

## OHIO FAIR PLAN UNDERWRITING ASSOCIATION

**Bulletin #6 – August 17, 2004**

### **PREMIUM PAYMENT PLAN FOR HOMEOWNERS COVERAGE EXPANDED!!!!**

In 2000, the Ohio FAIR Plan (OFP) introduced a 2-installment pay plan for Homeowners Replacement Certificates. Since OFP has necessarily increased premiums for its Homeowners Program, we feel it is appropriate to expand the Premium Payment Plan (PPP) from a 2-installment PPP to a 4-installment PPP. Most of the business rules established for the 2-installment plan apply to the 4-installment PPP. This Bulletin will provide the “highlights” of this expanded PPP.

#### **Highlights**

The PPP continues to be **available only for Policies issued under Homeowners Coverage Forms**

The PPP continues to be **available only for Replacement Certificates**—not New or Rewritten business

The PPP is still **not available if premiums are paid by a mortgage company** through an escrow account

The PPP is a **4-installment plan**

The PPP is **available only if the full annual premium is \$200.00 or more**

A **15-day “grace period”** continues to be available

For policies issued under the **Dwelling Fire, Commercial and Farm Fire, and Crime programs, the full annual premium must be paid—the PPP does not apply**

#### **Implementation And Detail Plan**

On 8/18/04 OFP will issue all Homeowners (HO) Replacement Certificates (RC’s) with effective dates of 9/26/04 offering the 4-installment PPP

Obviously, all RC’s issued with effective dates after 9/27/04 will be issued with the 4-installment PPP available

The Premium Notice (invoice) that accompanies the HO Replacement Certificates will show:

- The **Payment Options** available as the **Full Annual Premium and the Four Installments PPP**
- The **Full Annual Premium will be shown with the Payment Due Date and, obviously, no Installment Fee**
- **Installment 1** will be shown with the **Payment Due Date and a one-time installment fee of \$10.00**

- The **reverse side** of the Premium Notice will describe the PPP noting:
  - That the **full annual premium payment plan is the only plan available to mortgagees** (if insurance premiums are escrowed)
  - **What** the full annual premium payment amount is and when it is due in OFP's office
  - That the PPP **available to insureds is a four-installment payment plan**
  - That the PPP includes a **one-time installment fee of \$10.00** that **must be paid** with the first installment
  - **How much** is due under the PPP and the **due date** of the first installment
  - That the **PPP choice must be made and the first installment paid by the due date indicated or coverage will be cancelled and the PPP will no longer be available**
  - The **details (due dates and necessary Payment amounts) of each installment under the four-installment payment plan**

The **2nd, 3rd, and 4th Installments will be billed by OFP via Premium Notices** providing adequate time for the insureds to pay those additional Installments timely to both keep their coverage from canceling and keep the PPP available to them. The 2nd Installment notice will be issued 56 days after the RC effective date, the 3rd 147 days after the RC effective date, and the 4th 238 days after the RC effective date.

**NOTE: PAYMENTS THAT ARE NOT RECEIVED IN OFP'S OFFICE BY THE DUE DATES INDICATED ON THE PREMIUM NOTICES WILL LOSE THE AVAILABILITY OF THE PAY PLAN AND WILL HAVE TO PAY THE FULL ANNUAL PREMIUM. THERE WILL BE NO EXCEPTIONS TO THIS!!!!!!**

We are hopeful that this expansion to the 4-installment payment plan will be helpful to OFP insureds. **Obviously, to enjoy the benefits of this plan, insureds must respond with timely payments to allow us to recognize their choice for the PPP.**