

**Mississippi
Residential
Property Insurance
Underwriting
Association**

MANUAL OF RULES AND PROCEDURES

Revised Effective 12-1-2014

MISSISSIPPI RESIDENTIAL PROPERTY INSURANCE UNDERWRITING ASSOCIATION (MRPIUA)

Manual of Rules and Procedures

I. INTRODUCTION

1. **Purposes**
The Broad objective of the Plan is to make Essential Property Insurance available to responsible applicants on eligible property located in Mississippi who have been unable to secure such insurance in the normal insurance markets.

II. GENERAL

1. **Who May Apply**
Any person having an insurable interest in insurable dwelling property at fixed locations.
2. **Application Forms**
Application forms may be secured from the Mississippi Residential Property Insurance Underwriting Association, Post Office Box 5389, Jackson, Mississippi 39296-5389.
3. **Eligible Property**
Dwelling builders' risk and dwelling real property including manufactured housing permanently installed at fixed locations or the contents located therein for one or two family dwellings only. Plan eligibility for lessor's risk one or two family rental dwellings (tenant occupied) is limited to no more than five properties insured through the MRPIUA plan for one combinable ownership interest active during any given plan policy year. Vacant properties are not eligible for plan participation.
4. **Ineligible Property**
Motor vehicles and property not meeting accepted underwriting standards.
5. **Coverage**
 - A. General Provisions
 1. Fire and Extended Coverage dwelling policies as provided in standard fire and extended coverage forms applicable in Mississippi.
 2. Policies may be written in an amount not to exceed 95% of the actual cash value of the insured property and may not exceed \$200,000. on the dwelling and \$75,000 on the contents of such dwelling. The policy may not include the value of the land on which the dwelling is constructed.
 3. A \$1,000 deductible will be applied to all claims. There will no reduction in premium for this deductible.
 4. Coverages that are not provided are: replacement cost, blanket insurance or schedules involving more than twenty-five (5) dwellings under the same ownership. Windstorm and hail coverages are excluded for risk located in the coast area consisting of Hancock, Harrison, and Jackson Counties in Mississippi.
 5. Before a risk can be insured through the MRPIUA, efforts must be made to write the Fire and Extended Coverage (only Fire Coverage for the coastal counties of Hancock, Harrison and Jackson) through the voluntary insurance market. Therefore, Form MRPIUA CEB 01 04, (Certification of Entrance Barrier) must be completed and submitted stating that efforts have been made to write coverage through the voluntary market. This form is to be submitted for all new applications together with the other necessary information and data.
6. **Rates**
Rates and premiums used are based on the Mississippi State Rating Bureau dwelling rates and premiums that have been adjusted, as needed, by the Board of Directors, filed and approved for use by the MRPIUA.
7. **Term**
All policies will be issued for a term of one year.
8. **Limits**
The Association shall undertake through a Servicing Insurer(s) to place insurance up to 95% of the reasonable insurable value of the property, subject to a maximum on any one dwelling for all insured interests of: \$200,000 on dwelling not exceeding two (2) families and \$75,000 on dwelling contents contained therein. If the value of the building is in excess of the \$200,000 limit, then proof of insurance coverage on the excess amount shall be provided before MRPIUA will provide the \$200,000 building limit coverage.

9. **Premiums**

A. Premiums are payable on a gross basis to the Association by money order or by check. Gross basis means premium including agents commission. Commissions will be paid on a monthly basis.

Payment may be made in person or by mail. Payment must be received by the Association before coverage can become effective. Premium financing arrangements will not be honored by the Association, except that in the event of default in payment under a premium payment arrangement the Association shall cause a Notice of Cancellation to be issued upon proper notification of such default and appropriate pro rata return remittance shall be provided.

B. Minimum Fully Earned - Premium: There is a minimum fully earned premium of \$150.00 for all policies issued by the MRPIUA.

10. **Commission**

The commission to a licensed agent or broker designated by the applicant is 8%. Agents will not deduct commission from any payments. Agents or brokers will receive their commission check from the MRPIUA on a monthly basis. On the unearned portion of canceled liability and on reductions in premiums, agents' commission will be adjusted accordingly. No commission is payable on policy service fees (III. 1. B.).

11. **Rules**

Unless in direct conflict with this Plan, the general rules, practices and procedures of the Mississippi State Rating Bureau shall apply.

III. PROCEDURES FOR PROCESSING APPLICATIONS

1. **Application For Insurance**

A. Applications shall be made on behalf of the owner of the insurable interest by a licensed Mississippi agent or broker authorized by such owner. All applications submitted must be on the form prescribed by the MRPIUA. All applicable questions on the application are to be fully completed.

B. A \$30.00 per location policy service fee must accompany the original application and will be due annually with each renewal quotation thereafter. No charge for contents only locations.

2. **Inspection and Rating**

A. Upon receipt of the application, an inspection of the property will be made by the Mississippi State Rating Bureau or other organization designated to make inspections as required under the Plan.

B. A representative of the inspection agency may contact the applicant or his authorized representative to arrange the time of the inspection as the applicant or his authorized representative may be required to accompany the inspector during the inspection. This may be desirable so that the inspector can point out features of construction, occupancy, or physical hazards which may result in declination of the application.

C. A copy of the completed inspection report will be sent to the Association.

D. A copy of the inspection report will be made available to the applicant or his agent upon request.

3. **Underwriting**

A. Inspection reports and rating details will be examined by the Association to determine if the property meets reasonable underwriting standards.

B. "Reasonable underwriting standards" include, but are not limited to the following:

1. The amount of insurance requested, together with other insurance, is within reasonable relationship to the actual cash value of the property involved, not to exceed 95% of the value of the insured property;

2. Physical condition of the property, such as its construction, evidence of previous damage or general deterioration;

3. Its present use or housekeeping, such as vacancy, overcrowding, storage of rubbish or flammable materials;

4. Violation of law, public policy, morals, and the character or integrity of the property owner or occupant;

5. No new policies shall be written or increased coverage accepted when a designated named storm is in the Gulf of Mexico or within the boundaries of eighty (80) degrees West longitude and twenty (20) degrees North latitude (a "named storm" is a windstorm designated as a named storm by the United States Weather Bureau).

6. A risk shall not be declined for neighborhood, area, location or environmental hazards beyond the control of the applicant or owner of the property.

4. Acceptance

- A. If the risk is acceptable, the producer will be notified.
- B. A binding receipt will be issued by the Association upon full payment of premium. Insurance will become effective at 12:01 A.M., Standard Time, on the day following the date premium is received by the Association.
- C. Policies will subsequently be provided and serviced by a Servicing Insurer upon instructions from the Association.. The Servicing Insurer shall cede 100% of its liability to the Association.

4.5 Expedited Binder Procedure

Application Form R10 shall be completed with proper inspection fee, two (2) photos (angle from the front and angle from the rear) and full annual MRPIUA remittance attached.

For eligible Dwelling Properties not exceeding two (2) families located in Protection Class 3 through 10, the full annual MRPIUA remittance shall be determined by establishing the full annual MRPIUA premium from MRPIUA "Basic Rating Rules and Rates."

Upon receipt of all necessary data, and if the location is considered to be tentatively acceptable, a Policy or a Receipt and Certification of Coverage, shall be forwarded to the producer with insurance bound effective at 12:01 A.M., Standard Time, on the day following the date proper data was received by the MRPIUA. If the location is not acceptable, or if borderline, or if data is incomplete, the producer will be so notified and a Policy or Receipt and Certification of Coverage will not be issued.

If subsequent inspection reveals that the risk is not eligible for coverage in the MRPIUA, the Policy or Receipt and Certification of Coverage will be canceled and earned premium charged on a pro-rata basis.

It should be noted that should it be necessary to issue a "Receipt and Certification of Coverage" pending issuance of a policy, that such Receipt and Certification of Coverage can be used to satisfy any parties holding a mortgage on the property, since it is stated that the insurance is bound for a period not in excess of one (1) year. Further, this Receipt and Certification of Coverage will be void when replaced by a policy, and the Receipt and Certification of Coverage is subject to all the terms and conditions of Standard MRPIUA fire and extended coverage forms as approved by the Mississippi Commissioner of Insurance.

If it is determined following inspection that premiums charged are incorrect, adjustment in premiums will be made effective as of the inception date of coverage.

5. Renewals

Policies will not be automatically renewed. A renewal application or form prescribed by the MRPIUA must be submitted. Applications for renewal, complete with all data required by this Manual, received by the MRPIUA on or before the expiration date will be renewed without a lapse in coverage. Applications received after the date of expiration will be reinstated effective 12:01 A.M., Standard Time, on the day following the date all data required by this Manual is received by the MRPIUA, provided there is no designated named storm in the Gulf of Mexico as outlined in this Manual.

A minimum of thirty (30) days advance notice of expiration will be given to the insured and his representative.

6. Declinations

- A. Coverage on property which fails to meet reasonable underwriting standards will be declined and the applicant or his representative will be advised of the measures, if any, which if taken would make the property insurable.

7. Risk Identification

All documents issued by the Association will bear a "MRPIUA" file number. Reference should be made to the "MRPIUA" number in any communication to the Association with respect to Association risks.

8. Policy Changes

A. Requests for changes in the policy or cancellation shall be addressed in writing to the Association on an approved change form. No change will be made except as it relates to existing location under the policy in question. All applicable items of this form shall be completed in detail.

B. If additional premium is required, the change will become effective when full payment of the additional premium is received in the office of the Association (or at such later date as may be specified by the Insured).

C. Changes not involving change in premium will become effective immediately upon action of the Association.

D. If the change calls for a return premium and the policy is endorsed or canceled, the return premium will be remitted by the Association.

9. Policy Assignment

A. Policy assignment to a new owner will not be permitted (except as indicated in paragraph C. below). If coverage for a new owner is desired, a new application must be submitted to the MRPIUA. In accordance with rules and underwriting standards regulating submissions and issuance of new policies.

B. At the specific request of the insured, upon the execution of an agreement for sale of the insured property, the Association will have the servicing insurer endorse such policy to cover the interest of the insured and the purchaser. Such endorsement shall provide coverage for not exceeding thirty (30) days or until other insurance for the purchaser is effective. In no event will this be construed to extend coverage beyond normal expiration date.

A request for endorsement as outlined above must be received by the MRPIUA within fifteen (15) days of the date of the agreement of sale and such date must be specified on the request.

Coverage will then be made effective from the date of the agreement of sale for the thirty (30) day period.

C. Policies which have no change in occupancy may be assigned to a new owner by endorsement effective as of the legal date of sale provided:

1. The request for assignment of interest to a new owner is made on an Application for Change Form R, certifying there has been no change in occupancy,
2. The legal date of sale is specified on the request,
3. Such request is received by the MRPIUA within fifteen (15) days of the legal date of sale.

Note: Owner occupied dwelling changing to tenant occupied, is a change in occupancy.

IV. CANCELLATIONS

1. No policy or binder issued under the Plan shall be canceled by Servicing Insurer without the prior approval of the Association. Grounds for such cancellation shall be limited to:

- A. Non-payment of premium;
- B. Default in payment under a premium payment arrangement;
- C. Evidence of incendiarism; or
- D. Misrepresentation or concealment of any material fact either before or after loss; or
- E. Cause which would have been grounds for non-acceptance under the Plan of Operation had such cause been known at the time of acceptance; or
- F. Cause arising subsequent to the inspection which would have been grounds for non-acceptance of the risk under the Plan of Operation had such cause existed at the time of acceptance.

2. Notice of cancellation, together with a statement of the reason therefor, shall be sent to the insured and a copy sent to the Association and to the Producer. Such notice shall be accompanied by a statement explaining that the insured has a right of appeal as hereinafter provided.

3. When a policy is cancelled under this section, such policy shall not be reinstated. Continued coverage shall be based on a new application subject to all requirements of this Manual and the Plan of Operation.

4. Mid-Term Cancellations of MRPIUA Policies - When MRPIUA policies are placed in the "Voluntary Market" for the same insured, cancellation will be pro-rata using the effective date of the "Voluntary Market" policy as the effective date of cancellation but in no event with a date of cancellation more than thirty (30) days prior to the receipt of the request for cancellation accompanied by the following:

- A. Original MRPIUA policy or properly executed Lost Policy Cancellation Release, and
- B. Photocopy of the policy (Daily Report) representing the rewritten coverage reflecting the same insured and coverage equal to or exceeding the MRPIUA coverage in amount of coverage provided, perils insured against and term.

5. Cancellations at the Request of the Insured - The original copy of the policy or a properly executed Lost Policy Cancellation Release must be returned to the MRPIUA with a Form "R" requesting cancellation.

- A. Property Sold - Policy will be canceled pro rata effective the legal date of sale, provided the legal date of sale is included in the request, otherwise cancellation will be effective on the date all data is required by the Manual is received by the MRPIUA.
- B. All Other Cancellations at the Request of the Insured - Cancellations for any other reason will be cancelled pro rata effective the date all data required by this Manual is received by the MRPIUA.

V. LOSS HANDLING PROCEDURES

1. Losses will be reported promptly to the Servicing Insurer by the Insured or his representative. A copy of such loss notice will be sent to the Association.
2. No adjustment of losses are to be handled by the producers.
3. All questions pertaining to the adjustment of Association losses, including policy interpretation, rest with the Servicing Insurer.

VI. LOSS REIMBURSEMENT PROCEDURES

1. Reimbursement for loss payments and loss adjustment expenses shall be made by the Association on a monthly basis. The Servicing Insurer shall submit a monthly bordereau of such loss payments and outstanding reserves. Such bordereau shall contain the following information:
 - A. MRPIUA Number
 - B. Servicing Insurer's policy number
 - C. Name of policyholder
 - D. Date of loss - policy year
 - E. Amount of Loss paid or outstanding reserve
 - F. Loss adjustment expense
 - G. Loss supervisory expense
 - H. Attach copy of loss and expense drafts for Association files.
2. In the event the Association does not have sufficient funds in hand to pay such reimbursement monthly, such payments shall be made as soon thereafter as funds can be obtained by assessment of the membership.
3. Loss adjustment expense shall include the following:
 - A. Allocated loss adjustment expense - such as actual cost of adjusters, experts, salvors, legal fees, etc.
 - B. Adjuster expenses when handled by staff adjuster.
 - C. Loss supervisory expense.
4. The Servicing Insurer's books and records shall be open to the Association throughout for the verification and approval of these items.

VII. CREDIT FOR BUSINESS WRITTEN ON A VOLUNTARY BASIS

Member companies shall receive annually credit for Essential Property Insurance voluntarily written in fire protection Class 9 and 10 and essential property insurance written in the coastal counties of Hancock, Harrison and Jackson and their participation in the "Association" shall be reduced accordingly. Member companies participation in the expenses of the Association shall not be reduced thereby. The method of determination of such credit shall be as authorized by the Plan of Operation as implemented by the Board of Directors.

VIII. ACCOUNTING PROCEDURES

1. Servicing Companies

- A. The Association will submit a monthly register of premium transactions to each Servicing Insurer. The register will identify each transaction by the Servicing Insurer's Policy Number and the Association's application number.
- B. Servicing companies will keep a register of paid losses, paid loss expenses and losses reserved. This register will identify each transaction by policy number and Association's application number.
- C. Servicing companies will prepare a summary account monthly. This report will summarize premiums written, losses paid, loss reserves, loss expenses and fees recoverable from the Association. Reimbursement to Servicing Companies will be made monthly.
- D. Each Servicing Insurer will receive servicing fees for premiums written and for handling of losses as determined by the Association. Out of such servicing fees received, the Servicing Insurer will be responsible for the payment of premium taxes, assessments for policies issued under this Plan, and any counter signature fees.
- E. The Association will work with the Servicing Insurer(s) in determining the form in which the above information is to be submitted.

IX. APPEAL

Any person insured pursuant to this plan, or his representative, or any affected insurer who may be aggrieved by an act, ruling, or decision of the Association, within thirty (30) days after such ruling, is entitled to appeal to the Commissioner. A hearing before the Commissioner upon such appeal shall be in accordance with the procedures promulgated by the Commissioner. The Commissioner is authorized to appoint a member of the Insurance Department staff for the purpose of hearing such appeals, and a ruling based upon such hearing shall have the same effect as if heard by the Commissioner. All persons or insureds aggrieved by any order or decision of the Commissioner may appeal, within thirty (30) days of such order or decision to the Chancery Court of the First Judicial District of Hinds County.

X. OPERATIONS

The Plan will be operated by personnel of the Mississippi State Rating Bureau under agreement with the Mississippi Residential Property Insurance Underwriting Association. However, all communications on matters pertaining to the Association should be addressed to:

Mississippi Residential Property Insurance Underwriting Association
2685 Crane Ridge Drive
Post Office Box 5389
Jackson, Mississippi 39296-5389

