

MISSISSIPPI
WINDSTORM UNDERWRITING ASSOCIATION

P.O. Box 5389
Jackson, Mississippi 39296-5389
Phone (601) 981-2915
FAX (601) 981-2924
6455 Wirtz Road
Flowood, Mississippi 39232-7801

Bulletin 14-01

Date: 6-17-2014

TO ALL LICENSED MS RESIDENT AGENTS –
MISSISSIPPI WINDSTORM UNDERWRITING
ASSOCIATION (MWUA)

REVISIONS TO MANUAL OF RULES AND
PROCEDURES MWUA

This Bulletin announces various MWUA Manual of Rules and Procedures changes filed to be effective on new and renewal policies effective October 1, 2014.

Valuation Intent - Rules are amended to require a selection of the policyholder intent for coverage valuation (replacement cost or actual cash value). The new business application is revised to add the selection section for the valuation method requested both commercial and non-commercial (this previously applied to commercial only). A loss settlement provisions acknowledgement section requiring applicant/insured initials is added to the application. The acknowledgment section is intended to explain that the valuation election only confirms intent to underwriting. It does not amend loss settlement provisions applicable at the time of loss where the policy limit may not meet coinsurance requirements.

"Inspection Fee" amended to "Policy Service Fee" - Previously inspection site survey fees were only charged on new applications. Rules are amended to replace the inspection fee with a "Policy Service Fee" to both new applications and renewal quotations for both commercial and non-commercial policies. The non-commercial policy fee will be \$30 per location (no charge for a contents only location). A dwelling with a detached garage or storage building same location would incur one \$30 charge. The commercial policy fee will be \$40 per covered building.

Sound underwriting practices dictate that MWUA should be re-surveying in force risks periodically rather than only at new application. This change will provide the necessary funds to complete periodic update inspections on in force risks, while also supporting mid-term underwriting surveys to confirm completion of claim repairs, status on builders risk and renovation risk job progress, and surveys for other underwriting reasons.

Notices to Policyholders advising that a site survey will be conducted will be mailed to the insured and agent (prior to the survey) advising both on what to expect concerning the survey.

Amend IBHS Bronze mitigation credit to 20% in lieu of 17% - The MWUA "Institute for Business and Home Safety" Bronze level credit is currently 17%. In recognition that the Bronze level IBHS certification currently requires code plus mitigation improvements, the MWUA Board voted to increase the credit to 20% for those risks certified for Bronze level wind mitigation improvements.

Reduce Building Code Effectiveness Grading Schedule (BCEGS) credits for one through four family non-commercial risks - This change is linked to the increase in credit for Bronze level IBHS certification. BCEGS credits are lowered to recognize they reflect local community graded building code adoption and code enforcement activities for each graded community. MWUA BCEGS credits are reduced to ensure individual risk mitigation efforts that are code plus in nature will receive more credit than risks simply built in a community with a code that is enforced. While community code enforcement should be rewarded, the individual risk code plus improvements should receive more credit than community code based credits. Individual code plus mitigation efforts will more readily enhance plan depopulation efforts to voluntary carrier options. This change applies to Hancock, Harrison, and Jackson BCEGS credits only. New 1-4 family dwelling BCEGS credits are as follows:

Class		1	2	3	4	5	6	7	8	9
HANCOCK										
HARRISON		.25	.20	.20	.17	.17	.12	.12	.07	.07
JACKSON										

Reduce BCEGS credits by 50% when the risk construction date (verified by a certificate of occupancy) confirms the construction is more than twenty years old- The MWUA Board approved reducing the BCEGS (Building Code Enforcement) credits for older risks recognizing the older the dwelling or structure, the

more likely the original construction will no longer meet current code requirements. This change will also help encourage more individual home wind mitigation efforts rather than relying solely on community based credits.

Add a re-certification requirement for MWUA retrofit mitigation program

credited risks - The MWUA Board recognizes that as periodic update surveys are performed on the in force accounts, those risks currently receiving MWUA wind mitigation credits may require recertification if there are changes in the structure, additions, renovations, condition issues based on age and maintenance, or as related to other changes. Rules are amended to clarify that an MWUA mitigation certified risk may require recertification if underwriting becomes aware of such changes to a risk that would prompt the need for a new inspection for mitigation credit purposes. In such situations, the MWUA may charge an engineering inspection fee. The term "may" is used since the policyholder may already have available acceptable new engineering inspection documents related to changes made since the last MWUA mitigation credit engineering certification.

Clarification on the Fully Earned Premium Rule exceptions – Rules are amended to clarify that "If MWUA determines the property is no longer insurable under the Rules and Procedures of the MWUA" is the fourth exception to the fully earned premium rule. This is the cancellation for underwriting reasons exception to the fully earned premium rule.

This matches the rules page with the application fully earned premium acknowledgment built into the new business application. Rules are additionally clarified that ceased operations (commercial) in some cases can qualify as a pro-rata cancellation per the cancellation section of the manual of rules and procedures. Rules are clarified that each case will be subject to underwriting review and approval. Example, a seasonal or temporary business closure would not qualify for the "ceased operations" exception.

Revised MWUA new business application form - Form MS-U-0210 edition (09-11) is replaced with an updated version dated (10-14). This revision adds the election of valuation intent (replacement cost or actual cash value) and the loss settlement provisions acknowledgment section. For mobile homes it moved the "attach form J" reminder to the Mobile Home details section of the application. A copy of the revised application is attached to this bulletin and will be available along with the revised Manual of Rules and Procedures on the MWUA website link:

<http://www.msplans.com/MWUA/Index.htm>

Please call MWUA staff if you have questions on any of the above described changes.

MISSISSIPPI WINDSTORM UNDERWRITING ASSOCIATION

MWUA No. _____

MISSISSIPPI WINDSTORM UNDERWRITING ASSOCIATION (MWUA) APPLICATION

This Application must be typed or printed.

P.O. Box 5389 - Jackson, MS 39296-5389

Producing Agent Name: _____ Address 1: _____ Address 2: _____ City, St Zip: _____ Phone: _____		Requested Effective Date: _____ Year Constructed: _____ BCEGS Classification: _____		Has MWUA previously provided coverage at this location? <input type="checkbox"/> Yes <input type="checkbox"/> No																					
Applicant Name: _____ Address 1: _____ Address 2: _____ City, St Zip: _____ Phone: _____		Emergency Contact: _____ Phone: _____ Address: _____ Fire Insurance Provider: _____ Amount: _____ Expiration: _____ Flood Zone: _____ Flood Ins. Provider: _____ Flood Policy #: _____ Estimated Building Value: _____ Roof Shape: _____ Roof strapped? <input type="checkbox"/> Yes <input type="checkbox"/> No Year Roof Last Replaced: _____ Roof Type: _____																							
Occupancy and Location Loc. Address 1: _____ Loc. Address 2: _____ City, St Zip: _____ County: _____ Bldg. Address 1: _____ Bldg. Address 2: _____ Occupancy Type: _____		Building Construction (If mixed, indicate %) Number of Stories: _____ Number of Families: _____		POLICY SERVICE FEE NON- REFUNDABLE <input type="checkbox"/> Dwelling or Farm (Per Location) \$30 <input type="checkbox"/> Commercial (Per Building) \$40																					
Mobile Home Details (Attach Form J) Model: _____ ID #: _____ Make: _____ Tie downs? <input type="checkbox"/> Yes <input type="checkbox"/> No Length (ft.): _____ Width (ft.): _____		If commercial, provide file number where property is rated.																							
Distance property from saltwater: _____ Risk Type: _____ Zone: _____ Construction Quality: _____ Square Footage: _____ <input type="checkbox"/> Builder's Risk <input type="checkbox"/> Farm <input type="checkbox"/> Modular Home Fortified Home Credit: _____ % IBHS Cert. Date: _____		VALUATION METHOD REQUESTED Replacement Cost - <input type="checkbox"/> Actual Cash Value - <input type="checkbox"/> For Commercial Properties (building/contents) requesting Replacement Cost, an additional \$50.00 Non-Refundable fee is required. [Replacement Cost Endorsement 6009 (10-98) or 6010 (10-98) will apply.]																							
Description of Building: _____ Named Storm Deductible: <input type="checkbox"/> 2% <input type="checkbox"/> 5% <input type="checkbox"/> 10% <input type="checkbox"/> 15% <input type="checkbox"/> 20% Non-storm Deductible		REPLACEMENT COST VALUE: _____																							
<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th>Coverage</th> <th>Rate</th> <th>Percent of Coinsurance Applicable</th> <th>Amount of Insurance</th> <th>Premium Due</th> </tr> </thead> <tbody> <tr> <td>Building</td> <td></td> <td>%</td> <td></td> <td></td> </tr> <tr> <td>Contents</td> <td></td> <td>%</td> <td></td> <td></td> </tr> <tr> <td>Content of Others</td> <td></td> <td>%</td> <td></td> <td></td> </tr> </tbody> </table>		Coverage	Rate	Percent of Coinsurance Applicable	Amount of Insurance	Premium Due	Building		%			Contents		%			Content of Others		%			Is structure built in jurisdiction where building codes are applicable? YES <input type="checkbox"/> NO <input type="checkbox"/>			
Coverage	Rate	Percent of Coinsurance Applicable	Amount of Insurance	Premium Due																					
Building		%																							
Contents		%																							
Content of Others		%																							
Additional Interest(s): If a mortgage, subject to the provisions of the mortgage clause attached hereto, loss, if any, on building items, shall be payable to said mortgagee. Interest Type: _____ Interest Name: _____ Address 1: _____ Address 2: _____ City, St Zip: _____		Certificate of Occupancy Attached? YES <input type="checkbox"/> NO <input type="checkbox"/>																							
Annual Premium: _____ Bill To: <input type="checkbox"/> Insured <input type="checkbox"/> Mortgagee		Payment Method: <input type="checkbox"/> Quarterly <input type="checkbox"/> Annual		If scheduling is desired, type in "See Schedule Attached" in the Occupancy and Location box and the amount of insurance section of this application, and attach a completed Miss. No.170-W form.																					
Amount Due: ¹ _____ + ² _____ + ³ _____ = ⁴ _____ Total Annual Premium Plus Fee Plus Replacement Costs Amount Due (30% if quarterly) The amount due must be submitted with the application.																									

APPLICATION FOR INSURANCE - NO INSURANCE HAS BEEN PLACED

THIS IS NOT A BINDER. NO INSURANCE HAS BEEN PLACED.

Mississippi Windstorm Underwriting Association

Conditions Applying to Applicant(s)

I (we), as the applicant(s) for windstorm and hail insurance in the Mississippi Windstorm Underwriting Association, fully understand and accept the following conditions as part of my (our) contract, if coverage is accepted by this Association. 1. The producing agent is my agent, not the agent of Mississippi Windstorm Underwriting Association. 2. Any documents or statements made by my agent, whether expressed or implied, do not bind this Association in any way. 3. I understand that my agent cannot warrant or guarantee the effective date, the amount of coverage acceptable, the property meeting minimum underwriting standards or any other material fact that may cause this application to be approved or rejected by this Association. 4. Provided the application is acceptable, coverage is not bound until received by this Association. **RECEIPT OF PREMIUMS BY THE AGENCY/PRODUCER IS NOT RECEIPT BY THE ASSOCIATION AND DOES NOT MAKE THE POLICY EFFECTIVE.** 5. If a named storm, as designated by the U.S. Weather Bureau, is within the boundaries of 80 degrees West Longitude and 20 degrees North Latitude, no new applications can be accepted. 6. Coverage is not bound on new applications, unless a signed application, proper premium remittance and submission of a Form J when applicable are submitted with the application.

Additionally, this application is made with the understanding that, upon request, I (we) agree to accompany your inspectors, or designated inspectors, while inspecting this property. I (we) understand that this application in no way binds any company to afford insurance on the described property. Inspection(s) made under the program and any report of the inspection(s) is for insurance underwriting purposes. Regardless of whether a policy is issued, neither the Insurer, the Mississippi State Rating Bureau nor the Mississippi Windstorm Underwriting Association will be liable for any injury or damage claimed to arise from the inspection(s), omissions from such inspection(s) or report(s) or from compliance or non-compliance by the property owner or owners with the recommendations, if any, contained in said inspection report(s). Permission is granted to submit copies of any inspection or action report(s) to the Mississippi Insurance Commissioner, Mississippi State Rating Bureau, insurers and their agents or representatives.

CANCELLATIONS:

- A. MWUA policies may be cancelled on a pro-rata basis for the following reasons.
 - 1. Coverage is placed with another company. Satisfactory evidence must be provided to MWUA.
 - 2. The property is sold. Satisfactory evidence must be provided to MWUA.
 - 3. There is a total loss of the property
 - 4. MWUA determines that the property is no longer insurable under the Rules and Procedures of MWUA.
- B. The effective date of mid-term Cancellations will in no event be more than one year prior to receipt of proper written cancellation request and satisfactory evidence.
- C. **Cancellation for any reason other than the reasons stated above result in a fully earned non-refundable premium to MWUA and no future coverage will be provided, nor payment options provided until such outstanding balances are paid.**

Conditions Applying To Applicant's Agent

I, as a Licensed Mississippi Agent, fully understand and accept the provisions of the Mississippi Windstorm Underwriting Association and the following conditions applicable thereto: 1. I am the applicant's agent, not Mississippi Windstorm Underwriting Association's. 2. I cannot bind coverage or in any way obligate this Association. 3. If a named storm, as designated by the U.S. Weather Bureau, is within boundaries of 80 degrees West Longitude and 20 degrees North Latitude, no new applications can be accepted. 4. If the application is acceptable, coverage is not bound until received by this Association. 5. Coverage is not bound on new applications, unless a signed application, proper premium remittance and submission of a Form J when applicable are submitted with the application. 6. If minimum underwriting standards are not met, or the application is lacking any of the above mentioned, the application will be returned and no coverage is bound. 7. In the event a policy is issued and then cancelled or a change is made resulting in a return premium due, I agree that my commission will be adjusted accordingly.

PLEASE READ CAREFULLY: THIS POLICY CONTAINS A FLOOD EXCLUSION AND AN EARTHQUAKE EXCLUSION. MWUA DOES NOT OFFER EITHER FLOOD COVERAGE OR EARTHQUAKE COVERAGE. PLEASE SPEAK WITH YOUR AGENT IF YOU DESIRE TO PURCHASE FLOOD COVERAGE AND/OR EARTHQUAKE COVERAGE. PROOF OF FLOOD INSURANCE IS REQUIRED IF RISK IS LOCATED IN ANY A OR V FLOOD ZONES.

APPLICANT'S CERTIFICATION

I (We) hereby certify that the information contained herein is true and correct to the best of my (our) knowledge and belief, and that I (we) **have no unpaid premium due MWUA on the property which is subject of this application.** I (we) have reviewed, fully understand and accept the provisions of the Mississippi Windstorm Underwriting Association and the conditions applicable thereto listed on this application under "CONDITIONS APPLYING TO APPLICANT". (First Named Applicant is required to sign.)

Applicant(s) Signature

Date

APPLICANT'S AGENT CERTIFICATION

I hereby certify that I am a licensed resident property insurance agent in the State of Mississippi and have reviewed the provisions and conditions of the Mississippi Windstorm Underwriting Association with the applicant(s) to his or their satisfaction: I fully understand and accept the provisions of the Mississippi Windstorm Underwriting Association and the conditions applicable thereto listed on this application under "CONDITIONS APPLYING TO APPLICANT'S AGENT".

Agent Signature

Mississippi License No:

Expiration Date:

(Note: In compliance with Public Law 91-508, this is to inform you that in connection with this application for insurance (1) an investigation may be made as to your insurability, including, if applicable, information as to character, general reputation, personal characteristics and mode of living; and (2) additional information as to the nature and scope of any investigation requested will be furnished to you, upon your written request made within a reasonable time after you received this notice.)

MISSISSIPPI WINDSTORM UNDERWRITING ASSOCIATION

Applicant/Insured _____ **Application/Policy #** _____

IMPORTANT NOTICE

NAMED STORM PERCENTAGE DEDUCTIBLE **Applicant/Insured Initials** _____

Policies with Mississippi Windstorm Underwriting Association include a Named Storm Percentage Deductible which could result in high out-of-pocket expense to you in the event of a loss caused by a Named Storm. By placing your initials at the space above and signing this Notice below, you confirm that you understand and acknowledge that this provision is included in the policy for which you have applied.

NO FLOOD COVERAGE **Applicant/Insured Initials** _____

Policies with Mississippi Windstorm Underwriting Association do **NOT** include any coverage for damage caused by Flood. Flood means surface water, waves, tidal water, tidal surge, overflow of a body of water, or spray from any of these, whether or not driven by wind. If your property is located within any Flood Zones designated A or V, proof of flood coverage from another company must be provided. By placing your initials at the space above and signing this Notice below, you confirm that you understand and acknowledge that this provision is included in the policy for which you have applied.

FULLY EARNED PREMIUM **Applicant/Insured Initials** _____

Premium is fully earned and is not refundable except for the following reasons:

- A. MWUA policies may be cancelled on a pro-rata basis for the following reasons:
 - 1. Coverage is placed with another Company. Satisfactory evidence must be provided to MWUA..
 - 2. The property is sold. Satisfactory evidence must be provided to MWUA.
 - 3. There is a total loss of the property.
 - 4. MWUA determines that the property is no longer insurable under the Rules and Procedures of MWUA.
- B. The effective date of mid-term Cancellations will in no event be more than one year prior to receipt of proper written cancellation request along with satisfactory evidence.
- C. **Cancellation for any reason other than reasons stated above shall result in a fully earned, non-refundable premium to MWUA and no future coverage/nor payment options shall be provided until such outstanding balances are paid.**

By placing your initials at the space above and signing this Notice below, you confirm that you understand and acknowledge that this provision is included in the policy for which you have applied.

LOSS SETTLEMENT PROVISIONS **Applicant/Insured Initials** _____

Non Commercial applications - On the front page of the application, a valuation method for Replacement Cost or Actual Cash Value must be selected. Replacement Cost is the cost to repair or replace with like kind and quality without deductions for depreciation on buildings and outbuildings. Actual Cash value is replacement cost less deductions for age (depreciation), usage, and condition. Only Buildings and Outbuildings are eligible for Replacement Cost Valuation, contents are Actual Cash Value regardless of application election. Additionally, when Replacement Cost is chosen policy coinsurance provisions could limit payment to Actual Cash Value or Replacement Cost Coinsurance Penalty Value if the policy limit does not meet the 80% coinsurance requirement outlined in the loss settlement provisions of the policy. The election of replacement cost, or Actual Cash value, establishes the policyholder intent; but the policyholder intent can be overridden based on loss settlement terms and conditions applied to the claim at the time of loss. For this reason it is crucial for the applicant to choose a policy limit carefully. By placing your initials at the end of this paragraph and signing this Notice below, you confirm that you understand and acknowledge the policy loss settlement provisions applicable to any covered claim reported for claim handling.

Commercial applications – If Replacement Cost is selected on the front page of the application, the policy will be endorsed to reflect replacement cost in lieu of actual cash value loss settlement for buildings and contents. However, the loss settlement provisions include coinsurance requirements that could amend the valuation to a coinsurance penalty valuation if the policy limit does not meet the coinsurance requirement at the time of loss. By placing your initials at the space above and signing this notice below, you confirm that you understand and acknowledge the policy loss settlement provisions applicable to any covered claim reported for claim handling.

Signature of Applicant/Insured

Date