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California FAIR Plan Guide for Farmers® Agents

February 2019

Register for FAIR Plan Broker Database

To submit business to the FAIR Plan, you must complete a [Broker Information Form](#). The completed form and a copy of your valid California Property-Casualty license can be e-mailed to cfpbrokers@cfpnet.com or faxed to (213) 487-6699.

Upon receipt of your information, it will take 24 to 48 hours to verify and process your information. After your information has been added to the Broker Database, you will receive a confirmation e-mail with instructions to register on the broker system on the CA FAIR Plan website. The broker system is used to submit new business, endorsements, and cancellations.

All FAIR Plan informational updates will be sent to the e-mail address on the broker system, so it is vital that your e-mail address be kept current.

Dwelling Policies Types

OWNER OR TENANT OCCUPIED 1-4 FAMILY UNIT DWELLING

No more than five roomers or boarders in total, including trailer homes, mobile/manufactured homes, or floating homes used exclusively for dwelling purposes at a fixed location

VACANT 1-4 FAMILY UNIT DWELLING

Including trailer homes, mobile/manufactured homes, or floating homes under certain limited circumstances if, at time of application, the property: is in good condition; is secured against trespass with all doors and windows locked; has no broken windows; is not boarded up; and has not been vacant for longer than one year

PERSONAL PROPERTY FOR RENTERS

PERSONAL PROPERTY AND IMPROVEMENTS, ALTERATIONS, AND ADDITIONS FOR CONDOMINIUM UNIT OWNERS

Perils

The FAIR Plan Dwelling Fire Policy is a named peril policy, which provides coverage only for damage caused by the specific causes of loss listed in the policy.

NAMED PERILS

- Fire or Lightning
- Internal Explosion
- Smoke

OPTIONAL PERILS (FOR AN ADDITIONAL PREMIUM)

- Extended Coverage (windstorm or hail, explosion, riot or civil commotion, aircraft, vehicles, and volcanic eruption) (ECC)
- Vandalism or Malicious Mischief (VMM)

Coverage Available

REPLACEMENT COST

Unless Dwelling Replacement Cost is selected, the Dwelling policy is an Actual Cash Value (ACV) policy. There is no extended replacement cost available, so you may consider discussing with the customer the option of adding a certain amount to the Coverage A limit above the 360Value® estimated replacement cost, such as 25% or 50%, similar to that traditionally offered for Extended Replacement Cost.

ACTUAL CASH VALUE

The Actual Cash Value coverage offered under the Dwelling Policy is applied differently if the customer has a partial or a total loss. With a partial loss, Actual Cash Value coverage pays the cost to repair or replace the damaged part of the dwelling, minus a deduction for physical depreciation. If there is a total loss, Actual Cash Value coverage pays the fair market value of the dwelling, which is the amount a willing buyer would pay a willing seller for the dwelling (not including land) in its condition immediately before the loss. Whether there is a total loss or a partial loss, this coverage only pays for costs up to the limits specified in the policy.

COVERAGE

Coverage A – Dwelling

Coverage B – Other Structures

Coverage C – Personal Property

Coverage D – Fair Rental Value (This is the FAIR Plan’s version of Loss of Use or ALE)

This coverage may be purchased in any amount up to 20% of the Coverage A – Dwelling limit of liability and will provide compensation for the fair rental value of the dwelling while it is not fit to live in due to a covered loss, whether owner or tenant occupied. This coverage supplements the 10% sub-limit afforded under Coverage A – Dwelling and will not reduce the amount available under the Coverage A – Dwelling limit of liability.

Dwelling Replacement Cost

Personal Property Replacement Cost

Ordinance or Law

Debris Removal

Inflation Guard

Plants, Shrubs, and Trees

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Outdoor Radio and TV Equipment, Awnings, and Signs

Improvement, Alteration, and Additions

Condominium unit owners may purchase Improvements, Alterations, and Additions coverage in any amount to cover improvements, alterations, and additions made to the described location. This coverage supplements the 10% sub-limit afforded under Coverage C – Contents and will not reduce the amount available under the Coverage C limit of liability.

Permitted Incidental Occupancy

When scheduled on the Declarations, coverage is provided for personal property usual to the occupancy of the dwelling for the purpose described.

Deductibles

Eligible Areas

All locations within California are eligible for FAIR Plan coverage after a diligent search for coverage has been made in the voluntary and surplus lines insurance marketplace.

Acceptable Named Insured

- Individuals
- Business Names – The names of principals, partners, or the corporate name must also be shown
- Limited Liability Company (LLC) – The name(s) of the member(s)/shareholder(s)/owner(s) must be provided
- Trusts – The name(s) of trustees must be shown
- Estates – The FAIR Plan does not insure estates; it will, however, insure the administrator or executor of the estate and his or her name must be shown
- Non-profit Associations or Clubs
- Bankruptcy Receivers – In bankruptcy situations, the bankruptcy receiver may be a named insured. Any entity overseeing the bankruptcy asking to be named as an additional insured (e.g., bankruptcy court) would be listed as a mortgage.

Request for Evidence of Insurance for Escrow Closings

Brokers are not authorized by the FAIR Plan to issue on its behalf any documents, including evidence of insurance or binder of coverage showing the existence of a FAIR Plan policy. Only the FAIR Plan can issue evidence of insurance, and this is done in the form of a Declarations Page.

Coverage does not go into effect until one day after payment has been received in the FAIR Plan office. Therefore, it is critical for new business applications to be submitted in advance of escrow closing to help ensure the timeliness of the policy.

The average escrow closes between 30 to 45 days. The FAIR Plan's new business quotation is valid for 60 calendar days. In cases where escrow has been extended, the insurance broker should resubmit a new application to

obtain another quotation before the initial quotation expires. Please note: the FAIR Plan cannot change the effective date of a new business policy to a date later than the expiration date of the initial quotation.

In the event of closing escrow, you **must** attach an EOI request from the Title Office to issue without payment (requests are not accepted from a Loan Officer or Realtor). You must attach the request to the application.

Acceptable Forms of Payment

It is strongly encouraged to utilize the “Make a Payment” option on the home page of the website to submit electronic checking or savings account premium payments via Automated Clearing House (ACH). This method of payment is fast, secure and provides immediate confirmation of receipt. Credit cards cannot be used. You must have the routing and account number for online payments.

Other acceptable forms of payment include checks and money orders. Note: credit card payments are not available, and payments may not be made over the telephone.

Non-electronic payments should be mailed to:

California FAIR Plan
P.O. Box 76924
Los Angeles, CA 90076-0924

Commission Rate

- New business commission for policies in all lines of business is 10%.
- Renewal commission for policies in all lines of business is 8%.
- Commissions paid on mid-term change transactions will be based on the commission in place for the current term of the policy.
- Commissions paid are based on the broker of record on the date payment was received and posted.

COMMISSION STATEMENTS

Commissions are paid monthly by the 10th day of every month. All premiums must be paid in the gross amount.

Claims

Losses may be reported 24/7 via the Report a Claim link on the home page of the FAIR Plan’s website at www.cfpnet.com. Losses may also be reported via phone at (213) 487-0111.

Quick Quote Page

1. Sign into CA Fair Plan Broker Site
2. Dwelling Premium Calculator
3. Input address
4. Named Perils so select Fire, Theft, Vandalism, ECE (internal explosion, smoke, windstorm)
5. Add each coverage separately
6. Fair Rental Value is comparable to Loss of Use
7. To Bind – Request a Quotation

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Inspection Process

- Inspectors go out for every FAIR Plan policy.
- If the property is in poor condition, they send a 'Deficiency Letter' showing what changes need to be made (tree limbs, shrubs, etc.).
- There is time (up to 12 months) to fix the problem, but they are very thorough. Once you send the photos, they will send you an 'Efficiency Letter – Non-Appeal.'