted;
 - (c) containing not more than one apartment;
 - (d) at the permanent location described in the policy.

- (3) Coverage B:
 - (a) at the same location as the dwelling eligible for insurance under Coverage A;
 - (b) not used for business purposes except a permitted incidental occupancy or when rented for use as a private garage;
 - (c) at a separate location when used in connection with the insured location but not for business purposes.

- (4) Coverage C - in:
 - (a) a dwelling, mobile or trailer home eligible under Coverage A;
 - (b) a dwelling with rental apartments including furnishings, equipment and appliances in halls or utility rooms;
 - (c) any apartment, cooperative or condominium unit used as private living quarters of the insured or rented to others.

- (5) Coverage D - for the loss of the fair rental value of:
 - (a) a building eligible for insurance under Coverages A or B;
 - (b) private living quarters eligible under Coverage C.

Coverages Provided and Underwriting Guidelines – Dwelling (Cont'd)

(6) Coverage E - for the additional living expenses incurred to maintain the insured's household.

5. Additional (Optional) Coverages

Optional coverages are available using ISO endorsements, (see Appendix, page 1023).

6. Deductibles

a. Base Deductible

\$250 - MPIUA may impose a higher deductible.

b. Buy-back Deductible

\$100 available to applicants with no property losses.

c. Higher Optional Deductibles

\$500, \$1,000 and \$2,500

7. Massachusetts Tenant Relocation Expense

It is required under Massachusetts law for owners of multi-unit (more than one unit) residential property to provide benefits up to a limit of \$750, without deductibles, for each rental unit to cover the costs of relocation of any tenant displaced by fire.

Use Endorsement DP 04 97. Charge is \$4.00 per rental unit per year.

8. Minimum/Maximum Limits of Liability

	Minimum Limit	Maximum Limit For A Single Building
Building Coverage	None	\$1,000,000
Contents Coverage	None	\$1,000,000

The amount of insurance may not exceed the reasonable insurable value nor \$1,000,000 single interest nor \$1,500,000 multiple interests at one location in any case.

In any case of multiple interests the Association requires separate applications for building and contents coverages.

Coverages Provided and Underwriting Guidelines – Dwelling (Cont'd)

Single Building

- a. All buildings or sections of buildings, which are accessible through unprotected openings shall be considered as a single building.
- b. Buildings, which are separated by space, shall be considered separate buildings.
- c. Buildings or sections of buildings which are separated by:
 1. A six-inch reinforced concrete or an eight-inch masonry party wall; or
 2. A documented minimum two-hour non-combustible wall which has been laboratory tested for independent structural integrity under fire conditions;

which pierces or rises to the underside of the roof and that which pierces or extends to the innerside of the exterior wall shall be considered separate buildings. Accessibility between buildings with independent walls or through masonry party walls described above shall be protected by at least a Class A Fire Door installed in a masonry wall section.

9. Amount of Insurance Requirement

Amount of insurance cannot exceed present market value. If coverage is requested on other than a market value basis, provide documentation (i.e. a certified appraisal) of the reasons market value will not adequately indemnify the insured.

Coverages Provided and Underwriting Guidelines – Homeowners

B. Homeowners Policy Program

1. Policy Forms :

Owners Forms: HO 00 02 – Broad Form
 HO 00 03 – Special Form

Tenants Form: HO 00 04 – Contents Broad Form

Condominium Form: HO 00 06 – Unit-Owners Form

2. Coverage and Standard Coverage Relationships

a. The Limits of Liability required under the Homeowners policy are as follows:

Section I – Property Coverages

<i>Coverages</i>	<i>HO 2 or 3</i>	<i>HO 4 or 6</i>
A – Dwelling	Coverage A Amount	HO 4: N/A HO 6: Cov. A = \$5000
B – Other Structures	10% of Cov. A – 1 or 2 Family 5% of Cov. A – 3 or 4 Family	N/A
C – Personal Property	50% of Cov. A – 1 or 2 Family 30% of Cov. A – 3 Family 25% of Cov. A – 4 Family	Coverage C Amount
D – Loss of Use	20% of Cov. A – HO 00 02 & HO 00 03	20% of Cov C -HO 00 04 40% of Cov C –H 00 06

Section II – Liability All Forms

Coverage E – Personal Liability/Coverage F – Medical Payments to Others

b. All Forms

Limit of liability for Coverages C or D of Section I and E or F of Section II may be increased.

c. Form HO 00 02 or HO 00 03

Under Coverage B of Section I an additional amount of insurance may be written on a specific structure by use of the appropriate endorsement (see Appendix, page 1022.)

d. Form HO 00 02 or HO 00 03

Under Coverage C of Section I, it is permissible to reduce the limit of liability to an amount not less than 40% of the limit on one and two family dwellings.

e. Form HO 00 06

The limit of liability for Coverage A for Section I may be increased.

Coverages Provided and Underwriting Guidelines – Homeowners (Cont'd)

3. Perils Insured Against

The following is a general description of coverages provided by individual policy forms. The policy should be consulted for exact coverage description.

Section I Coverages	HO 00 02	HO 00 03	HO 00 04 & HO 00 06
Fire or Lightning	Yes	Yes Cov C	Yes
Windstorm or Hail, Explosion, Riot or Civil Commotion, Aircraft, Vehicles or Smoke	Yes	Yes Cov C	Yes
Vandalism or Malicious Mischief	Yes	Yes Cov C	Yes
Theft	Yes	Yes Cov C	Yes
Volcanic Eruption	Yes	Yes Cov C	Yes
Falling objects, Weight of ice, snow or Sleet, Accidental discharge of water or Steam, Sudden and accidental tearing apart of a heating system or appliance, Freezing, Sudden accidental damage from electrical current	Yes	Yes Cov C	Yes
Additional risks with certain exceptions (Special Coverage)	No	Yes Cov A, B&D	No

Section II Coverages – All Forms

Coverage E – Personal Liability

Coverage F – Medical Payments to Others

Personal Liability – Covers payment on behalf of any insured for all sums which the insured shall become legally obligated to pay as damages because of bodily injury or property damage arising out of an insured's premises or personal activities.

Medical Payments to Others – Covers medical expenses incurred by persons, other than the insured, who sustain bodily injury caused by an accident arising out of an insured's premises or personal activities.

Coverages Provided and Underwriting Guidelines – Homeowners (Cont'd)

4. Eligibility

a. General

- (1) Real or tangible personal property must be at a fixed location in the State of Massachusetts.
- (2) Property must meet MPIUA reasonable underwriting standards, (see Section VIII., pages 35 & 36).
- (3) Applicant must have an insurable interest in the property.

b. Basic

- (1) Form HO 00 02 or HO 00 03
A Homeowners Policy may be issued:
 - (a) To the owner-occupant of a dwelling that is used exclusively for private residential purposes (except as provided in General Rule 104.F of the Homeowners Policy Program Manual) and contains not more than two families and with not more than two boarders or roomers per family; or a homeowner policy may be issued to the owner-occupant of a three or four family dwelling.
 - (b) To the purchaser-occupant who has entered into a long-term installment contract for the purchase of the dwelling and who occupies the dwelling but to whom title does not pass from the seller until all the terms of the installment contract have been satisfied. The seller retains title until completion of the payments and in no way acts as a mortgagee. The seller's interest in the building and premises liability may be covered using Endorsement HO 04 41 – Additional insured.
 - (c) To the occupant of a dwelling under a life estate arrangement when the Coverage A amount is at least 80% of the dwelling's replacement cost. The owner's interest in the building and premises liability may be covered using Endorsement HO 04 41 – Additional Insured.
 - (d) When a two - four family dwelling is occupied by co-owners, each occupying distinct living quarters with separate entrances. Given these circumstances a Homeowners policy providing Building Coverage may be issued to only one of the co-owner occupants of the dwelling. The policy may be endorsed to cover the interest of the other co-owner(s) in the building and for premises liability. A separate Homeowners Policy HO 00 04 may be issued to co-owners occupying the other apartment in the dwelling.

It is permissible to extend the Homeowners Policy, without additional premium charge, to cover the interest of a non-occupant joint owner in the building and for premises liability. Use Endorsement HO 04 41 – Additional Insured.

Coverages Provided and Underwriting Guidelines – Homeowners (Cont'd)

- (2) Form HO 00 04

A Homeowners Policy may be issued to:

- (a) The tenants (non-owner) of a dwelling or an apartment situated in any building;
- (b) The owner-occupants of a dwelling, cooperative unit or of a building containing an apartment not otherwise eligible for a Homeowners Policy.

- (3) Form HO 00 06

A Homeowners Policy may be issued to the owner-occupant of a condominium or cooperative unit that is used exclusively for residential purposes and is not occupied by more than one additional family or more than two boarders or roomers.

5. Additional (Optional) Coverages

Optional coverages are available using ISO endorsements, (see Appendix, page 1022).

6. Deductibles

a. Base Deductible

\$250 - MPIUA may impose a higher deductible.

b. Buy-back Deductible

\$100 available to HO 2 and 3 applicants with no property or liability losses

c. Higher Optional Deductibles

\$500, \$1,000 and \$2,500

d. Minimum Windstorm or Hail Deductible Requirement

For a reduced premium, a minimum higher fixed-dollar Windstorm or Hail Deductible applies to all policies. The deductible amount varies by Coverage A Limit as displayed below and as indicated applies only when this deductible amount exceeds the All Other Perils deductible amount. The named insured may select a higher fixed-dollar deductible in an amount that exceeds the applicable minimum deductible amount or may select a percentage deductible.

Coverage A Limits and Minimum Windstorm or Hail Deductibles

All Other Perils Ded. Amount	Up to \$59,999	Coverage A Limit			
		\$60,000 to \$124,999	\$125,000 to \$249,999	\$250,000 to \$599,999	\$600,000 and over
\$100	NONE	\$500	\$1000	\$2000	\$5000
\$250	NONE	\$500	\$1000	\$2000	\$5000
\$500	NONE	NONE	\$1000	\$2000	\$5000
\$1000	NONE	NONE	NONE	\$2000	\$5000
\$2500	NONE	NONE	NONE	NONE	\$5000

Coverages Provided and Underwriting Guidelines – Homeowners (Cont'd)

8. Amount of Insurance Requirements

- a. The following requirements are subject to Minimum/Maximum Limits of Liability, (see Section V., paragraph B.7., page 19).

HO 2 and 3 - Cov. A must be at least 80% of the Replacement Cost of the building.

Exceptions:

- (1) Use Special Loss Settlement Endorsement HO 04 56 if Coverage A is equal to 70%, 60% or 50% of the replacement cost desired; or
- (2) Use Modified Functional Replacement Cost Endorsement HO 05 30 if Coverage A is at least 80% of the functional replacement cost of the building.
- (3) A policy may be endorsed to provide building loss settlement exclusively on an actual cash value basis if, on the inception date of the policy, the Coverage A limit of liability selected by the insured is less than 80% of the full replacement cost of the dwelling. Use Actual Cash Value Loss Settlement Endorsement HO 04 81.
- (4) HO 2 and 3 only with HO 05 02 (Additional Limits of Liability for Coverage's A, B, C and D)

Coverage A must be at least 100% of the Replacement Cost of the building, as calculated on the Associations Home Cost Estimator Worksheet or an acceptable appraisal of the building.

HO 00 04 - Coverage C must equal actual cash value

HO 00 06 - Coverage C must equal actual cash value

Note: Personal Property Replacement Cost Coverage is available by adding form HO 04 90.

9. Massachusetts Tenant Relocation Expense

It is required under Massachusetts law for owners of multi-unit (more than one unit) residential property to provide benefits up to a limit of \$750, without deductibles, for each rental unit to cover the cost of relocation of any tenant displaced by fire.

Use Endorsement HO 23 71. Charge is \$4.00 per rental unit per year.

10. Homeowners Lead Poisoning Endorsement HO 24 41 and HO 24 42

- a. MPIUA will attach Lead Poisoning Exclusion Endorsement HO 24 41 to all homeowners policies covering buildings, with rental unit(s) built before 1978 irrespective of whether some, all or none of the rented units have a Letter of Compliance and/or a Letter of Interim Control. Also a 3% premium credit will apply whenever Lead Poisoning Exclusion Endorsement is attached irrespective of whether some, all or none of the rented units have a letter of Compliance and/or a Letter of Interim Control.
- b. At the request of the insured, when Endorsement HO 24 42 Coverage for Lead Poisoning is attached to a policy, the additional premium will be based on the number of residential units without a Letter of Interim Control or Full Compliance for which coverage is being purchased. Also, requests for HO 24 42 must identify each unit to which Lead Poisoning Coverage applies.

Coverages Provided and Underwriting Guidelines - Commercial

C. Commercial Property Insurance

1. Policy Form :

CP 00 99 – Standard Property Policy

2. Coverages :

Form CP 00 99 provides building and business personal property coverage. Refer to Standard Property Policy Form CP 00 99 for description of building coverage and description of coverage for business personal property of the insured and personal property of others.

3. Causes of Loss (Perils Insured Against)

The following is a general description of coverages provided by the policy form CP 00 99.

- a. Fire, Lightning or Explosion.
- b. Windstorm or Hail, Smoke, Aircraft or Vehicle, Riot or Civil Commotion, Sinkhole Collapse, Volcanic Action. (Optional)
- c. Vandalism or Malicious Mischief. (Optional)
- d. Sprinkler Leakage. (Optional)

4. Eligibility

a. General

- (1) Real or tangible personal property must be at a fixed location in the Commonwealth of Massachusetts.
- (2) Property must meet MPIUA reasonable underwriting standards, (see Section VIII., pages 35 & 36).
- (3) Applicant must have an insurable interest in the property.

b. Basic

- (1) All commercial properties.
- (2) Habitational properties not eligible for coverage under the Dwelling Policy or Homeowners Policy Programs.

Coverages Provided and Underwriting Guidelines – Commercial (Cont'd)

5. Optional Coverages

Optional coverages are available using ISO endorsements, (see Appendix, page 1024).

6. Deductibles

- a. **Base Deductible**
\$500 - MPIUA may impose a higher deductible.
- b. **\$250 Deductible Option**
Available to applicants with no property losses.
- c. **Higher Deductibles**
\$1,000, \$2,500, \$5,000, \$10,000, \$25,000, \$50,000 and \$75,000

7. Minimum/Maximum Limits of Liability

	Minimum Limit	Maximum Limit At One Location
Building Coverage	None	\$1,000,000
Contents Coverage (Your Business Personal Property)	None	\$1,000,000

The amount of insurance may not exceed the reasonable insurable value nor \$1,000,000 single interest nor \$1,500,000 multiple interests at one location in any case.

In any case of multiple interests the Association requires separate applications for building and contents coverages.

8. Coinsurance (Amount of Insurance) Requirements

The following requirements are subject to Minimum/Maximum Limits of Liability shown in item 7 above:

- a. When the amount of insurance is predicated on the market value, the policy is issued with no coinsurance requirement.
- b. When the amount of insurance is predicated on other than the market value, policy may be issued subject to a coinsurance of 80%, 90% or 100%.
- c. When the amount of insurance is predicated on the market value and the market value is equal to 80% or more of the replacement cost less depreciation of the building the policy may be issued subject to a coinsurance of 80%, 90% or 100%.

Coverages Provided and Underwriting Guidelines – Commercial (Cont'd)

9. No Coinsurance (Flat) vs. Coinsurance “Underwriting Guidelines”

The question of whether a commercial policy to be written by MPIUA will be subject to a “no-coinsurance” or “coinsurance” clause is generally dependent upon the insurable value of the property to be insured.

It is MPIUA’s underwriting policy to provide amounts of insurance that are consistent with the rule of indemnity. Every effort will be made to assure that properties are not over-insured. Therefore, the following underwriting guidelines will apply:

- a. Except in extraordinary circumstances, market value will provide indemnity to the insured and, therefore, actual cash value coverage should employ a market value standard of value.

When the amount of insurance is predicated upon the market value standard, and this value is less than the value determined by other methods of valuation, the policy will be written with a no-coinsurance clause.

- b. If the actual cash value coverage is to be afforded on other than a market value basis (i.e. replacement cost less depreciation), it will be necessary to provide MPIUA with documentation (i.e. certified appraisal) of the reasons market value will not adequately indemnify the insured. When the amount of insurance is predicted on other than market value, the policy will be written subject to a coinsurance clause (minimum 80%) and rates. It will be the insured’s obligation to assure that there is compliance with the coinsurance provisions of the policy.
- c. A policy, when written for the maximum amount that MPIUA can provide and there is no other insurance, will be issued with no-coinsurance clause.

VI. NEW BUSINESS PROCEDURES

A. Introduction

1. A new business application for insurance coverage with MPIUA may be submitted under one of the following three procedures:
 - a. **New Business – Immediate Coverage Via Mail or Hand Delivery**
This procedure should be used to procure Immediate Coverage where applicant has sufficient time to mail or hand-deliver the application to the Association as coverage becomes effective as of the date the application is received by the Association, unless a later date is requested.
 - b. **New Business – Immediate Coverage Via Fax**
This procedure should be used to procure Immediate Coverage where coverage is to be effective within the next five days.
 - c. **New Business – Non Immediate Coverage**
This procedure takes a normal application processing time of up to twenty days before coverage can be effective.

B. Applications and Additional Documents

Please make sure current editions of all applications are being used.

Line of Business	Application Form #	Additional Documentation & Requirements, if any
Homeowners	MUA-1H	<ul style="list-style-type: none">- Simplified Home Cost Estimator Worksheet with request for HO 00 02, HO 00 03. Coverage A amount requested must be at least 80% of the replacement cost computed on the Home Cost Estimator Worksheet.- Copy of the Mortgage Agreement if there is a non-institutional mortgage holder.- Scheduled Personal Property Application (MUA-UND-PPA 9/97) and supporting documentation, if applicable.- Restriction of Coverage Endorsement, if applicable.- Other documents upon request of the Association.
Dwelling Fire	MUA-1D	<ul style="list-style-type: none">- Mandatory Building Fire Insurance Application (MUA-CA-1) with requests for tenant-occupied building coverage.- A Letter of Intent, if building is in process of rehabilitation or construction.- Copy of the Mortgage Agreement if there is a non-institutional mortgage holder.- Other documents upon request of the Association.
Commercial	MUA-1C	<ul style="list-style-type: none">- Mandatory Building Fire Insurance Application (MUA-CA-1) with request for building coverage.- A Letter of Intent, if building is in process of rehabilitation.- Copy of the Mortgage Agreement if there is a non-institutional mortgage holder.- Other documentation upon request of the Association.

Applications may be requested from the Association by submitting a Form Order Request (MUA-OS-8). A sample of the form, with instructions, is included in the Appendix.

New Business Procedures (Cont'd)

C. Helpful Hints

1. **Procedures To Follow To Assure Applications Are Processed Promptly and Efficiently:**
 - a. Have applicant/insured sign the application.
 - b. Producer must sign and put the tax identification number on the application.
 - c. Make sure applicant/insured title is complete (i.e. if Trust, indicate Trustee; if Estate, indicate Administrator or Executor).
 - d. Please use the most current applications – all applications and endorsement requests indicate type of coverage to which they apply.
 - e. Make sure all questions are answered on the application.
 - f. Letter of Intent signed by insured must be submitted if property is under rehabilitation/ construction.
 - g. Mandatory Building Fire Insurance Application (MUA-CA-1) when required.
 - h. Include a Home Cost Estimator Worksheet for HO 00 02 and HO 00 03 application.
 - i. Make sure on HO 00 02 and HO 00 03 that Coverage A on the application is at least 80% of the replacement cost.
 - j. If the amount of the building coverage desired for a dwelling or commercial fire risk is greater than the recent purchase price or is more than the market value, submit an Immediate Coverage Application for the purchase price or the market value. Subsequent to an inspection an endorsement request may be submitted to increase coverage.
 - k. If Title of the property is held in TRUST

The Association will write the policy in accordance with the following examples based upon occupancy.

Homeowners Policies

Example 1 – Trustee(s) occupies the property:

John and Mary Smith sign their property over to a trust, which names themselves, John and Mary Smith as trustees. John and Mary occupy the property and are listed, as individuals, as the named insureds on the policy. An HO 04 41 is included to protect the interest of the trust as follows, "John and Mary Smith, Trustees of the John and Mary Smith Trust." The signatures of John and Mary Smith are required.

New Business Procedures (Cont'd)

Example 2 – Beneficiary occupies the property:

John and Mary Smith sign their property over to a trust, which names their son, Michael as trustee and their daughter Jane as sole beneficiary. Jane occupies the property and Michael does not, therefore Jane is listed, as an individual, on the policy as the named insured. An HO 04 41 is included to protect the interest of the trust as follows, "Michael Smith, Trustee of the John and Mary Smith Trust". The signatures of Jane Smith as the owner occupant and Michael Smith as the Trustee/non-occupant co-owner are required.

Example 3 – Grantor occupies the property:

John and Mary Smith sign their property over to a trust under which they retain a life estate and name their son, Michael as trustee. John and Mary occupy the property and are listed individually on the policy as the named insured. An HO 04 41 is included to protect the interest of the trust as follows, "Michael Smith, Trustee of the John and Mary Smith Trust". The signatures of John and/or Mary Smith as the owner occupants and Michael Smith as the Trustee/non-occupant co-owner are required.

If the property is not occupied by the trustee(s), Beneficiary(s) or grantor(s) a dwelling or commercial policy applies.

Dwelling and Commercial Policies

Example

John and Mary Smith sign their property over to a trust naming themselves as trustees. Title will read, "John and Mary Smith trustees of the John and Mary Smith trust". Signatures of John and Mary Smith as trustees are required.

New Business Procedures (Cont'd)

D. Immediate Coverage via Mail or Hand Delivery

This procedure should be used to procure Immediate Coverage when the applicant has sufficient time to mail or hand-deliver the application to the Association as coverage becomes effective as of the date the application is received by the Association, unless a later date is requested.

1. Submission of Application

Mail or hand-deliver a completed, signed and dated application, any applicable additional documents, (see Section VI., page 24), and payment of tentative premium to:

MPIUA
Two Center Plaza
Boston, MA 02108-1904

The payment of tentative premium must accompany the application. The applicant may be eligible for MPIUA's Premium Installment Payment Program, (see Section XII., pages 41 & 42).

2. Rates and Premiums

MPIUA, through mailings to all the producers who place business with MPIUA, provides premium computation instructions for Dwelling, Homeowners and Commercial programs whenever premiums, rates and/or premium computation instructions change. For Dwelling and Homeowners programs, producers are also provided MPIUA rate pages. Contact MPIUA if you need these instructions and/or MPIUA rate pages.

- a. **Homeowners Policy Program** – Premium to be computed as per MPIUA instructions and rate pages.
- b. **Dwelling Policy Program** – Premium to be computed as per MPIUA instructions and rate pages.
- c. **Commercial Lines Risks**
 - (1) **Class Rated Risks**
Premium to be computed as per MPIUA instructions.
 - (2) **Specifically Rated Risks**

Tentative Rates and Premiums:

Tentative rates, as shown on the back of the application (MUA-1C) and reproduced below, are to be used to compute the tentative premium due with the application. Adjustments in the rate and premium will be made subsequent to inspection, if necessary, by endorsement and will be effective as of the inception date of the policy. All rates are annual per \$100 of insurance.

New Business Procedures (Cont'd)

Note 1: Same Limits of Insurance, Coinsurance and Deductible will apply to all requested Causes of Loss for an item.

Note 2: All items on a policy must be covered for the same Causes of Loss.

Note 3: The base policy deductible is \$500.

Tentative Rates For Building and Business Personal Property per \$100 of Insurance			
Type of Risk	Group I Causes of Loss *		Group II Causes of Loss
Sprinklered	80% Coin	Flat Ins	
Frame	\$1.50	\$2.25	**
Masonry	\$1.25	\$1.75	**
<u>Other Specifically Rated Risks</u>			
Frame	\$3.00	\$4.50	**
Masonry	\$2.00	\$3.00	**

* Use the Group I Causes of Loss rates shown when one or more of the following causes of loss are requested:

Fire, Lightning and Explosion, Vandalism and Sprinkler Leakage. Note that Vandalism and Sprinkler Leakage apply only when requested in the application.

** Use the Group II Causes of Loss rates as per MPIUA's instructions

3. Policy Issuance

Upon receipt of the application, applicable additional documents and payment of tentative premium, MPIUA will review the application for completion and will determine eligibility and initial insurability of the risk based on the information provided in the application.

If the application is hand-delivered to MPIUA, a Proof of Insurance Form will be given to the producer upon request. This will be followed by the policy.

All copies of the policy will be mailed to the producer. The producer shall then forward copies of the policy to the insured and mortgagee, if any.

Coverage is effective at 12:01 A.M. standard time on the date the application and tentative premium are received by MPIUA, or a later date if requested in the application.

New Business Procedures (Cont'd)

4. Application Return Notice

Incomplete applications and applications for ineligible or uninsurable risks will be returned to the producer with an Application Return Notice indicating reason. Applications with insufficient payment for MPIUA's tentative premium will also be returned.

5. Inspection of Property - (see Section IX., page 37 & 38)

a. Insurable Property

(1) Final adjustments to tentative rates and premiums, if necessary, are made by an endorsement effective the inception date of the policy. This may result in an additional premium or a return premium.

(a) Non-Premium Installment Payment Program Policies – Based on the result of the inspection, if the rates and/or premiums are adjusted, an amended declaration is mailed to the producer. If rates and/or premium adjustment results in additional premium, an invoice is mailed to the insured and is payable within 30 days. If the adjustment results in a return premium, a return premium check payable to the insured is mailed to the producer. On policies financed by a licensed finance company a return premium check is made payable and mailed to the finance company.

(b) Premium Installment Payment Program Policies - see Section XII., pages 41 & 42.

b. Uninsurable Property

(1) If the property is found ineligible, or if it fails to meet Association's reasonable underwriting standards (see Section VIII., pages 35 & 36), MPIUA informs the insured/producer in writing of the substandard conditions and of the corrective action necessary to make the property insurable.

(2) If a reinspection is desired, it must be requested within 30 days from the issue date of the substandard conditions letter by contacting MPIUA's Consumer Services Department or by marking "conditions corrected" on the substandard condition letter. Sign, date and return letter to MPIUA. If no reinspection is requested within 30 days, a Notice of Cancellation may be issued by MPIUA.

(3) If property is found insurable upon reinspection, follow procedure 5.a., above.

(4) If reinspection discloses that the property still fails to meet reasonable underwriting standards, the Association may issue a Notice of Cancellation.

New Business Procedures (Cont'd)

6. Windstorm and Hail Limitations

When an application is received and approved for immediate coverage during the period where a tropical storm or hurricane watch or warning has been issued by the national weather service, a "Windstorm and Hail Limitations" endorsement (see Appendix, page 1021) may apply to your policy.

E. Immediate Coverage via Fax

This procedure should be used to procure Immediate Coverage where coverage is to be effective within the next five days.

Important: Immediate Coverage via Fax is the only procedure under which MPIUA accepts faxed transmission of applications and related documents (i.e. Letter of Intent). No other underwriting business is accepted via fax.

1. Submission of Application

The Association's Fax Immediate Coverage Procedure requires all applicable applications and documents be submitted at the time of the fax submission: the original application, arson application, when applicable, home cost estimator work sheet, letter of intent, restriction of coverage endorsement and other documents when applicable.

MPIUA Toll Free Fax Number: 1-800-932-6717

At the time of fax submission, you must have in your possession the original application and any applicable additional documents signed by the applicants and also the premium payment.

2. Rates and Premiums

See Immediate Coverage via Mail or Hand Delivery, (Section VI., page 27).

3. Issuance of Proof of Insurance/Application Return Notice

Upon receipt of the application and applicable additional documents, MPIUA will review the application for completion and will determine eligibility and initial insurability of the risk based on the information provided on the application.

Two copies of the Proof of Insurance Form will be faxed to the producer if the application is properly completed and signed, and the risk is found to be both eligible and insurable based on the information provided on the application.

Coverage is effective on the date the faxed application is received by MPIUA, or a later date if requested, provided the application is accepted.

Proof of Insurance Form will include the policy number assigned, the coverage effective date, the annual MPIUA tentative premium due, and the Proof of Insurance issue date.

If applicable, Proof of Insurance Form will also indicate the 25% down payment due for the Premium Installment Payment Program.

New Business Procedures (Cont'd)

An Application Return Notice will be faxed to the producer if the property is found to be ineligible, uninsurable, or if the application is incomplete. The Application Return Notice will indicate reasons for rejection of the application.

4. Policy Issuance

All copies of the policy will be mailed to the producer. The producer shall then forward copies of the policy to the insured and, mortgagee, if any.

5. Submission of Tentative Premium Payment for Fax Immediate Coverage

Within ten days of your receipt of the Proof of Insurance Form, MPIUA must receive the following documents, stapled together, in the order shown:

- a. Premium payment check indicating the policy number to which payment applies.
- b. A copy of the Proof of Insurance Form.
- c. The Restriction of Coverage endorsement, if applicable. Insurance Department regulations require the Association to retain the original signed Restriction of Coverage form, which must be submitted along with the "Proof of Insurance" and payment.
- d. The Association requires the producer to retain the signed original application and all other original applicable documents.

6. Inspection of the Property - (see Section IX., pages 37 & 38)

a. Insurable Property

- (1) Final adjustments to tentative rates and premiums, if necessary, are made by an endorsement effective the inception date of the policy. This may result in an additional premium or a return premium.

(a) Non-Premium Installment Payment Program Policies - Based on the result of the inspection, if the rates and/or premiums are adjusted, an amended declaration is mailed to the producer. If rates and/or premium adjustment results in additional premium, an invoice is mailed to the insured and is payable within 30 days. If the adjustment results in a return premium, a return premium check payable to the insured is mailed to the producer. On policies financed by a licensed finance company a return premium check is made payable and mailed to the finance company.

(b) Premium Installment Payment Program Policies - see Section XII., pages 41 & 42.

b. Uninsurable Property

- (1) If the property is found ineligible, or if it fails to meet Association's reasonable underwriting standards (see Section VIII., pages 35 & 36), MPIUA informs the insured/producer in writing of the substandard conditions and of the corrective action necessary to make the property insurable.

New Business Procedures (Cont'd)

- (2) If a reinspection is desired, it must be requested within 30 days from the issue date of the substandard conditions letter by contacting MPIUA's Consumer Services Department or by marking "conditions corrected" on the substandard condition letter. Sign, date and return letter to MPIUA. If no reinspection is requested within 30 days, a Notice of Cancellation may be issued by MPIUA.
- (3) If property is found insurable upon reinspection, follow procedure 6.a., found on page 31.
- (4) If reinspection discloses that the property still fails to meet reasonable underwriting standards, the Association may issue a Notice of Cancellation.

7. Windstorm and Hail Limitations

When an application is received and approved for immediate coverage during the period where a tropical storm or hurricane watch or warning has been issued by the national weather service, a "Windstorm and Hail Limitations" endorsement (see Appendix, page 1021,) may apply to your policy.

F. Non-Immediate Coverage

This procedure takes an average application processing time of up to twenty days before coverage can be effective.

1. Submission of Application

Mail or hand-deliver the completed, signed and dated application and any applicable additional documents (see Section VI., page 24) to:

MPIUA
Two Center Plaza
Boston, MA 02108-1904

2. Issuance of Acknowledgement of Receipt/Application Return Notice

Upon receipt of the application, MPIUA will review the application for completion and initial acceptance.

An acknowledgement of receipt of the application will be mailed to the producer if the application is properly completed and risk is found to be both eligible and insurable based upon the information provided on the application.

Incomplete applications and applications for ineligible or uninsurable risks will be returned to the producer with an Application Return Notice indicating reasons.

New Business Procedures (Cont'd)

3. Inspection of Property - (see Section IX., pages 37 & 38)

a. Insurable Property

- (1) The risk is rated and a Notice of Offer/Premium Invoice is mailed to the producer with a copy to the applicant (see Section X., page 39).

b. Uninsurable Property

- (1) If the property fails to meet reasonable underwriting standards (see Section VIII., pages 35 & 36), MPIUA informs the producer and the applicant in writing of the substandard conditions and of the corrective action necessary to make the property insurable, as well as how to request a reinspection of the property.
- (2) If reinspection is desired, it must be requested within 30 days of the issue date of the substandard conditions letter by contacting MPIUA Consumer Services Department or by marking "conditions corrected" on the substandard conditions letter. Sign, date and return letter to MPIUA.
- (3) If property is found insurable upon reinspection, follow procedure 3.a., above.
- (4) If reinspection discloses that the property still fails to meet reasonable underwriting standards, MPIUA will reissue the substandard condition letter.

4. Coverage Effective Date

Coverage is effective on the date the premium is received by MPIUA, or a later date if it was requested on the application.

5. Policy Issuance

All copies of the policy will be mailed to the producer. The producer shall then forward copies of the policy to the insureds and mortgagees, if any.

VII. RENEWAL OF MPIUA POLICIES

A. Procedures

MPIUA does not automatically renew policies.

1. Approximately 55-60 days prior to the expiration date of a policy, MPIUA will mail a Renewal Offer/Premium Invoice along with an Expiration Notification to the producer. A copy of the Expiration Notification will also be mailed to the insured. The Expiration Notification reflects the current coverages and forms. On most HO 00 02 and HO 00 03 policies the expiration notice will include an inflationary increase on Section I coverages to be effective as of the inception date of the renewal policy.
2. The Renewal Offer/Premium Invoice includes a tear-off portion, which constitutes the remittance portion of the documents. The tear-off portion of the invoice shows the premium due and the minimum due amounts as well as the due date. The premium due amount is the total annual premium and the due date is the expiration date of the policy. For policies eligible for MPIUA's Installment Plan, the minimum due amount equals 25% of the premium due. For policies ineligible for the Installment Plan, the minimum due amount is the same as the premium due amount.
3. To renew insurance, the insured must return the tear-off portion of the Renewal Offer/Premium Invoice with the payment of premium.
4. The tear-off portion of the Renewal Offer/Premium Invoice, with the payment of premium, must be received by MPIUA no later than six days after the policy expiration date/due date to avoid a lapse in coverage. Renewal payments received after the six-day grace period will cause the inception date of the policy to be the date the Association receives the premium. Renewal payments received more than 60 days after the policy expiration date will be rejected.

Examples:

Policy Expiration Date/Due Date	Date of Receipt by the Association of Invoice with Payment	Renewal Policy Inception Date	Results
9/10/00	8/30/00	9/10/00	Invoice with payment received prior to expiration date - no lapse in coverage.
9/10/00	9/15/00	9/10/00	Invoice with payment received within six-day grace period - no lapse in coverage.
9/10/00	9/17/00	9/17/00	Invoice with payment received after six-day grace period - there is a lapse in coverage.

The due date shown on the Invoice is the expiration date of the policy and does not reflect the six-day grace period.

5. Any changes to the Renewal Policy may only be made by submitting an endorsement request to MPIUA after the renewal invoice has been paid. To make the changes effective as of the inception date of the Renewal Policy, the endorsement request must be received by MPIUA on or before the inception date of the Renewal Policy.

VIII. UNDERWRITING STANDARDS

- A. Reasonable underwriting standards for Basic Property Insurance, including homeowners, shall include, but not be limited to, the following:
1. The right to decline or cancel insurance because of the physical condition of the property, which increases the risk of loss, including its construction, heating, wiring, evidence of unrepaired damage, or general deterioration;
 2. The right to decline or cancel insurance because of the existing use of the property, including abandonment, vacancy, overcrowding, excessive rubbish, or improper storage of flammable materials;
 3. The right to decline or cancel insurance because of other specific characteristics of ownership, condition, occupancy, or maintenance which are violative of law or public policy and result in unreasonable exposure to loss;
 4. The right to decline or cancel insurance on buildings in which any one of the following exists:
 - a. failure to pay real estate taxes on the property after the taxes have been delinquent for one year or more (real estate taxes shall not be deemed to be delinquent for this purpose even if they are due and constitute a lien, so long as a grace period remains under local law during which such taxes may be paid without penalty);
 - b. failure, within the insureds direct and exclusive control, to furnish heat, water, or public lighting for 30 consecutive days or more;
 - c. failure within a reasonable time to correct conditions dangerous to life, health or safety;
 5. The right to decline or cancel insurance on property:
 - a. where, because of physical conditions, there is an outstanding demolition order, or which has been declared unsafe or uninhabitable in accordance with law;
 - b. where fire or other damage exists which increases the risk of further loss to the property and the owner has not taken reasonable steps to protect and secure the property;
 - c. where, following a fire or other damage which increases the risk of further loss, permanent repairs have not been commenced within sixty days after satisfactory adjustment of loss; or
 - d. where fire or other damage which increases the risk of loss exists and the insured has stated or such time has elapsed as clearly indicates that the damage will not be repaired;
 6. The right to decline insurance where the applicant is in arrears in the payment of insurance premiums to the Association, a licensed agent or broker or company for the types of coverage which are offered by the Association;
 7. The right to decline or cancel insurance on any building where 65% or more of the building is unoccupied, unless the building is undergoing rehabilitation and the Association, upon request, has received a schedule for such rehabilitation;

Underwriting Standards (Cont'd)

8. The right to decline or cancel insurance on any building which has been abandoned or where there has been removal of fixtures or salvageable material from the building and the owner can give no reasonable explanation for such removal;
 9. The right to decline or cancel insurance where reliable information is secured indicating that the property will be burned for the purpose of collecting insurance on the property;
 10. The right to decline or cancel insurance where the applicant, insured, mortgagee, loss payee, or any other person having a financial interest in the property is convicted of arson or a crime involving a purpose to defraud an insurance company;
 11. The right to decline or cancel insurance where the property has been subject to more than two fires, each loss amounting to at least \$500 or one percent of the insurance in force, whichever is greater, in any 12-month period; or more than three such fires in any 24-month period, provided that the cause of such fires is due to conditions which are the responsibility of the owner-named insured;
 12. The right to decline or cancel insurance for failure to complete or for any misrepresentation in the application required by G.L. c. 175C, Section 98;
 13. The right to decline or cancel insurance for any coastal risk subject to storm surge or flooding from the sea, which is eligible for flood insurance under the National Flood Insurance Program, and which does not have the maximum coverage permitted by such program or the amount of coverage sought from the Association, whichever is less.
- B. Reasonable Underwriting Standards with respect to Section II of homeowners insurance shall include the general standards listed above and in addition, shall include, but not be limited to, the following:
1. Hazardous physical conditions, including but not limited to, unfenced swimming pools;
 2. Presence of vicious animals;
 3. Excessive loss frequency when the applicant has failed to take reasonable steps to correct any situation which has given rise to past losses.

IX. INSPECTIONS AND REINSPECTIONS

A. **Introduction**

When an application is made for placement of insurance with MPIUA, the producer shall inform the applicant/insured of MPIUA's mandatory inspection requirements.

All inspections are made without cost to the applicant.

1. **What is Involved**

Inspections are designed to check underwriting information such as, but not limited to, the following:

- a. Eligibility
- b. Construction
- c. Occupancy
- d. Physical Condition
- e. Maintenance
- f. Housekeeping
- g. Heating
- h. Wiring
- i. Room count (when applicable) to determine the replacement cost of the structure.

A photograph of the property may be taken during the inspection process.

B. **Inspections**

1. An inspection of the property may be made to determine if the property meets MPIUA's Reasonable Underwriting Standards.
2. All applications require the name of the person who can be contacted in order to arrange an inspection of the interior and exterior of the property. The producer shall verify that all telephone numbers listed on the application are correct and current, as inspection scheduling is initiated by a telephone call from our Field Underwriting Representative to the person named on the application.
3. The Field Underwriting Representative will contact the applicant during normal business hours between 8:00 A.M. – 4:00 P.M. Monday through Friday, to make arrangements to inspect all areas of the building.
4. Inspections will generally be made in the company of the property owner or their representative. The Field Underwriting Representative must be provided full access to the building. An inspection report shall be made for each property inspected.

Inspections/Reinspections (Cont'd)

5. If MPIUA has been unable to complete an inspection of the property a notification will be mailed to the producer and applicant requesting that MPIUA be advised as to how an inspection can be completed during normal business hours of 8:00 A.M. – 4:00 P.M. Monday through Friday.

If MPIUA does not receive a response to this notice within 30 days, a Notice of Cancellation may be issued.

C. Reinspections

MPIUA will reinspect property as deemed necessary and may make appropriate premium adjustments in accordance with conditions found at the time of said reinspection.

MPIUA will require a reinspection of the property for various reasons, which include but are not limited to, the following:

1. to check progress of property in process of rehabilitation;
2. when insured requests a significant increase in amount of insurance;
3. to verify correction of substandard conditions;
4. if there has been a change in the occupancy of the building.

D. Safety Tips

1. Install smoke detectors and check weekly.
2. Plan and participate how to escape from a home fire.
3. Check electrical cords and wires for wear and tear.
4. Do not leave matches or lighters within reach of children.
5. Have your furnace, water heater, flues and fireplace checked yearly.
6. Do not overload electrical outlets.
7. Do not use extension cords with space heaters.

X. PAYMENT OF PREMIUM

A. Premium Payment

1. All payments, with the exception of the initial Immediate Coverage payment, should be mailed to MPIUA's Lock Box Facility.
2. MPIUA will accept cash or check of an applicant, insured, producer, licensed finance company or lending institution, registered or cashier's check of a bank, postal or bank money order or check certified by a bank. **DO NOT SEND CASH THROUGH THE MAIL.** ALL payments must be made without deducting your commission. All payments must be made to the order of Massachusetts Property Insurance Underwriting Association.
3. MPIUA will accept a premium finance agreement, which has been entered into between a licensed finance company and the applicant, provided that the agreement is properly executed by the applicant granting power of attorney to the finance company. If the request is for immediate coverage, the required premium and the premium finance agreement must be sent to MPIUA along with the Immediate Coverage Application.
4. MPIUA will accept a properly executed Power of Attorney to Cancel Insurance Form (MUA-UND-117) (see Appendix, page 1041), which permits a producer to cancel insurance for non-payment of the premium advanced by the producer to the insured. If the request is for immediate coverage, the required premium and the properly executed Power of Attorney should be sent to MPIUA along with the Immediate Coverage Application.

If MPIUA has issued a premium invoice, do not send any other correspondence EXCEPT the payment of the premium along with the premium invoice to MPIUA's Lock Box Facility (address on the return envelope). All other correspondence must be forwarded separately to the Office of MPIUA.

5. In order for the premium payment to be promptly credited to insured's account, the instructions below must be followed:
 - a. Make check payable to Massachusetts Property Insurance Underwriting Association. The lock box will not process checks made payable to anyone other than the Massachusetts Property Insurance Underwriting Association
 - b. Mail payment with the original Premium Invoice. Do not send a photocopy of the invoice.
 - c. Mail only one invoice and one check per envelope. Do not pay for multiple invoices with one check.
 - d. Do not send any other correspondence with the invoice and the check.
 - e. Use the enclosed self-addressed return envelope to remit payment.
 - f. Our lock box payment processing facility mailing address is:

*Massachusetts Property Insurance Underwriting Association
PO BOX 9693
Manchester, NH 03108-9693*

Failure to follow any of the above instructions may result in payment not being processed in a timely manner.

XI. COMMISSIONS

The commission to a licensed agent or broker designated by the applicant is 12%.

If the insured selects MPIUA's Premium Installment Payment Program, no commission will be paid on the service charge.

A commission check, along with a monthly Agency Commission Invoice (see Appendix, page 1048) will be issued on or about the 15th of the month following the month in which business has been placed with MPIUA. Commissions will be paid on the full policy premium at policy inception or renewal even if the insured elects the installment option. Any commission balance due MPIUA from a producer, as a result of a cancellation or return premium endorsement, will be assessed on or about the 15th of the month following the month in which the transaction has taken place.

XII. PREMIUM INSTALLMENT PAYMENT PROGRAM

A. **Eligibility**

1. The Premium Installment Payment Program applies to both new and renewal business;
2. The Premium Installment Payment Program is available to Homeowners, Dwelling and Commercial insureds;
3. The minimum annual premium eligible for the Premium Installment Payment Program is \$100;
4. Payments made by Mortgagees and/or Finance Companies will not be eligible for the Premium Installment Payment Program.

B. **Payment of Premium**

If the insured selects the Premium Installment Payment Program, a minimum of 25% of the total annual premium will be due with the application. The remaining balance will be billed in three installments due in 60 days, 120 days and 180 days from the policy inception date. Installment bills will be mailed directly to the insured approximately 27 days prior to the due date.

The initial minimum 25% down payment of the required total annual premium must accompany one of the following:

1. An application submitted under the Immediate Coverage Procedure; (or with the hard copy of a previously faxed application); or
2. The Premium Invoice issued under the Renewal Procedure; or
3. The Premium Invoice issued under the Non-Immediate Coverage New Business Procedure.

Installment bills will be sent directly to the insured along with a return envelope in which the Premium Invoice is to be returned along with payment. The insured must pay the minimum amount due, but will be allowed to pay any amount between the minimum due and the annual policy premium. Payment of more than the minimum amount due will reduce the future installment payments.

MPIUA will not accept one check to pay for multiple invoices. No other correspondence should be sent along with the installment payment.

C. **Endorsements**

1. Additional Premium Endorsement

After the initial down payment, any additional premium resulting from an endorsement will be added equally to any remaining installments. If no installment payments remain, the total additional premium will be due within 30 days of the Endorsement Premium Invoice issue date.

Premium Installment Payment Program (Cont'd)

2. Return Premium Endorsement

After the initial down payment, any return premiums resulting from an endorsement will reduce any remaining installments. If no installment payments remain, the total return premium will be forwarded to the producer within 30 days after the endorsement issue date.

D. **Non-Payment of Installment Premium Invoice**

If installment premium payment is not received by the due date, MPIUA will issue a Notice of Cancellation for non-payment of premium.

E. **Service Charge**

A service charge up to \$3.00 will be added to each of the last three installment bills and included in the minimum amount due. If the annual premium is paid at inception, no service charge is imposed on the insured.

Service Charge Schedule

Annual Premium	Service Charge Per Installment
\$100 - \$199	\$1.00
\$200 - \$299	\$2.00
\$300 and above	\$3.00

XIII. POLICY CHANGES (ENDORSEMENTS)

Requests for policy changes should be made on appropriate forms:

Homeowners
MUA-RIA-UND-93

Dwelling Fire
MUA-RIA-UND-94

Commercial Fire
MUA-RIA-UND-70

Changes in coverage will be effective only upon approval by MPIUA. Approved changes shall become effective as of the date the request is received by MPIUA unless a later date is requested. To request an earlier effective date, supporting documentation must be submitted with an endorsement request (i.e. copy of the deed on a title change).

No producer has or shall have any authority to bind MPIUA in any manner.

A. **Additional Premium Endorsement**

1. On policies not written under the Premium Installment Payment Program, whenever an endorsement results in an additional premium, MPIUA will issue to the producer an Amended Declaration. An Additional Premium Invoice will be mailed to the insured. The additional premium will be due within 30 days of the endorsement issue date.
2. On policies written under Premium Installment Payment Program - see Section XII., page 41, paragraph C.1.

B. **Return Premium Endorsement**

1. On policies not written under the Premium Installment Payment Program, whenever an endorsement results in a return premium, MPIUA will issue to the producer an Amended Declaration. A return premium check will be mailed to the producer, made payable to the insured, within 30 days after the endorsement issue date. On policies financed by a licensed finance company a return premium check is made payable and mailed to the finance company.
2. On policies written under Premium Installment Payment Program - see Section XII., page 42, paragraph C.2.

C. **Instruction For Some Specific Policy Changes**

1. **Increase in Amount of Insurance**

Requests for increases must have an explanation under "remarks" indicating reasons for increase and must include sufficient documentation to justify the increase (i.e., up-to-date Appraisal). If MPIUA determines that an inspection is required, a letter will be sent to the producer explaining that the request for increase is being held pending results of the inspection. If the inspection results are satisfactory, an Amended Declaration will be mailed to the producer. Coverage will be effective on the date the request was received, unless a later date was requested in the application.

Policy Changes (Endorsements) (Cont'd)

If the results of the inspection are unsatisfactory, the request will be returned to the producer indicating the reasons for rejection.

Endorsement requests to increase building coverage by 25% or more on a commercial fire policy or a tenant-occupied dwelling policy, must be accompanied by a Mandatory Building Fire Insurance Application (MUA-CA-1), (see Appendix, pages 1045 & 1046).

For an endorsement increasing the amount of insurance, please refer to the "Windstorm and Hail Limitation" endorsement that could apply to your policy, (see Appendix, page 1021).

2. Decrease in the Amount of Insurance

Requests for decreases in the amount of insurance will be effective the date the request is received, unless a different date is indicated on the request. The effective date may not be more than ten days prior to the date the request is received by MPIUA.

3. Change of Mortgage Holders and Loss Payees

- a. MPIUA does not require release statements from institutional mortgage holders when either transferring or deleting mortgage holder from the policy.

Exception: Mandatory Building Fire Insurance Application (MUA-CA-1) is required when Mortgage Holders are being changed or added to a commercial fire policy which has building coverage, as well as dwelling fire policies that provide coverage for tenant-occupied buildings.

In the event of a building loss the Association's Claims Department will verify and document the mortgagee interest, as of the date of loss, prior to payment of the claim.

- b. Requests for deletion of a non-institutional mortgage holder must be accompanied by a release statement from the mortgage holder.
- c. Requests for an addition of a non-institutional mortgage holder must be accompanied by a copy of the mortgage agreement.

4. Assignment of Interest (Change of Ownership)

Requests by the insured to assign interest in the policy to another must be accompanied by Application for Assignment or Transfer of Policy Form (MUA-RIA-ATP) and Transfer of Ownership Form (MUA-RIA-UND-88). Submit Mandatory Building Fire Insurance Application (MUA-CA-1) when applicable, (see Appendix, pages 1045 & 1046). MPIUA suggests that the prior policy be cancelled, (see Section XIV., pages 46-48), and rewritten under a new policy by submitting a new application for placement of coverage under the New Business Immediate Coverage procedure (see Section VI., page 24).

Policy Changes (Endorsements) (Cont'd)

5. Business Personal Property

No transfer of Business Personal Property is allowed by endorsement. A new application (MUA-1C) is required for business personal property at a new location. It is suggested that the New Business Immediate Coverage Procedure be used. Policy for the previous location should be returned for a pro-rata cancellation.

When an additional item of insurance (building) is being added to an existing Business Personal Property Policy, a properly completed new application (MUA-1C) must accompany the endorsement request. Mandatory Building Fire Insurance Application (MUA-CA-1) is also required.

When the additional item of insurance is business personal property, a properly completed endorsement request (MUA-RIA-UND 70) describing the type of Business Personal Property coverage being requested is required.

XIV. CANCELLATIONS

Cancellations will be effective the day such request is received by MPIUA or on an earlier date with proper supporting documentation (i.e. replacement policy).

On dwelling and homeowners policies all cancellations will be on a pro-rata basis.

On commercial policies – cancellations will be pro-rated when:

1. a policy is cancelled by MPIUA
2. the insured no longer has an insurable interest in the property
3. a policy is cancelled and rewritten with MPIUA

If 1, 2, & 3 above do not apply, return premium is calculated at 90% of the pro-rata unearned premium. A minimum earned premium of \$100 is retained, unless policy is cancelled effective inception date.

A. **Insured Request**

The insured must either return the original policy at the time cancellation is requested or submit a properly executed Lost Policy Release, (see Appendix, page 1014). Also, Releases must be secured from any non-institutional mortgage holder or loss payee.

B. **Finance Company Request**

If a Premium Finance Agreement, authorized by an insured to cancel the insurance for non-payment of premium to the finance company has been filed with MPIUA, the first request for cancellation and subsequent reinstatement from a licensed finance company will be processed. On policies financed by a licensed finance company a return premium check is made payable and mailed to the finance company. If a second request for cancellation is made, it will be processed, however, no subsequent reinstatement will be made unless said request specifies that the account has been paid in full for the current policy term.

C. **Producer Request**

If a Power of Attorney to Cancel Insurance Form authorized by an insured to cancel insurance for non-payment of premium to the producer has been filed with MPIUA, the request for cancellation will be processed and any return premium will be made payable to the producer.

D. **Cancellations Initiated BY MPIUA**

MPIUA shall give 30 days notice prior to any cancellation of any risk eligible under the Plan, except in the following cases:

1. owner or occupant incendiarism;
2. material misrepresentation;
3. non-payment of premium;

Cancellations Cont'd

4. The building has been vacant or unoccupied 60 or more consecutive days.
This does not apply to:
 - a. seasonal unoccupancy; or
 - b. buildings in the course of construction, renovation or addition.Buildings with 65% or more of the rental units or floor area vacant or unoccupied are considered unoccupied under this provision.
5. After damage by a covered peril, permanent repairs to the building:
 - a. have not started; and
 - b. have not been contracted for;within 30 days of payment of loss.
6. The building has:
 - a. an outstanding order to vacate;
 - b. an outstanding demolition order; or
 - c. been declared unsafe by governmental authority.
7. Fixed and salvageable items have been or are being removed from the building and are not being replaced. This does not apply to removal that is necessary or incidental to any renovation or remodeling.
8. Failure to:
 - a. furnish necessary heat, water, sewer service or electricity for 30 consecutive days or more, except during a period of seasonal unoccupancy; or
 - b. pay property taxes that are owing and have been outstanding for more than one year following the date due, except that this provision will not apply where you are in a bona fide dispute with the taxing authority regarding payment of such taxes.
9. Conviction of an act which increases the chances of loss under this policy;
10. Discovery of fraud or material misrepresentation by the "insured" in obtaining this policy;
11. Discovery of willful or reckless acts or omissions by the "insured" increasing the hazard insured against;
12. Physical changes in the property insured, which result in the property becoming uninsurable; or
13. A determination by the commissioner that continuation of the policy will violate or place the insurer in violation of the law.
14. Property is abandoned or there has been removal of undamaged salvageable items from the building and the insured can give no reasonable explanation for such removal;

In cases 1-14 above, MPIUA will let the insured know, in writing, of the date cancellation takes effect.

Cancellations Cont'd

E. Return Premiums

1. Return premiums will be made payable to the insured and mailed to the producer.
2. All return premiums are issued without deducting commission.
3. Return premiums will be paid by MPIUA to a licensed finance company provided that we are furnished with a copy of the finance agreement, properly executed by the insured, granting power of attorney to the finance company.
4. Return premiums will be paid by MPIUA to a producer for non-payment of premium advanced to the insured by the producer if we are provided with a properly executed Power of Attorney to Cancel Insurance.

F. Earned Premiums

On cancellation, if an earned premium is still owed to MPIUA, an Earned Premium Invoice will be issued to the insured. A copy of the invoice will also be mailed to the producer. The earned premium is due within 30 days after the Earned Premium Invoice issue date. If the earned premium is not paid by the due date, MPIUA will initiate collection proceedings.

XV. SUBSTANDARD CONDITION NOTICE

A. **Substandard Condition Notice**

Subsequent to inspection, if the property does not meet Association's Reasonable Underwriting Standards, MPIUA may issue a Substandard Condition Notice. All Substandard Condition Notices will state the conditions and the corrective action required in order for the property to meet MPIUA's Reasonable Underwriting Standards.

All Substandard Condition Notices will provide the appropriate appeal provisions.

In the event the insured has made the necessary corrections, the insured or producer may request a reinspection by contacting MPIUA's Consumer Services Department or by marking "conditions corrected" on the Substandard Condition Notice. Notice must be signed, dated and returned to MPIUA.

XVI. NON-RENEWAL NOTICE

If the policy so provides, the Association will give written notice to the insured of its intent not to renew or reissue a policy providing protection against loss by fire to a dwelling or contents thereto at least 45 days prior to expiration of the policy. The notice shall state the specific reasons for such decision and shall be sent or delivered to the named insured at the address shown in the policy, the insurance agent or broker who negotiated the issuance of the policy and to the mortgagee(s) if applicable. The notice shall contain or be accompanied by a statement explaining that the insured has a right of appeal as provided in G.L.c 175C, Section 7.

XVII. APPEALS PROVISIONS

Any applicant for insurance and any person insured under the program may appeal to the Board of Directors within 15 days after any ruling, action, or decision of the Association. Any decision of the Board of Directors may be further appealed to the Commissioner of Insurance within 10 days.

Orders of the Commissioner shall be subject to the judicial review pursuant to the provisions of the G.L.c. 175C, Section 7.

XVIII. DEEMER AND PROOF OF INSURANCE PROVISIONS

A. **Deemer Provision**

Eligible risks are automatically deemed insured if:

1. Through no fault of the applicant, coverage has not been either offered or denied within 20 calendar days after the date the application for coverage was received by the Association.
2. The applicant at the time of requesting the inspection or at any time prior to the receipt of a written statement indicating that the property is uninsurable, pays an estimated annual premium or deposit premium, subject to the maximum limits of liability.

Coverage provided under the Deemer Provision shall be at normal rates for the class of property to be insured, exclusive of any surcharge, but shall be subject to an appropriate premium adjustment, if necessary, after the property has been inspected.

B. **Proof of Insurance Provision**

The Proof of Insurance issued by MPIUA is evidence of insurance until receipt of the policy by the insured. In the event of a loss, the Proof of Insurance is evidence that the policy is in force.

XIX. CLAIMS

It is a principal objective of MPIUA to provide a claims service of excellence to its policyholders.

A. Procedures

1. Claims should be reported promptly either directly by telephone or facsimile to MPIUA at its Boston office at :

24 Hour Toll Free Fax Number 1-(800)-851-8424

Telephone Number (617) 723-3800 EXT 5600

Toll Free Telephone number 1-(800)-392-6108 EXT 5600

When a claim is reported via fax, the standard "Acord" Loss Report form or its equivalent should be completed with all the pertinent information.

2. The Claims Department will acknowledge to the producer, in writing, all claims that are reported. This acknowledgement includes information such as the insured's name, policy number, MPIUA claim number, and adjuster's name and telephone number.
3. MPIUA Claims Department will assign all losses received. Adjusters are not authorized to accept claims for MPIUA losses from any other source.