

# **MISSISSIPPI WINDSTORM UNDERWRITING ASSOCIATION (MWUA)**

## **Manual of Rules and Procedures**

### **I. INTRODUCTION**

#### **1. Purposes**

The broad objectives of the Plan are to make Essential Property Insurance available to responsible applicants on eligible property located in the Coast Area of Mississippi who have been unable to secure such insurance in the normal insurance market and to fulfill the purposes provided by House Bill 274, Laws of 1987 and HB1500 of the 2007 Legislative Session. The "Coast Area" consists of George, Hancock, Harrison, Jackson, Pearl River and Stone Counties of Mississippi.

### **II. GENERAL**

#### **1. Who May Apply**

Any person having an insurable interest in insurable property at fixed locations in the Coast Area.

#### **2. Application Forms**

Application forms may be secured from the Mississippi Windstorm Underwriting Association, Post Office Box 5389, Jackson, Mississippi 39296-5389 or <http://www.msplans.com/mwua>.

#### **3. Eligible Property**

Builder's risk and real property at fixed locations in the Coast Area or the contents located therein.

#### **4. Ineligible Property**

Motor vehicles and any structure commenced on or after June 1, 1987, not built in substantial compliance with the Standard Building Code, including the design-wind requirements therein, and contents in such structure. An exception to the preceding is Trailer or Mobile Home Risks (see Section II, Paragraph 6.C).

## 5. Coverage

### Windstorm and Hail Insurance (Specific Peril Policies)

#### A. General Provisions:

- (1) MWUA Windstorm and Hail Coverage – Basic Form (MWUA 001) or Windstorm and Hail Form No. 4001 (Effective 1-00) with appropriate fire form attached to the Standard Fire Insurance Policy.
- (2) Except as otherwise specifically provided, all windstorm and hail property damage policies shall be written subject to 80% or higher coinsurance clause. Dwellings (One through Four Family) are subject to loss settlement.
- (3) Mississippi State Rating Bureau Extended Coverage Endorsement construction classification rules shall apply to windstorm and hail policies.
- (4) (a) All policies on properties in the "Coast Area" except policies written without coinsurance (See Paragraph 6.A. (3) following), and policies covering Trailer or Mobile Home Risks (See Paragraph 6.C. following), shall be subject to Special Windstorm and Hail Deductibles by attaching the proper special endorsement as follows:

Dwelling Including Farm Dwelling (One-Through Four family) Deductible Form No. 6001 (Effective 10-98) (\$500.00 Deductible); Dwelling policies with coverage over \$500,000.00 Miss. No. 6013 (effective 09-03) (\$1,000.00 Deductible)

Dwellings Including Farm Dwelling (One through Four-Families and Trailer or Mobile Homes) 2% Named Storm Deductible. Miss. No. 6012 Miss (Effective 10-07)

Commercial including Farm Property Other Than Dwelling (Other Than One Through Four Family Dwelling) Deductible Form No 6007 Comm (10-13) 6006 Comm (10-13)

No Credit in rates will be allowed for these deductibles.

## (b) Optional Dwelling, including Farm Dwelling, (One through Four Family):

Deductible Rate Adjustment Factor

Deductible Form Miss. No. 6003 (1-95) \$1,000 = .90

Deductible Form Miss. No. 6004 (1-95) \$2,500 = .85

(c) Optional Named Storm<sup>1</sup> Deductible for Dwelling, including Farm Dwelling (One through Four Family and tenant occupied multi-unit dwelling complex) Mobile Homes and Manufactured Homes and commercial properties:

\*Note: (Section III 6. Renewals B) Deductible may only be changed at the renewal of that policy.

Named Storm Deductible	Rate Adjustment Factor
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## Non-Commercial

5% Form 6012-5 Non Comm (10-13)	.87
10% Form 6012-10 Non Comm (10-13)	.78
15% Form 6012-15 Non Comm (10-13)	.71
20% Form 6012-20 Non Comm (10-13)	.65

## Commercial (Other than One through Four Family Dwelling)

5% Form 6012-5 Comm (10-13)	.87
10% Form 6012-10 Comm (10-13)	.78
15% Form 6012-15 Comm (10-13)	.71
20% Form 6012-20 Comm (10-13)	.65

- (5) Dwellings including farm dwelling (one through four families and trailers or mobile home risks) are subject to a 2% Named Storm Deductible Mississippi No. 6012, \$500.00 minimum, or \$1,000.00 minimum, when a named storm is located within the boundaries of 80 degrees West longitude and 20 degrees North latitude. The application for insurance shall indicate the desired valuation method Actual Cash Value or Replacement Cost subject to policy loss settlement provisions including coinsurance requirements.

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<sup>1</sup> "Named Storm" means a storm system that has been named by the National Hurricane Center of the National Weather Service.

- (6) Commercial properties may be insured for replacement cost. The application for insurance shall indicate the desired valuation method Actual Cash Value or Replacement Cost subject to policy loss settlement provisions including coinsurance requirements. A special \$50.00 non-returnable fee shall be included with the application when replacement cost coverage for commercial properties is requested. Replacement cost insurance in the Mississippi Windstorm Underwriting Association shall only apply when other property insurance covering perils other than windstorm and hail for the location is also based on replacement cost. The amount of replacement cost insurance for the location covering perils other than windstorm and hail together with the coinsurance percentage applicable thereto, shall be provided in the application for coverage in the Mississippi Windstorm Underwriting Association. Mississippi Windstorm Underwriting Association Replacement Cost Endorsement, Mississippi Form No. 6009 or Mississippi Form No. 6010 (effective 10-98) is required.
- (7) Coverage's that are not provided are: Time Element and Reporting Form.
- (8) Blanket insurance coverage may be provided for commercial buildings and contents at one or multi locations (location in this usage is when the premises is not broken by a public thoroughfare or property of others or railroads), when a statement of values has been submitted and proper notice is shown on the application. If written blanket at one location or blanket covering more than one location, the limits continues to be \$1,000,000.00. There can be no more than one multi location blanket schedule written through MWUA for any one insured. Coinsurance adjustment is applicable per Section II, Item 6. Rates, A., sub-item (3), and the coinsurance rule is eliminated.

## **6. Rates**

A. Property other than Dwellings (One through Four Family and tenant occupied multi-unit dwelling complex), Trailer or Mobile Home Risks

- (1) The MWUA 80% coinsurance clause Windstorm and Hail rate for an item shall be the Mississippi State Rating Bureau Extended Coverage Rate or Wind and Hail rates filed and approved for use by MWUA.
- (2) Where maximum MWUA limits are applicable and Windstorm and Hail insurance is written with 50% coinsurance use the MWUA 80% Windstorm and Hail rate for an item and multiply by 1.5.

- (3) Where maximum MWUA limits are applicable and Windstorm and Hail insurance is written with no coinsurance use the MWUA 80% coinsurance clause Windstorm and Hail rate for an item and multiply by 2.5 (See § 8.A. Limits).

Note: Windstorm and Hail Deductible Clause, 6006 Comm (10-13), is mandatory.

- (4) Where Windstorm and Hail Insurance is written at higher than 80% coinsurance, use the MWUA 80% coinsurance clause Windstorm and Hail rate for an item and reduce 5% for 90% coinsurance and 10% for 100% coinsurance.
- (5) The Building Code Effectiveness Grading Schedule (BCEGS) develops classifications of 1 thru 10 for a community based on the adequacy of its building code and the effectiveness of its enforcement of that code. The following credits will apply for commercial structures built in the corresponding graded community as designated by the Mississippi State Rating Bureau. The BCEGS rules as defined in the commercial lines manual are applicable. A copy of the certificate of occupancy for the location must be provided to MWUA in order for the credit to be applied.

**PROPERTY OTHER THAN DWELLINGS (ONE THROUGH FOUR FAMILY)**

CLASS	1	2	3	4	5	6	7	8	9
COUNTIES									
HANCOCK HARRISON JACKSON PEARL RIVER STONE GEORGE	.10	.10	.10	.06	.06	.06	.06	.02	.02

**B. Dwellings (one through Four Families and tenant occupied multi-unit dwelling complex)**

- (1) The MWUA Windstorm and Hail rate for an item shall be the Mississippi State Rating Bureau Extended Coverage Rate or Wind and Hail rates filed and approved for use by MWUA.
- (2) Dwellings which have been constructed and certified by the Institute for Business and Home Safety (IBHS) as qualifying for a Fortified Home Designation may

receive the following credits upon receipt of documentation by the Association confirming such designation.

- Policies written within one year of achieving Fortified Home Designation - 25%
- Policies written within two years of achieving Fortified Home Designation - 20%
- Policies written within three years of achieving Fortified Home Designation - 15%
- Polices written over three years after achieving Fortified Home Designation - 10%

Dwellings may also obtain credit by following and receiving certification for the IBHS mitigation program Fortified for Existing Homes. The credits are as follows:

- IBHS Bronze – 20%
- IBHS Silver – 25%
- IBHS Gold – 30%

- (3) The Building Code Effectiveness Grading Schedule (BCEGS) develops classifications of 1 thru 10 for a community based on the adequacy of its building code and the effectiveness of its enforcement of that code. The following credits will apply for dwellings built in the corresponding graded community as designated by the Mississippi State Rating Bureau. The BCEGS rules as defined in the Insurance Services Office (ISO) homeowners manual Rule 410 are applicable. A copy of the certificate of occupancy for the location must be provided to MWUA in order for the credit to be applied. Dwellings with construction dates (verified by certificate of occupancy) more than 20 years old will receive 50% of the otherwise applicable BCEGS credits in the table below.

Note\* - Structures qualifying for Fortified Home designation as described in section 6.B.2 above will also qualify for a BCEGS class 1 designation.

DWELLINGS ONE THROUGH FOUR FAMILY

CLASS		1	2	3	4	5	6	7	8	9
COUNTIES										
HANCOCK HARRISON JACKSON		.25	.20	.20	.17	.17	.12	.12	.07	.07
PEARL RIVER STONE GEORGE		.15	.10	.10	.08	.08	.06	.06	.03	.03

(4) For risks receiving certification for the IBHS mitigation program Fortified for Existing Homes. (IBHS Bronze, IBHS Silver or IBHS Gold), an additional credit for the removal of Site Hazards may be allowed as described below.

**MWUA Site Hazards (5% Credit)**

1. Clear all overhanging limbs
2. Clear all trees greater than 15 feet tall and within 15 feet of the subject structure.

An inspection by an inspector authorized by MSRB to determine if the above Site Hazards have been completed properly. Additional inspection fees for this inspection or re-inspection may apply.

C. The appropriate rate shall be applied based upon the applicable Rating Territory / Zone. These Rating Territories are defined as:

Zone A - Properties located south of the Railroad track to the Beach

Zone B - Properties located between the Railroad track to I-10

Zone C - Properties located north of I-10 in Harrison, Hancock and Jackson Counties.

Zone D - Properties located in George, Pearl River and Stone Counties

D. Trailer or Mobile Home Risks

All policies covering trailer or mobile home risks shall be subject to Special Windstorm and Hail Deductible Form Miss. 6008 Effective 10-98. (\$500 Deductible) and Miss. No. 6012 (10-07) Named Storm 2% Wind and Hail Deductible Clause.

Trailer or mobile home risks to be eligible for coverage in the MWUA shall be anchored and secured in substantial compliance with the Standard Building Code, including the design-wind requirements therein, and so certified by a local building inspector, contractor, engineer or architect. Compliance with the following provisions would meet the code requirements, other than elevation, for attachment of trailer or mobile home risks to foundation.

(1) Piers

(a) Pier foundations shall be installed directly under the main frame (or chassis) of the mobile home. The piers shall not be further apart than ten (10) feet on centers, and the said main frame (or chassis), front or back, shall not extend further than five (5) feet beyond the center line of the end piers.

(b) All grass and organic materials shall be removed and the pier foundation placed on stable soil. The pier foundation shall be placed on level rock, gravel or inserted at least 4" into sand or loam soil. The pier foundation shall be a regular 8"x8"x16" concrete block, placed on its side with open cores horizontal, the 16" dimension shall be at right angles to and centered upon the main frame members of the mobile home.

(c) Piers shall be constructed of regular 8"x8"x16" concrete block, with open cells vertical, placed above the pier foundation block. A 2"x8"x16" treated wood plate shall be placed on the top of the pier with shim shingles fitted and driven tightly between the wood plate and the main frame where necessary in order to provide uniform bearing.

(2) Tie-downs

(a) Each mobile home shall be provided with a minimum of four (4) anchors and tie-downs as hereinafter provided: ties shall be attached to the main framing members in a manner that will not release under the vibratory loading. Ties shall be made snug by use of 1/2" dropped-forged steel turnbuckles with welded eyes connected to ground anchors with 3/8" wire rope. Ties and anchors shall be placed adjacent to the front and rear piers and spaced no more than twenty (20) feet apart on each side of the unit.

(b) Ties passing over mobile home may be used in addition to, but not in lieu of, the ties to the main frame. Such ties should not come in contact with the coach body except at points which have been reinforced or otherwise properly protected so that this additional load will not damage the coach body.



## (3) Ground Anchors

(a) An approved ground anchor shall be one of the following: A steel screw auger with minimum of 5/8" diameter rod with welded eye on one end and a minimum auger diameter of six (6) inches on the other end. The auger shall penetrate at least 3½ feet below the ground surface.

(b) A steel 5/8" welded eyebolt with a 6" hook, or a steel U-shaped 5/8" rod with two 3" hooks, cast into a reinforced 4" concrete slab not less than 75 square feet in area.

(c) A steel 5/8" welded eyebolt, or a steel U-shaped 5/8" rod, cast 6" into poured-in-place concrete deadman at least 6" in diameter and 2 feet deep.

**7. Term**

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

**8. Limits**

A. On property located in the "Coast Area", the Association shall undertake , to place insurance up to the reasonable insurable value of the property, subject to a maximum at any one location for all insured interests of:\$1,000,000. on dwellings not exceeding four (4) families and \$250,000 on dwelling contents contained therein; \$1,000,000 on all other eligible property including manufacturing or processing plants. Location means real and personal property consisting of and contained in a single building, or consisting of or contained in contiguous buildings when rated as one (1) risk by the Mississippi State Rating Bureau. In the case of manufacturing or processing plants, a multi-location or a commercial risk written blanket with multi-locations, the maximum coverage shall apply to the total location or locations when written blanket. A location is applicable when it is not broken by a public thoroughfare, property of others or railroads. When the maximum value is limited to \$1,000,000.00 per building, location or multi-locations, when written blanket, and Rule (3) of Sub-Item 6. A., Rates, Section II of the Manual of Rules and Procedures applies, the Coinsurance rule is eliminated.

B. Coast Plan policies written for maximum limits may be endorsed allowing them to act as primary coverage. A specific request must be made to MWUA requesting the endorsement (see Rule II. 6. A. [3]).

C. Dwelling policies with \$500,000 or more coverage up to the limit of \$1,250,000, (building and contents) will have a mandatory \$1,000 minimum policy deductible.

### **9. Premiums - Payment Plan Program:**

A. Premiums are payable by full pay or through a four pay plan direct bill system by check or money order, by mail or in person during normal working hours, excluding holidays at the office of the Association. Full payment or required payment plan deposit 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 from agent of such default and appropriate return remittance shall be provided.

B. DIRECT BILL SYSTEM: may be utilized by making a down payment of 30% of the gross premium with application, with one (1) 30% payment due three months after inception and two (2) remaining installments of 20% each spread three months apart. A ten dollar (\$10.00) service fee will be added to each of three quarterly installments. Installment payments will be billed directly to the insured.

C. MINIMUM EARNED PREMIUM: There is a minimum earned premium of \$150.00 for dwelling policies, one through four families or tenant occupied, multi-unit dwelling complexes, for building or contents. A minimum earned premium of \$250.00 is applicable to all commercial policies; building and/or contents.

NOTE: Minimum premium cannot be placed on the Direct Bill Payment Plan System.

D. FULLY EARNED PREMIUM: The premium will be fully earned unless the policy is cancelled for one of the following reasons. These cancellations will be cancelled pro-rata.

1. Total Loss
2. Property is sold
3. Coverage is placed in the "Voluntary Market"
4. MWUA determines the property is no longer insurable under the Rules and Procedures of MWUA.

For policies that cancel for any other reason the full policy premium is considered earned and must be paid before the policy can be renewed or a new policy is issued for the same insured at same location.

## **10. Commission**

The commission to a licensed agent or broker is 12% for new business and 10% on renewals beginning July 1, 2008. Agents will not deduct commission from any payments. Agents or brokers will receive their commission as the insured pays their installments and not on a written basis. Agents or brokers must refund ratably to the Association, commission on the unearned portion of canceled liability and on reduction in premiums. No commission is payable on inspection or service fees.

## **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 on behalf of the owner of the insurable interest by a licensed Mississippi resident agent or broker authorized by such owner. All applications submitted must be on the form prescribed by the MWUA.

B. Applications must be submitted with appropriate payment of premium before coverage is provided.

C. All applicable items on the application must be completed in detail. In addition, when the structure for which insurance is desired (or contains contents for which insurance is desired) was commenced on or after June 1, 1987 and is located in an area in which the Standard Building Code has not been adopted, attach certificate from a local building inspector, contractor, engineer or architect certifying that the structure is built in substantial accordance with the Standard Building Code, including the design-wind requirements therein. MWUA Form J was specifically designed for this purpose and copies may be obtained upon request.

D. The following schedule of Policy Service Fees must accompany the initial application and will be charged annually with each renewal:

- a. Dwellings not exceeding four (4) families and farm property and mobile homes – Thirty Dollars (\$30.00) per location scheduled. No charge for contents only coverage. Fully earned and not subject to agency commission.
- b. Commercial - Forty Dollars (\$40.00) per risk (building) scheduled for coverage including contents only coverage subject to a maximum for any one location of \$400.00. Fully earned and not subject to agent commission.

- E. Special Inspection Fees: MWUA is to be reimbursed, by the insured, for the actual fee or fees for conducting inspections of property located on any of the barrier islands. The inspection fee is not to exceed \$500.00. .

## **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. Periodic update inspections will be performed according to Mississippi Windstorm Underwriting Association underwriting process and procedures for renewal updates and as needed for specific underwriting reasons case by case.

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 or replacement cost of the property involved;
- (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 occupancy;
- (5) No new or increased coverage shall be bound or applications for new or increased coverage accepted when a named storm is in the Gulf of Mexico or within the boundaries of 80 degrees West longitude and 20 degrees North latitude (a "named storm" is a storm system that has been named by the National Hurricane Center of the National Weather Service).
- (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.
- (7) Property insurance, if any, other than windstorm and hail insurance written through the Association, shall be provided by insurers who are assessable insurers in the Association, except this requirement shall not be applicable when an application for insurance in the Mississippi Windstorm Underwriting Association is submitted with a copy of the affidavit required by the Mississippi Commissioner of Insurance. (This rule does not apply when Section II, Paragraph 8B, is applicable.)
- (8) Applications for wind and hail coverages for property located in flood zones denoted as A and V must provide evidence of flood coverage.

#### **4. Acceptance**

A. A policy will be issued by the Association upon full payment of premium or after required payment plan deposit is received. Insurance will become effective at 12:01 A.M., Standard Time, on the day following the date premium is received by the Association.

B. Hand delivery of applications may be accepted at the office of the Association only during normal working hours which excludes holidays. Hand delivered applications are subject to all other underwriting rules, procedures and guidelines pertaining to the acceptance of applications

#### **5. Policy Writing Procedure**

Application (Form MS-U-0210) shall be completed with proper policy service fee, and full annual MWUA remittance or required payment plan deposit attached.

For Dwelling Properties located in the Coast Area, the full annual MWUA remittance or required payment plan deposit shall be determined by establishing the full annual MWUA premium from MWUA Dwelling Rates.

For Commercial Properties located in the Coast Area, the full annual MWUA remittance or required payment plan deposit shall be determined by establishing the full annual MWUA premium as provided in "Section II, Paragraph 6". In the event of a risk on which Mississippi State Rating Bureau rates have not been established, an estimated rate should be used, or a request for an estimated rate should be directed to the Mississippi State Rating Bureau or the MWUA.

Upon receipt of all necessary data, and if the location is considered to be acceptable, policy will be issued with copies 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 MWUA, or effective on the date the application is mailed if sent by registered or certified mail, unless the application stipulates a later date. If the location is not acceptable, is borderline or if data is incomplete, the producer will be so notified and policy will not be issued.

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

## **6. Renewals**

A. Policies Will Not Be Automatically Renewed. For policies that MWUA wishes to renew, MWUA will provide a Renewal Quotation, which contains the date of expiration of the existing policy, the quoted premium for the renewal of the policy, and a renewal notice form. Renewal notice forms and corresponding required premiums received by MWUA on or before the expiration date will result in the policies being renewed without a lapse in coverage. Renewal notice forms and the corresponding required premiums received after the date of expiration will result in the policies being reinstated effective 12:01 A.M., Central Time, on the day following the date that the renewal notice forms and the corresponding required premiums are received by MWUA (provided there is not a named storm in the Gulf of Mexico as outlined in this Manual). So long as the renewal notice forms and the corresponding required premiums are received by MWUA within thirty (30) days after the expiration, the submission of a new application is not required (provided there is not a named storm in the Gulf of Mexico as outlined in this Manual).

B. Named Storm Deductibles Changed Only At Renewal. Named Storm Deductibles (see Section II.5) are selected at the inception of the policy and can only be changed at the renewal of that policy.

C. Thirty Days Advance Notice of Expiration. A minimum of thirty (30) days advance notice of expiration will be given to the insured, the representative, and, if applicable, the mortgagee(s).

D. Additional Data May Be Required Prior to Renewal Being Offered. In certain renewal situations, additional information is required to determine if the risk meets MWUA's reasonable underwriting standards. This information must be received before MWUA can offer renewal by issuing a Renewal Quotation. Since the process of reviewing the required data and making appropriate underwriting decisions takes time, the required data must be provided at least 30 days before the policy's expiration date. If it is not, the policy will expire and no coverage from MWUA will be in place until the renewal process described in Paragraph 6(A) above is completed.

## **7. 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.

B. When the Association is notified that such improvements have been made, the property will be re-inspected upon payment of reinspection fee.

## **8. Risk Identification**

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

## **9. Policy Changes**

A. Requests for changes of 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), or the additional premium is added to the Direct Billing Program.

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 MWUA 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 thirty (30) days or until other windstorm and hail 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 MWUA 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 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 D, certifying there has been no change in occupancy, and
- (2) the legal date of sale is specified on the request.

## **IV. CANCELLATIONS**

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

- (1) Non-payment of premium;
- (2) Default in payment under a premium payment arrangement;
- (3) Evidence of incendiarism;



- (4) Misrepresentation or concealment of any material fact either before or after loss;
- (5) Cause which would have been grounds for non-acceptance under the Plan of Operation had such cause been known at the time of acceptance; and
- (6) 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.

B. 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.

C. When a policy is canceled 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.

D. Mid-Term Cancellations of MWUA Policies - When MWUA 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 one year prior to the receipt of the request for cancellation accompanied by the following:

- (1) Original MWUA policy or properly executed Lost Policy Cancellation Release, and
- (2) Photocopy of the policy (Daily Report) representing the rewritten coverage reflecting the same insured and coverage equal to or exceeding the (MWUA) coverage in amount of coverage provided, perils insured against and term.
- (3) Provide MWUA with an affidavit stating there has been no losses, no claims made, or damage to the property, since the requested cancellation date.

E. Cancellations at the Request of the Insured - The original copy of the policy, renewal certificate or a properly executed Lost Policy Cancellation Release must be returned to the MWUA with a Form "D" requesting cancellation.

- (1) 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 required by the Manual is received by the MWUA.

- (2) A request for cancellation after a business has ceased operations will be calculated on a pro-rata basis (subject to underwriting confirmation/approval).
- (3) All Other Cancellations at the Request of the Insured will be canceled effective the date all data required by this Manual is received by the MWUA. The policy premium will be considered fully earned and the policy cannot be reissued with an outstanding premium balance.

## **V. LOSS HANDLING PROCEDURE**

- A. Losses will be reported promptly to MWUA's Claim Administrator by the Insured or his representative. A copy of such loss notice will be sent to the Association.
- B. No adjustment of losses are to be handled by the Producers.
- C. All questions pertaining to the adjustment of Association losses, including policy interpretation, rest with the MWUA and/or its Claim Administrator.

## **VI. LOSS REIMBURSEMENT PROCEDURES**

- A. If a Servicing Insurer is utilized, reimbursement for loss payments and loss adjustment expenses may be made by the Association on a monthly basis. The Servicing Insurer shall submit a monthly bordereau of loss adjustment expenses, payments and outstanding reserves. Such bordereau shall contain the following information:
  - (1) MWUA policy number
  - (2) Servicing Insurer's claim number
  - (3) Name of Policyholder
  - (4) Date of loss - policy year
  - (5) Amount of Loss paid or outstanding reserve
  - (6) Loss adjustment expense
  - (7) Loss supervisory expense
  - (8) Attach copy of loss and expense drafts for Association files.
- B. 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 assessable insurers
- C. Loss adjustment expense shall include the following:

- (1) Allocated loss adjustment expense - such as actual cost of adjusters, experts, salvors, legal fees, etc.
- (2) Adjuster expense when handled by staff adjuster.
- (3) Loss supervisory expense.

D. The Servicing Insurer's books and records shall be open to the Association for the verification and approval of these items.

#### **VII. CREDIT FOR BUSINESS WRITTEN ON A VOLUNTARY BASIS**

Assessable Insurers shall receive annually, credit for Essential Property Insurance voluntarily written and receive appropriate credits as outlined in the Plan of Operation. 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**

A. The Association will submit to its assessable insurers on a semi-annual basis a statement of in force liability, and on an annual basis a statement of the Association's income and expenses and a statement of operating results, expenses and reserves.

B. At the end of each fiscal year (December 31) there will be an annual report to assessable insurers based on their percentage of participation for the previous calendar year, except interim reports may be provided upon direction of the Board of Directors. These percentages will then be used for each assessable insurer's interim participation in the Association for the subsequent fiscal year.

#### **IX. APPEALS**

A. Any applicant for insurance and any person insured under the Plan of Operation or any affected insurer may appeal to the Board of Directors within fifteen (15) days after any final ruling, action or decision of the Association, the Inspection Bureau or a Servicing Insurer. The Board or and Appeals Committee designated by the Board shall hear and determine such appeal within fifteen (15) days after the same is filed. Such determination may be appealed to the Commissioner within thirty (30) days as provided by Statute.

B. Orders of the Commissioner shall be subject to judicial review as provided by Statute.

## **X. OPERATIONS**

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

**Mississippi Windstorm Underwriting Association  
6455 Wirtz Road  
Flowood, Mississippi 39232  
Post Office Box 5389  
Jackson, Mississippi 39296-5389**