

# Joint Insurance Association

## Consumer Information Sheet

The Maryland Joint Insurance Association provides Homeowners, Dwelling and Commercial Property coverages to individuals and businesses of the State of Maryland who are unable to obtain coverage through the voluntary insurance market.

The Maryland Joint Insurance Association is established under provisions of the Annotated Code of Maryland. The Association is not a government agency or organization.

### The following coverages are available from the Association:

#### **Dwelling Fire:**

DP-1 Dwelling Basic Form

#### **Commercial Fire:**

CP0099 Standard Property Policy

#### **Homeowner Forms**

HO-2 Broad Form Dwelling

HO-4 Tenants Form

HO-6 Condominium Owners Form

HO-8 Modified Coverage Form

### JIA Maximum Coverage Limits:

#### **Homeowners and Dwelling Fire**

Coverage A Dwelling \$455,000

Coverage C Contents \$228,000

#### **Commercial**

Fire-resistive \$1,500,000

Masonry \$1,500,000

Frame \$1,500,000

### COVERAGES PROVIDED:

**THE ASSOCIATION DOES NOT PROVIDE COVERAGE FOR DAMAGE BY FLOOD**

#### PERILS:

##### **Commercial and Dwelling Fire**

- **FIRE OR LIGHTNING**
- **EXTENDED COVERAGE** - coverage against direct loss to property caused by windstorm, hail, explosion, riot, civil commotion, aircraft, vehicles and smoke.
- **VANDALISM & MALICIOUS MISCHIEF** - coverage against direct loss to property caused by vandalism and malicious mischief. This coverage is NOT available if property is vacant or unoccupied.

Coverage is NOT provided for loss caused by other perils or for indirect loss. Further, coverage is limited to those forms offered by the Association. No "scheduled" policies are available.

COMMERCIAL and DWELLING properties will NOT be written under the same policy. Each of these risk categories requires a separate application and policy.

Commercial properties require a separate application be submitted for each individual building.

## Homeowners

- **Broad Form Perils - Forms HO-2, 4, & 6**
- **Limited Perils - Form HO-8**

Ineligible Classes of Risks - The following classes of property are not acceptable for Homeowners coverage:

- (1) Seasonal dwellings
- (2) Farm property unless inactive
- (3) Mobile homes or trailer units
- (4) Vacant or unoccupied properties
- (5) Properties in the course of construction or major renovation, until occupied as a residence.

Optional Coverages are available as outlined in the STATEMENT OF ADDITIONAL COVERAGES NOT AVAILABLE ON THE STANDARD HOMEOWNERS INSURANCE POLICY information sheet.

**To request coverage**, a properly completed application, signed by the applicant(s) must be submitted on each property including a copy of the cancellation or non-renewal statement from the present carrier. Applications may be obtained from our website, [www.mdjia.org](http://www.mdjia.org) or by contacting the Association at 1-800-492-5670 (FAX 410-244-7268). Applications should be mailed to the address on the application.

All properties will be inspected to determine insurability. The Inspection may result in condition charges and/or exclusions being applied to the policy, or the cancellation of the Tentative Binder. Condition charges will be removed on a pro-rata basis after correction of the condition(s) and confirmation of the correction by the Association.

### **Tentative Binder:**

In the event the applicant desires coverage to be bound for either Homeowners or Fire Policy Program prior to notification by the Association of the acceptance or declination of the requested coverage, the applicant may request a Tentative Binder.

1. In order to facilitate the prompt processing of requests for Tentative Binders, the applicant shall submit to the Association:
  - (a) For Non-Homeowner risks, 2 copies of a properly completed application along with the required estimated premium.
  - (b) For Homeowners HO-2 or HO-8 Coverage, 2 copies of a properly completed application, the required estimated premium, and a copy of the cancellation notice from the previous insurance carrier and 2 photos of the dwelling (front and rear) plus photos of any outbuildings.
2. The Association upon request for Tentative Binding will review the request. If approved, a Notice of Tentative Binding will be issued. The Association may elect not to tentatively bind coverage until the inspection of the property is completed and reviewed by the Association. Coverage is not bound until the Notice of Tentative Binding is issued by the Association.
3. If the property is tentatively bound by the Association and prior to the issuance of the policy of insurance be determined to be ineligible for coverage or to fail to meet reasonable underwriting standards as defined in these rules, the Association shall terminate the tentative binder, with 15 days notice, shall notify the applicant of the termination, shall retain a pro-rata portion of the appropriate premium and shall return the remainder of the deposit premium to the applicant or producer.
4. Except for the HO-4 Tenant form, Homeowners tentatively bound property must be owner occupied and will be cancelled flat if the Association should determine that the property is vacant, unoccupied or tenant occupied.

5. The estimated annual premium shall be in accordance with the rates filed on behalf of or for use by the Association and shall be subject to an appropriate premium adjustment, if necessary, after the property has been inspected. If the coverage to be bound is presently provided under an expiring policy written through the Association, the deposit premium shall not be less than the premium charged under such policy.
6. If the Association terminates the tentative binder or declines to insure a property for the reason that it is ineligible for coverage or that it fails to meet reasonable underwriting standards, the subject property subsequently shall not be eligible to be tentatively bound by the Association.
7. If the property is tentatively bound by the Association and upon inspection is determined to be subject to condition charges, exclusions and/or additional premium charge under any applicable rating plan, the Association shall notify the applicant or producer of the premium due in excess of the deposit premium. The Association shall terminate coverage if the full additional premium is not received by the Association within 30 days of the notice of the additional premium being due.
8. If the Association's inspector is unable to successfully complete an inspection of the tentatively bound property due to the fault of the applicant or his representative, the Association will terminate the Tentative Binder giving 30 days notice to the applicant and retaining a pro rata portion of the annual premium for the time coverage was in force.
9. If a policy is cancelled as a result of unsuccessful inspections the subject property shall not be eligible to be tentatively bound by the Association until the Association's Approval Notice has been issued and the premium paid.
10. Tentative Binding is not available on vacant or unoccupied property. Properties under active rehabilitation or construction or actively marketed for sale or rental shall not be considered to be vacant or unoccupied properties for the purposes of this rule. Coverage for contents and the peril of Vandalism and Malicious Mischief is not available on vacant or unoccupied properties.

***Note: These tentative binder rules shall apply both to new applications and applications for continuation of coverage on properties presently insured by the Association.***

#### **INSTALLMENT PAYMENT PROGRAM:**

- 1) The premium installment plan is available for those policies which meet or exceed the following minimum premium requirements:
  - a) Habitational risks - Dwelling Fire Program or Homeowners Program \$200.00
  - b) All other risks - \$500.00
- 2) The minimum premium requirement must be satisfied by the premium on specific property prior to the application of any surcharge under the substandard rating plan.
- 3) The premium installment plan must be requested at the time of the inception of the policy or binder or at the time of receipt of the approval notice. The premium installment plan must be specifically requested each year; requests for continuation of coverage will not be interpreted to include the premium installment plan unless specifically requested.
- 4) The premium installment plan will allow a qualifying premium to be paid in three (3) installments, subject to a service charge to offset the additional expense required to administer the plan. Forty percent (40%) of the premium is due at the inception of the policy. The remaining balance will be billed in 2 installments of 50% of the unbilled balance plus the service fee. The second installment will be billed 90 days

from the inception date, due 30 days after the billing date. The third installment will be billed 180 days from the inception date, due 30 days from the billing date. Should the policyholder fail to make the required premium payment by the due date, notice of cancellation will be sent by the Association to the policyholder and the mortgagee/loss payee, if any, notifying them that the policy will be cancelled for nonpayment of premium on a pro rated equity basis.

Should the policyholder wish to continue coverage following the sending of a notice of cancellation, the policyholder must pay the entire balance (2<sup>nd</sup> & 3<sup>rd</sup> Installment) prior to the equity cancellation date, after that date the former policyholder must reapply for new coverage with the Association.

In the event the policy goes into cancellation status, the policyholder shall not be eligible to participate in the premium installment plan in connection with the subject property or any other property for which insurance is desired through the Association until 18 months following the sending of the notice of cancellation for non-payment of the premium.

- 5) If a policyholder is participating in the premium installment plan and the premium is increased by a surcharge under the substandard rating plan or for any other reason, the additional premium will be added to the unbilled installments.
- 6) Additional premium due to an increase request in the coverage amount or the adding of a covered peril must be paid in order for the change to take effect. These additional premiums can not be added to the installment payment plan.
- 7) The service charge is not returnable to the policyholder nor shall it be considered as paid premium in subsequent adjustments.
- 8) All payments must be made by one of the following methods:
  - a) Cash
  - b) Check
  - c) Bank Check or Money Order
  - d) Check of a licensed lending institution. Check drawn on the account of a licensed producer
  - e) Other electronic means acceptable to the plan
- 9) Payment will be considered as not having been received where made by checks not honored by the bank. Postdated checks will not be acceptable. **Payments will not be considered to be received until actually received by the Association.** Postmarks will not be considered as dates of receipt.
- 10) All checks will be deposited at the risk of the applicant or insured or may be presented electronically for payment.

**INITIAL PAYMENTS NOT HONORED OR RETURNED BY THE BANK WILL RESULT IN THE CANCELLATION OF THE POLICY AS OF ITS INCEPTION DATE.**

The Maryland Joint Insurance Association is comprised of all voluntary market insurance companies which are licensed and writing basic property insurance, homeowners insurance and property insurance components of multi-peril policies in the State of Maryland. The Association is regulated by the Maryland Insurance Administration. For more information, visit our website at [www.mdjia.org](http://www.mdjia.org) or contact the Association at 410-539-6808 or 1-800-492-5670.