

**Mississippi Residential  
Property Insurance  
Underwriting Association**

**MANUAL OF RULES AND PROCEDURES**

**Revised Effective 7-1-2023**

# MISSISSIPPI RESIDENTIAL PROPERTY INSURANCE UNDERWRITING ASSOCIATION (Association)

## 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

Applications may be entered and quoted by the servicing agent/producer representing the person with insurable interest in the Association policy system once a producer code is established with the Association following the website instructions. Assignment of a producer code for access to the policy system requires an active property line of business Mississippi Insurance Department agent's license.

#### 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 Association for one combinable ownership interest during any given policy year. Vacant properties are not eligible for coverage with the Association.

#### 4. Ineligible Property

Motor vehicles and property not meeting accepted underwriting standards.

#### 5. Coverage

##### a. General Provisions

- i. Fire and Extended Coverage dwelling policies as provided in the current Mississippi Insurance Department-approved Mississippi Residential Property Insurance Underwriting Association Dwelling Property Insurance Forms.
- ii. Policies are written only for actual cash value and may not exceed \$200,000 on the dwelling and \$75,000 on the contents of a dwelling.

The policy may not include the value of the land on which the dwelling is located.

- iii. A \$1,000 deductible will be applied to all claims. There will no reduction in premium for this deductible.
- iv. Some of the coverages that are **not** provided include but are not limited to: theft, vandalism, replacement cost, blanket insurance, or schedules involving more than 5 dwellings under the same ownership. **Windstorm and hail coverages are excluded for any risk located in the Mississippi coastal area consisting of Hancock, Harrison, and Jackson Counties.**
- v. Before a risk can be insured through the Association, efforts must be made to write the Fire and Extended Coverage (only Fire Coverage for the Mississippi 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 other necessary information and data.

## **6. Rates**

Rates and premiums used are based on the Mississippi State Rating Bureau dwelling fire protection classes rates and premiums that have been adjusted, as needed, by the Association's Board of Directors, filed and approved by the Mississippi Insurance Department for use by the Association.

## **7. Term**

All policies will be issued for a term of one year.

## **8. Limits**

The Association shall place insurance for the actual cash value of the property, subject to a maximum on any one dwelling for all insured interests of: (1) \$200,000 on any dwelling not exceeding two families and (2) \$75,000 on dwelling contents. If the value of the building is in excess of the \$200,000 limit, then proof of insurance coverage on the excess amount must be provided before the Association will provide the \$200,000 building limit coverage.

## **9. Premiums**

- a. Premiums and Policy Fees are payable on a gross basis to the Association by money order, by check, or by bank transfer. Gross basis means premium including agent's commission. Commissions will be paid on a monthly basis.

Payment may be made in person, by mail, or by bank transfer. 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 Association.

## **10. Commission**

The commission to a licensed agent or broker designated by the applicant is 10%. Agents will not deduct commission from any payments. Agents or brokers will receive their commission check from the Association on a monthly basis. On the unearned portion of canceled liability and on reductions or increases in premiums, agents' commission will be adjusted accordingly. No commission is payable on policy service fees (See 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 Association as approved by the Mississippi Insurance Department. 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. There is no policy fee charge for contents-only locations.

## **2. Inspection and Rating**

- a. Upon receipt of the application, a new business inspection of the property will be made by the Mississippi State Rating Bureau or other organization designated to make inspections as required by the Association. Updated inspections will be periodically performed on active renewal policies.
- b. A representative of the inspection agency may contact the applicant or his authorized representative to arrange the time of the inspection because 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, rating details, and insurance to value reports 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:
  - i. The amount of insurance requested, together with other insurance, is within reasonable relationship to the actual cash value of the property involved;
  - ii. Physical condition of the property, such as its construction, evidence of non-functioning utilities, pre-existing damage, electrical wiring, or general deterioration;
  - iii. The property’s present use or housekeeping, such as vacancy, overcrowding, storage of rubbish or flammable materials;
  - iv. Violation of law, public policy, morals, and the character or integrity of the property owner or occupant;
  - v. 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 authorized United States weather bureau).
  - vi. A risk shall not be declined for neighborhood, area, location, or environmental hazards that are 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 policy will not be issued until the Association approves the application and it receives full payment of premium. Insurance will become effective at 12:01 A.M., Standard Time, on the day following the date that the full premium is received by the Association.

## **5. Alternate Binding Procedure**

Application from the Association policy systems shall be completed, printed, signed by the agent and the insured, and submitted with the proper policy service fee, 2 color photos (angle from the front and angle from the rear) and full annual Association premium remittance attached. Scanned wet signature or e-signatures with authentication pages submitted via email are accepted in addition to those mailed to the Association post office box. Coverage is not bound until the Applications are approved by the Association.

For eligible Dwelling Properties not exceeding 2 families located in Protection Class 1 through 10, the full annual Association remittance shall be determined by establishing the full annual Association premium from the Association's "Rating Rules and Rates."

Upon receipt of all necessary application data and the required payment, 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 Association. 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 Association, 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 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 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 Association fire and extended coverage forms as approved by the Mississippi Department of Insurance.

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

## **6. Renewals**

Policies will not be automatically renewed. A renewal quote (with a following invoice) or a renewal application if the Association requires such a renewal application will be provided to the agent, insured, and additional interest ahead of the policy's expiration date. Renewal payment must be received by the Association on or before the expiration date to be renewed without a lapse in coverage. Payments received by the Association 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 Association

provided there is no designated named storm in the Gulf of Mexico as outlined in this Manual.

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

## **7. Declinations**

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.

## **8. Risk Identification**

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

## **9. 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.

## **10. 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 Association 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 endorse such policy to cover the interest of the insured and the purchaser. Such endorsement shall provide coverage for not exceeding 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 Association within 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 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:
  - i. 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;
  - ii. The legal date of sale is specified on the request; and
  - iii. Such request is received by the Association within 15 days of the legal date of sale.

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

#### **IV. CANCELLATIONS**

- 1. Grounds for an Association-initiated cancellation shall be limited to:
  - a. Non-payment of premium;
  - b. Default in payment under a premium payment arrangement;
  - c. Evidence of incendiarism;
  - d. Misrepresentation or concealment of any material fact either before or after loss;
  - 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.

Notice of cancellation, together with a statement of the reason for cancellation, shall be sent to the insured with a copy sent to the producer and the policy-scheduled additional interest. Such notice shall be accompanied by a statement explaining that the insured has a right of appeal as hereinafter provided.

- 2. 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.
- 3. Mid-Term Cancellations of MRPIUA Policies. When Association 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 retro-dated more than 1 year from the date of request, which must be accompanied by the following:

- a. Original Association policy or properly executed Lost Policy Cancellation Release and
  - b. A copy of the Replacement Policy’s Declarations Page, representing the rewritten coverage reflecting the same insured and coverage equal to or exceeding the Association coverage in amount of coverage provided, perils insured against, and term. For retro-dated cancellations, a proof of no loss during the retro date period is required.
4. 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 requesting cancellation.
- a. Property Sold with legal proof of sale provided. 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 required by the Manual is received by the Association. In no event will a retro-dated cancellation more than 1 year prior to the date of the request be approved. For retro-dated cancellations, a proof of no loss during the retro date period is required.
  - 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 must be reported promptly to the Association by the Insured or his representative. A copy of such loss notice will be submitted to the Association.
2. No adjustment of losses is to be handled by the producers.
3. All questions pertaining to the adjustment of Association losses, including policy interpretation, rest with the Association and the authorized Claim Administrator.

## **VI. 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. 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.

## **VII. 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  
6455 Wirtz Road  
Flowood, Mississippi 39232