

# CANCELLATIONS

## A. CANCELLATION AT INSURED'S REQUEST

Cancellation will be effective the day such request is received by the Plan or on an earlier date with proper supporting documentation. Cancellations will be calculated pro-rata.

The insured must return the original policy at the time cancellation is requested, complete a properly executed "Lost Policy Release" or submit a clearly worded request for cancellation signed by the insured. Request for cancellation by a licensed premium finance company for non-payment of premium will be honored provided a copy of the premium finance agreement is attached, or on file with the Plan (and the mortgagee is given proper notice.)

## B. CANCELLATION INITIATED BY THE FAIR PLAN

1. The Plan shall give an insured no less than thirty (30) days prior written notice of any cancellation or non-renewal of coverage initiated by the Plan with respect to any eligible risk, except that a shorter notice of not less than five (5) days may be used if one of the following conditions exists:
  - a) Where, at least 65% of the rental units in the building are unoccupied and at least 25% of said unoccupied units are left unprotected against trespass. A rental unit will be deemed to be unprotected against trespass when an entrance door to such unit or an exterior door to a hall, stairway, or other common passage leading to such unit is missing, unlocked, not capable of being locked, or otherwise unsecured, or when a door or window in such unit which is accessible to entry has not been replaced or boarded up within 2 days after notification to replace or board up the door or window.
  - b) Where fire damage exists and the insured has stated or such time has elapsed as clearly indicates that the damage will not be repaired.
  - c) Where following a fire, permanent repairs following satisfactory adjustment of loss have not commenced within 60 days.
  - d) Where property has been abandoned and there has been removal of undamaged salvageable items.
  - e) Where utilities such as electric, gas, or water services have been disconnected and the insured has failed to pay his account for such services within 60 days, or property taxes have not been paid for a one year period after the taxes have become delinquent (real estate taxes shall not be deemed to be delinquent for this purpose even if they are due and constitute a lien, so long as a grace period remains under local law during which such taxes may be paid without penalty).
  - f) Where, based on reliable information, good cause exists to believe that the building will be burned for the purpose of collecting the insurance on the property.
  - g) Where anyone with a financial interest in the property has been convicted or there is an unresolved indictment for the crime of arson or a crime involving a purpose to defraud an insurance company.
  - h) Where the unfavorable claim history is due to conditions which are the responsibility of the building owner or named insured.

- i) Where owner or occupant incendiaryism is involved.
  - j) Where Material misrepresentation has been made by the named insured or anyone having a financial interest in the property.
  - k) Buildings have characteristics of ownership, tenancy, occupancy or maintenance which violate public policy or which result in increased exposure to loss.
  - l) Where anyone with a financial interest in the property has an insurance claim history that presents special or unusual circumstances, or is so statistically aberrant as to reasonably suggest that additional claims are likely.
  - m) Such other characteristics as may be approved by the Insurance Commissioner.
2. Any cancellation upon less than thirty (30) days notice, except those for owner or occupant incendiaryism, or material misrepresentation, arising out of any of the above conditions shall follow a procedure which includes as a minimum, the following:
- a) Notification of the cancellation, mailed to the insured by the Plan, giving the reasons for the action and setting forth the insured's prerogative to appeal to the Association Appeal committee for review of the cancellation. The cancellation shall stand unless the Appeals Committee Rules otherwise.
  - b) Notification of any Appeals Committee Decision to the Insured and setting forth the insured's prerogative to appeal the decision to the Insurance Department.
3. Flat cancellation (full return of premium) of a FAIR Plan policy will not be granted unless coverage is rewritten in the FAIR Plan back to original inception date for an amount not less than insured under the policy cancelled.