

# AGENT'S TOOLKIT

VIRGINIA  
PROPERTY  
INSURANCE  
ASSOCIATION

August, 2002

## Resources Available to Help Insurance Agents

Recently, the Virginia Property Insurance Association introduced a number of new products and services that were designed to make it easier for insurance agents to place business with the FAIR Plan.

Agents have the ability to offer each of the major components of a homeowner's policy: dwelling replacement cost, liability insurance, additional living expense and theft coverage. In the past eighteen months, the Association increased its maximum dwelling limits to \$350,000. We have also introduced loss of rents coverages for your commercial policyholders.

The Association provides free rating software that agents can use to calculate dwelling and commercial property premiums. The latest version of the software was enhanced to interface directly with our website. The latest release of the software is included with this newsletter.

Our website address is [www.vpia.com](http://www.vpia.com). It has a separate section de-

signed specifically for producers, which contains all of the resources that agents need when doing business with the Association. All of our applications and manuals, including our rates, rules and forms are available on the Internet. Additionally, agents are provided with passwords that allow them to review current data, including billing information, policyholder lists, and current Declarations pages for each of their policyholders.

Most producers place very few policies with the Association and are not totally familiar with our procedures. In order to help agents learn more about the FAIR Plan, we offer a two-credit continuing education class that reviews our operating procedures, rates, rules, and our coverages. The class is offered free to producers and their staff. Upcoming classes are posted on our website.

Our employees work very hard to offer outstanding customer service. We have added additional staff to help process the surge in business we have experienced this

year. Initial underwriting for all new business applications is normally completed within two hours. If the application does not meet our underwriting standards, our staff will fax a notice to the producer explaining what needs to be done for coverage to be put into place.

We hope that you find the information in this newsletter helpful. Please contact us if there is something we can do to improve our service or to add new tools to assist you in placing business with the Association.

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## Policyholder Information Available on Web

Agents are now able to use the Internet to check billing information, display current declarations pages, view a list of current policyholders and update agency information. You can access this information from the main page of our web site at [www.vpia.com](http://www.vpia.com).

The billing information will show:

- Policy Status
- Balance Due
- Premium Due Date
- Who Paid Premiums
- When Premiums Were Paid
- Finance Company Data
- Escrow Information

You can also display and print the current declarations page and billing statement using Adobe Acrobat Reader.

Use the following information to access policyholder data on the VPJA website, [www.vpia.com](http://www.vpia.com):

**UserID**

**Password**

## Agents Encouraged to Use Free Rating Software

Free software is available to agents that allows them to calculate premiums for both dwelling and commercial policies. The program is distributed on a CD-Rom that automatically installs the software on your hard drive as soon as you insert the CD in your computer. Agents can also download the software from our web-site.

The program is completely menu driven

and is easy to use. Copies of the input screens for both lines of insurance are shown to the right. You simply input the limits and

*"You can calculate a premium using this software quicker than you can call Richmond for a quote."*

select the construction, occupancy and protection information. Once you press the "Create Quote" button, the computer instantly shows you the annual premium on the screen. You are then able to print the quote or make changes to the quote.

The latest version of the software has been enhanced to calculate commercial loss of rents coverage. It also has a direct link to the producer section of the Association's website.

Input Screen—Dwelling Rating Software

Input Screen—Commercial Rating Software

## Mold Exclusion added to Liability Endorsement

Each of the property policies written by the Association provides coverage on a named perils basis. Mold is not a covered peril under any of our forms. The Association will only pay for mold loss ensuing from one of the covered perils. Losses resulting solely from mold will not be covered under any of the FAIR Plan property forms.

The Association offers liability protection for one and two family owner-occupied structures. Coverage is provided by attaching the liability endorsement to a dwelling fire policy. The coverage provided by the liability endorsement is much broader. In order to clarify that the Association never intended to provide liability protection against mold or any other pollutants, we will begin attaching a mold exclusion to all policies issued with the liability endorsement. A copy of the mold exclusion is available, along with all of our forms and

endorsements, on the producer section of our website.

There are other limitations in the liability policy that restrict coverage for certain hazardous exposures. The liability endorsement excludes liability for activities related to the business of an insured. Business is defined to include services regularly provided by an insured for the care of others and for which an insured is compensated. The liability form also excludes all losses related to lead paint. Pollution losses are excluded with pollutants defined as any solid, liquid, gaseous, thermal or radioactive irritant including acids, alkaloids, chemicals, fumes, smoke, soot, vapor or waste. Please make certain that your policyholders are aware of these limitations when providing this coverage.

## First Time Home Purchasers Eligible for Enhanced Dwelling Coverage

The Association will waive the requirement that first-time home buyers have prior insurance in order to obtain the enhanced dwelling coverages offered under our FP-2 coverage form. However, new home owners must meet the other underwriting requirements listed below.

- The property must be insured to 100% of its replacement value.
- The property must be free of all sub-standard physical conditions.
- The dwelling must be occupied as a primary non-seasonal residence.
- The applicant must have no more than one loss in the past three years that would be covered under this policy.

## Dwelling Coverages Offered by the Association

The Association is able to provide basic property insurance for any structure located at a fixed location within the state of Virginia. Our maximum limits under the dwelling program are \$350,000. These limits apply on an aggregate basis for the combined limits of building and contents.

The Association offers a wide range of dwelling coverage options to help you satisfy your customer's insurance needs. We offer both a basic and broad form dwelling policy. The chart at the right of this page shows the differences between the two forms.

In addition to the basic dwelling forms, the Association offers a number of important optional coverages and endorsements, which allow us to extend coverage to condominiums, unit owners, tenants improvements and betterments and windstorm & hail damage to outdoor property. The complete list of dwelling endorsements is posted on our website.

The dwelling policy provides four principal coverages.

**Coverage A - Residence** covers the dwelling, additions, built-in components, attached fixtures and attachable building items. Coverage

also applies to appliances, carpets and window coverings in rental portions of the dwelling.

**Coverage B - Related Private Structures** covers unattached structures related to the dwelling including their additions, built-in components, fixtures and detachable building items. Coverage also applies to fences, driveways, sidewalks and other permanently installed outdoor fixtures.

Each of our dwelling policies automatically includes a 10% extension of coverage for related private structures. This limit can be increased for an additional premium.

**Coverage C - Personal Property** covers household contents and personal properties usual to the occupancy of the dwelling as a residence.

**Coverage D - Additional Living Costs and Fair Rental Values** provides coverage for increased living costs and/or loss of rental value that occurs when an insured loss makes a covered location unfit for use.

Additional living cost is provided for under form FP-2 only.

*A list of all of the optional dwelling endorsements can be found on our web site at [www.vpia.com](http://www.vpia.com).*

	FP-1	FP-1	FP-2
	Fire	Fire & Extended Coverage	Broad Form
<b>Perils</b>			
Fire or Lightning	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Explosion	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Windstorm or Hail	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Riot or Civil Commotion	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Aircraft	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Vehicles	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Smoke	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Volcanic Action	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Sinkhole Collapse	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Vandalism	<input type="checkbox"/>	Optional	<input checked="" type="checkbox"/>
Burglary Damage	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Falling Objects	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Weight of Ice, Snow or Sleet	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Accidental Tearing Apart, Burning or Bulging	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Accidental Discharge of Liquids or Steam	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Freezing of Heating or Plumbing System	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Sudden and Accidental Electrical Damage	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Coverages</b>			
<b>A – Residence</b>	Actual Cash Value	Actual Cash Value	Replacement Cost
<b>B – Related Private Structures</b>	10% of limit on Residence	10% of limit on Residence	10% of limit on Residence
<b>C – Personal Property</b>	Actual Cash Value	Actual Cash Value	Actual Cash Value
<b>D – Fair Rental Value</b>	10% of limit on Residence	10% of limit on Residence	10% of limit on Residence
<b>D – Additional Living Costs</b>	Not Covered	Not Covered	10% of limit on Residence

**Virginia Property  
Insurance Association**

Leland M. Nye, CPCU  
General Manager

William J. "Andy" Ambrose, CPCU, CPA  
Assistant Manager

Michelle R. Spence, AU, API  
Underwriting Supervisor

3600 W. Broad Street  
Suite 669  
Richmond, VA 23230

Phone: 804-358-0416  
Toll Free: 800-899-7973  
Fax: 804-358-0733

**We're on the Web!**  
**www.vpia.com**

## Virginia's FAIR Plan

Mailing Address Line 1  
Mailing Address Line 2  
Mailing Address Line 3  
Mailing Address Line 4  
Mailing Address Line 5

### VPIA Enhances Commercial Property Coverage

The Association can provide up to \$1,000,000 of property insurance for any commercial structure and/or its contents at a fixed location, including condominiums and unit owners.

Beginning September 1<sup>st</sup>, agents can provide loss of rents protection for commercial clients who insure their buildings with the Association. Coverage is written with a monthly limitation, and is subject to the following underwriting criteria:

- Insured must be in business at least two years.

- Property must be fully occupied.
- No more than one loss in the past three years.
- The insured must have prior insurance.
- The property must be free of all substandard physical conditions.
- The insured must provide a financial statement or some other documentation to substantiate the limit of insurance.



VPIA covers many small commercial properties.

The commercial policy provides named perils coverage on an actual cash value basis. The table below shows the perils available under the commercial property policy.

#### **Fire**

Fire or Lightning  
Explosion

#### **Extended Coverage**

Vandalism  
Sonic Boom  
Windstorm or Hail  
Smoke  
Vehicles and Aircraft  
Riot or Civil Commotion  
Sinkhole Collapse  
Volcanic Action  
Weight of Ice, Sleet or Snow

### Special Endorsement Needed for Awnings

Each of the property policies sold by the Association excludes wind and hail damage to awnings. The dwelling policy excludes loss to any overhead structure, whether attached to a building or not, whose roof or covering is constructed principally of cloth, metal, fiberglass or plastic.

Dwelling owners can purchase this coverage for an additional premium by attaching endorsement FP ML-195 Windstorm and Hail Outdoor Property Coverage. There is no provision to provide awning wind and hail coverage for commercial risks.