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# Property Insurance for Ohio's Urban Areas

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## PROPERTY INSURANCE FOR OHIO'S URBAN AREAS

by R. D. Welsh\*

“Not to know what has been transacted in former times is to be always a child. If no use is made of the labor of past ages, the world must remain always in the infancy of knowledge”—Cicero

### The American Scene:

**P**UBLIC SENTIMENT has been aroused in Cincinnati by a jury rendering a verdict of manslaughter in the case of a man who had confessed his guilt in a particularly atrocious murder. About twenty untried persons accused of a homicide are in jail causing indignation among the public at a public meeting held in the music hall. Advocates of violent measures express themselves, exciting a mob to gather and force its way into the jail only to find that the convicted man has been spirited away to Columbus. A riot results. Militia men are ordered out with additional troops being called by the Governor the next day. The courthouse is damaged by a fire set by the mob. Forty-five people are killed and scores are wounded before the excitement dies down.

On a hot July day another mob seizes control of a major city and holds control for several days and nights as peace officers are defied in an attempt to disperse the mob.

Nine hundred and fifty properties are damaged and destroyed by a mob until a full army, greatly needed for a war in progress, are called in to put down the riot.

Do these appear to be the riots that struck Watts, Cleveland, Detroit? They are not. The first was a riot in Cincinnati in 1884. The second described the labor riot of 1877 in Pittsburgh, and the last was the New York City draft protest of 1863. Mob violence is not new to America as our country was born in the Boston Massacre when British soldiers fired into a mob. History shows further disturbances for various reasons, such as labor riots, whiskey riots, lynch mobs, anti-Mormon riots, anti-Catholic riots, election riots, you-name-it riots, all occurring in the 1800's. Even within the recent memory of most people have been such disturb-

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ances as other labor connected violence and exuberant disturbances such as the campus party raids of the 1950's. With this background the insurance industry should not have been surprised by the recent violent upheaval in the ghettos beginning with Watts. However, the greater mob and quicker communications that are present in this century have tended to communicate a riot situation almost instantly to the surrounding community and thus intensify the impact of disturbances.

Thirty-eight million dollars damage to property occurred in Watts in 1965, \$49,000,000 in Detroit, and \$10,000,000 in Newark, New Jersey in 1967, plus many others that have resulted in about \$187,000,000 being paid in the five years ending in 1968.<sup>1</sup> Until Watts, riot coverage was provided as an afterthought by the insurance industry with little or no additional charge. Besides this problem, insurers were faced with loss of reinsurance by foreign reinsurers alarmed by inability of Government authorities to maintain law and order.

### Voluntary Insurance Plans

Even before the Watts riot, property owners in ghetto areas were experiencing difficulty in obtaining insurance for their property.<sup>2</sup> The disorders intensified this problem even though the state insurance departments and insurance industry attempted to handle the insurance availability problem by voluntary plans; for example, the Cleveland Fire Insurance Inspection Plan (Cleveland Plan) was put into effect on April 15, 1966, after the Director of the Ohio Insurance Department concluded that an urban area insurance plan was needed and should be adopted for Cleveland. It was designed in co-operation with insurance companies, agents, the Ohio Inspection Bureau, local civic and action groups and various agencies of the City of Cleveland responsible for health, police and fire protection for the urban renewal. The plan was voluntary as to acceptance of the risk by insurance companies but, in one study of the applications for insurance

<sup>1</sup> Denenberg, *Meeting the Insurance Crisis of Our Cities: An Industry in Revolution*, Insurance Law Journal, April, 1970, page 206.

<sup>2</sup> George K. Bernstein, Federal Insurance Administrator, stated, ". . . the very real feeling by the companies that they were not getting the proper dollar for their insurance premiums (did he intend to say "exposure"?) and that they were writing at a loss in many areas particularly in urban areas and particularly in the politically sensitive lines such as fire insurance and auto insurance. So the cutbacks began." Speech delivered to Federation of Insurance Counsel, 1969.

accepted by the companies, it was found that only 48 per cent were accepted.<sup>3</sup> Companies were reluctant to accept many of the applications tendered, even though provision was made for a surcharge rating plan. Similar voluntary plans were adopted in Boston, Michigan, Milwaukee, Buffalo, New York City, Minnesota, Oakland, San Francisco, Los Angeles County and Chicago, with varying degrees of success.

A Watts pool was voluntarily created by a concerned insurance industry within four months after the Watts riots in August, 1965. A separate underwriting and claims facility was arranged and did make fire and extended coverage available to merchants in Watts. The loss and expense experience of the pool was spread evenly among the insurance companies that belonged to the pool.

### **The 1968 Congressional Act:**

The riots of the summer of 1967 quickly made the insurance availability problem across our nation more acute and resulted in President Johnson's appointing a National Advisory Commission on Civil Disorders to investigate the origins of the disorders and to make recommendations for measures to prevent or contain them in the future. Deciding that a separate and expert group could deal more expeditiously with the insurance problems of urban core residents and businessmen, the commission, after consulting with the President, appointed the National Advisory Panel on Insurance in Riot Affected Areas on August 10, 1967.<sup>4</sup> The panel was asked by the Commission to check answers to insurance questions raised by the difficulties, such as the high cost of obtaining insurance in areas where riots occurred or might be a threat. It was recognized that insurance of the riot peril was directly affected by the degree to which law and order are maintained. The members of the panel included the Governor of New Jersey, a former Governor of the State of Pennsylvania, the Mayor of Washington, D.C., the Presidents of three leading insurance companies and an Assistant Attorney General of the United States. In January, 1968, after public hearings,<sup>5</sup> they issued their

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<sup>3</sup> The Presidents' National Advisory Panel on Insurance in Riot Affected Areas, "Meeting the Insurance Crisis of our Cities," Page 66, U.S. Government Printing Office, 1968, 0-286-228.

<sup>4</sup> Exec. Order No. 11365, 32 Fed. Reg. 11111 (1967).

<sup>5</sup> "Hearings Before the President's National Advisory Panel on Insurance in Riot-Affected Areas," U.S. Government Printing Office: 1968, 0-302-508 (541).

findings and recommendations. Many of the recommendations were adopted by Congress.

In the "Urban Property Protection and Reinsurance Act of 1968"<sup>6</sup> the declaration purpose of the act set forth the Congressional adoption of the Commission's findings on this problem:

Sec. 1102 (a) The Congress finds that (1) the vitality of many American cities is being threatened by the deterioration of their inner city areas; responsible owners of well-maintained residential, business, and other properties in many of these areas are unable to obtain adequate property insurance coverage against fire, crime, and other perils; the lack of such insurance coverage accelerates the deterioration of these areas by discouraging private investment and restricting the availability of credit to repair and improve property therein; and this deterioration poses a serious threat to the national economy; (2) recent riots and other civil commotion in many American cities have brought about abnormally high losses to the private property insurance industry for which adequate reinsurance cannot be obtained at a reasonable cost, and the risk of such losses will make most lines of property insurance even more difficult to obtain; (3) the capacity of the private property insurance industry to provide adequate insurance is threatened, and the continuity of such property insurance protection is essential to the extension of credit in these areas; and (4) the national interest demands urgent action by the Congress to assure that essential lines of property insurance, including lines providing protection against riot and civil commotion damage will be available to property owners at reasonable cost.

(b) The purposes of this title are, therefore, to (1) encourage and assist the various State insurance authorities and the property insurance industry to develop and carry out statewide programs which will make necessary property insurance coverage against the fire, crime, and other perils more readily available for residential, business, and other properties meeting reasonable underwriting standards; and (2) provide a Federal program of reinsurance against abnormally high property insurance losses resulting from riots and other civil commotion, placing appropriate financial responsibility upon the States to share in such losses.

Under this act there was a threefold attack on the problem of availability of property insurance in urban areas based on the premise that if the companies make insurance available, the Fed-

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<sup>6</sup> Passed by Congress as Title XI of the Housing and Urban Development Act of 1968. P.L. 90-448.

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eral Government would reinsure them. First, the private enterprise approach would require the companies and states<sup>7</sup> to form FAIR Plans (Fair Access to Insurance Requirements) on a state level. The Plans could operate on a pool arrangement or an assigned risk basis.<sup>8</sup>

The Act provided that the Plans could vary in detail from State to State, but all plans were required to have provisions requiring an inspection before declination or surcharging by an insurer. The property owner was not to be charged for the cost of the inspection. If the property be declined, the insurer was required to send the property owner a copy of the inspection and action reports, together with instructions on his right to appeal the insurer's decision.<sup>9</sup>

Second, states would be involved through their traditional regulation of insurance. The states would supervise the FAIR Plans to make certain rates were appropriate and the operations adequate. Also, the states would be required, by a state legislative enactment, to assume a share ("back-up") of the federal riot reinsurance obligation (up to five per cent of the aggregate property insurance premiums earned in that state).<sup>10</sup>

Third, federal involvement would take the form of riot reinsurance for insurance companies, not just for their fire and extended coverage policies which are required to be made available under the FAIR Plan, but all property insurance to the extent that there is a riot loss whether the loss is on a fire and extended coverage policy or a crime policy.<sup>11</sup> The Federal Act was not to

<sup>7</sup> P.L. 90-448, Title XII, Part A—Statewide Plans to Assure FAIR Access to Insurance Requirements. 12 U.S.C.A. §1749bbb-3(9) "Each insurer reinsured under this title shall co-operate with the State insurance authority in each State in which it is to acquire such reinsurance in establishing and carrying out statewide plans to assure fair access to insurance requirements (FAIR Plans)."

<sup>8</sup> Fed. Reg., 35F.R.12113-117 (1970), §1905.4 Regulations of HUD. Under a pooling arrangement, all companies would share equally in the claim and expense experience of risks insured by the pool. Under an assigned risk plan, a specific insurance policy would be assigned to an insurer for coverage and that insured's claim and expense experience on that particular policy would be borne only by that insurer.

<sup>9</sup> 12 U.S.C.A. §1749bbb-3(b). The 1968 Act provisions were adopted by HUD in issuing regulations; also by the Ohio General Assembly in House Bill 465, and Rule IN-29-01 issued by the Ohio Department of Insurance to implement House Bill 465. *Many provisions, therefore, are found in one or more of the four sources of law, stemming mainly from the original 1968 Act.*

<sup>10</sup> 12 U.S.C.A. §1749bbb-9(a)(1).

<sup>11</sup> 12 U.S.C.A. §1749bbb-7.

be a subsidy program, as the insurance companies were to be charged a premium for the federal riot reinsurance. The Secretary of the Department of Housing and Urban Development ("HUD"), who administers the reinsurance plan through its agency, the Federal Insurance Administration, was given access to the federal treasury, in the event of catastrophe losses of up to \$250,000,000 drawing power. The federal reinsurance would come in at 2½ per cent of the company's premium volume in a given state in a given year and then would make payments on a 90/10 sharing basis. As the losses increase, the Federal Government would pay as high as 98 per cent.<sup>12</sup>

For example, a riot loss of an insurance company covered by the federal reinsurance would be apportioned as follows:

\$7,000,000	Riot loss paid by insurance company
— 250,000	Deductible—borne by insurer
<hr/>	
	(2½% × 10,000,000—Assuming this is insurer's annual premium volume)
\$6,750,000	\$6,395,000 paid by HUD reinsurance*
	\$605,000 borne by insurer
	*determined by 90/10—98/2 sharing formula in federal riot reinsurance agreement.

The calculation of an actual loss recovery to an individual company, or to the industry as a whole, is far more complicated and beyond the scope of this article.

The 1968 Congressional Act made riot reinsurance available for purchase by property insurance companies on August 1, 1968, but was subject to termination in any state in which all insurers had not, by October 28, 1968, agreed to operation of a FAIR Plan.<sup>13</sup>

The plan was designed to provide basic property insurance in those areas defined by the Plan and HUD as urban areas. Almost 100 per cent of the property insurers doing business in Ohio accepted the Plan. This assured continuation of the availability of federal riot reinsurance<sup>14</sup> to those insurers that wished to purchase this coverage.

The 1968 Congressional Act further required as a prerequi-

<sup>12</sup> Bernstein to Federation of Insurance Counsel, *supra*.

<sup>13</sup> 12 U.S.C.A. § 1749bbb-9.

<sup>14</sup> "Due to good experience the first year, the rate was reduced 80%. New companies purchasing reinsurance now pay 1¼%." George K. Bernstein, Federal Insurance Administrator, Washington, D.C. Speech delivered to Federation of Insurance Counsel (1969).

site for continued reinsurance, that the states, on or before August 1, 1969, guarantee reimbursement of a small portion of the losses paid by the federal reinsurance. Guidelines for state FAIR Plans formed under the Act were issued by HUD on October 3, 1968, and have been implemented since then.<sup>15</sup>

### **The Statutory Ohio FAIR Plan:**

The Ohio General Assembly found other reasons for cooperating with Congress and private insurance industry in passing House Bill 465 on July 31, 1969.<sup>16</sup>

The statutory plan provided by House Bill 465 replaced the non-statutory Ohio plan of 1968 and continued the distribution of responsibility for insuring eligible property. The primary purposes of the Ohio FAIR Plan were to (1) assure that no property would be denied basic insurance without an inspection to determine the property's insurability and (2) a joint underwriting association,<sup>17</sup> of all property insurers doing business in Ohio, was created to make coverage available to insurable urban property which has been declined by the regular insurance market.

Any person<sup>18</sup> who has real or tangible personal property at a fixed location in an urban area, unable to obtain basic property insurance, must be granted an inspection and has the right to receive a copy of that inspection. The inspector, the insurance company, its agents and employees were granted statutory immunity<sup>19</sup> for all statements made in connection with that inspection. Immunity was necessary to protect those persons, involved in the inspection process, from suits for libel which might be brought due to statements made in the inspection reports.

To obtain insurance, the property owner may apply<sup>20</sup> to the

<sup>15</sup> Administration of the 1968 Congressional Act is by HUD. See Federal Register 35F.R.12113-117 (7-29-70) for current regulations.

<sup>16</sup> Ohio Rev. Code Ann. § 3929.41-61.

<sup>17</sup> Ohio Rev. Code Ann. § 3929.43. "The Ohio FAIR Plan Underwriting Association is hereby created. . . ."

<sup>18</sup> Ohio Rev. Code Ann. § 3929.44.

<sup>19</sup> Ohio Rev. Code Ann. § 3929.48. "There shall be no liability on the part of, and no cause of action of any nature shall arise against any insurer, inspection bureau, or the Ohio FAIR Plan Underwriting Association, or a Director, agent, or employer of any of these, or the Superintendent of Insurance or his authorized representatives for any inspections undertaken or statements made by any of them concerning the property to be insured, or any acts or omissions in connection therewith. Any reports and communications in connection therewith are not public documents."

<sup>20</sup> See appendix for application and premium quotation forms used by Ohio FAIR Plan.



Association directly or through a local insurance agent and request that his property be inspected. The Association would then have the property inspected to determine its condition and also the rates that will be charged. The Association also reviews the report<sup>21</sup> to see if the risk meets reasonable underwriting standards. If the premium is paid, a binder covering the property temporarily, must be issued to the property owner to take effect fifteen days following the application. A policy must be issued in due course to replace the binder.

The Plan is run by the FAIR Plan Underwriting Association consisting of all insurers that are authorized to transact property insurance in Ohio.<sup>22</sup> Membership is mandatory under penalty of losing the right to do business in the state.

#### **FAIR Plan Rules by Ohio Insurance Department:**

A detailed plan of operation has been prepared by the Association and has been approved by the Superintendent of Insurance, effective November 25, 1969, in Rule IN-29-01 which implemented House Bill 465. The rules reiterated many of the important points found in the Ohio statutes establishing the FAIR Plan and the regulations of the Federal Insurance Administrator<sup>23</sup> and did go further in certain respects. Insurable risks were defined as those meeting reasonable underwriting standards of the Association. Reasonable underwriting standards included, for example, physical condition, housekeeping, occupancy and maintenance of the risk.

The maximum liability for habitational (four families or less) property was \$100,000 and for any other property, at one location, the maximum was \$500,000. Higher limits to \$1,500,000 were required to be submitted to the Association's Board of Governors. The rule urged a public education program of the availability of the plan to be conducted by insurers as many ghetto property owners were not aware of the FAIR Plan facilities. Property inspections were to be free of charge. The request for inspection did not need to be in writing. Further clarification was made on the use of binders. Thus, if after fifteen

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<sup>21</sup> See Appendix for inspection forms used by Ohio FAIR Plan.

<sup>22</sup> Ohio Rev. Code Ann. § 3929.43.

<sup>23</sup> Current Regulations of HUD are in Federal Register, 35 F.R. 12113-117 (7-29-70).

days from the date of receipt of the application the Association had not inspected and quoted a rate for the risk, a binder was required to be issued if the premium was tendered with the application.<sup>24</sup> The fifteen day period, however, could be waived by the Superintendent of Insurance for a particular individual applicant. The binder terminated when the Association accepted the risk. The rule authorized a surcharge of rates where inspections found sub-standard conditions existing.

The insurance company's right to cancel a policy was changed to require twenty days<sup>25</sup> notice of cancellation or non-renewal to the insured, except where the insured failed to pay the premium charged or was involved in incendiarism or misrepresentation of the risk. Also, the insured was required to receive, upon cancellation, notice of his right to appeal the cancellation to the Board of Governors and Ohio Superintendent of Insurance.

The twenty day provision, incidentally, was recently changed to thirty days and vandalism and malicious mischief coverage added to the basic coverage after urging by HUD.<sup>25</sup>

### **FAIR Plan Administration:**

Nine persons are appointed to the Board of Directors. Two directors are selected by the Governor; one must be a member of the public not associated with the insurance business, and the other is required to be an insurance agent licensed by the State of Ohio.<sup>26</sup> The remaining seven directors are selected by the member companies with four directors representing domestic insurance companies and three representing foreign companies.

In addition to the Board of Directors, House Bill 465 pro-

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<sup>24</sup> The current policy of the Ohio FAIR Plan is to complete the inspection process in ten days and have a policy issued five days thereafter. Usually the premium is not tendered with the application as the premium rate cannot be determined until inspected. However, with the increased efficiency of the Ohio FAIR Plan, policies are being delivered within three weeks of application.

<sup>25</sup> The Federal Insurance Administrator was not satisfied with the Ohio law, and adopted new regulations (35 F.R. 12113-117, July 29, 1970) which provided for *thirty* days cancellation notice and required vandalism and malicious mischief coverage be sold with the basic of fire and extended coverage. He refused to accept the Ohio Department of Insurance's opinion that the thirty day notice and vandalism and malicious mischief coverage were unnecessary in the Ohio FAIR Plan market. (The State Underwriter, October, 1970).

<sup>26</sup> Ohio Rev. Code Ann. § 3929.43(F).

vided for an Advisory Council<sup>27</sup> with five members, plus one member from each urban area, being selected by the Governor. As ten urban areas were so designated in Ohio, the Advisory Council is made up of fifteen persons. The Advisory Council is authorized to consider any matter relating to the interest of the public in the operation of the Plan and to publicize appropriate recommendations to the General Assembly, the Governor, the Plan's Board of Governors, and the Ohio Superintendent of Insurance. Special meetings may be called in addition to the required semi-annual meetings.

Other matters controlled by the Association include compensation and commissions, assessments of the insurers for expenses and losses,<sup>28</sup> cumulative weighted voting for members of the Board of Directors to be selected by the domestic and foreign insurers, the administration of the Plan and Association, and any other matter necessary to assure continued fair access to insurance requirements provided it permit continued qualification for federal reinsurance.

State "back-up" was provided by Ohio House Bill 465, as required by the 1968 Congressional Act, whereby the State of Ohio would reimburse HUD<sup>29</sup> by a complicated formula,<sup>30</sup> an amount up to five per cent of property premiums earned in the preceding calendar year. An authority<sup>31</sup> consisting of the Ohio Attorney General, the Ohio Treasurer, and Superintendent of Insurance, was authorized to borrow funds for operation and to issue bonds so that funds would be available to pay the HUD claims. It was specifically provided that the bonds would not be general state obligations and that taxes could not be pledged for their payment. The state, in turn, was authorized by House Bill 465 to require reimbursement, for the HUD payment, by an assessment on the insurance companies in proportion to each company's writings.

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<sup>27</sup> Ohio Rev. Code Ann. § 3929.43(G).

<sup>28</sup> Ohio Rev. Code Ann. § 3929.43(D).

<sup>29</sup> Ohio Rev. Code Ann. § 3929.52(B). This was regarded as the Ohio's "back-up" of the HUD payment. It provides, "The total amount of any such payment made in respect to any calendar year shall not exceed five per cent of the aggregate property insurance premiums earned in the state during the preceding calendar year on those lines of insurance reinsured by the Secretary in this state during the current calendar year."

<sup>30</sup> 12 U.S.C.A. 1749bbb-9(a) (1).

<sup>31</sup> Ohio Rev. Code Ann. § 3929.49(A). "The 'Ohio FAIR Plan Underwriting Authority' is hereby created. . . ."

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The insurers are required to pay the assessment within thirty days and must charge the assessment against every property policy issued commencing 90 days after the date of the assessment. The assessment is spread out over three years by assessing one-third each year against every property policy. Should any insurer become insolvent, its share is pro rated among the remaining insurance companies.

The General Assembly provided that the provisions of House Bill 465 would expire should the 1968 Congressional Act be terminated or if the insurers should fail to qualify for federal riot reinsurance.

**Summary:**

The 1968 Congressional Act has authorized the sale of riot reinsurance<sup>32</sup> to insurers under specified conditions. All property insurers must participate in an Association which makes basic property insurance available to the public of designated urban areas. The State of Ohio assumes some responsibility because of its obligation to reimburse HUD for a portion of HUD's claims. It should be noted, however, that the amount paid to HUD is eventually collected from policyholders and is not borne by the state. Indeed, HUD reinsurance only pays after losses reach a certain level.

The Plans are now in operation in 28 states (including District of Columbia and Puerto Rico) and are regarded as fulfilling the public needs.

In 1969, more than 300,000 insurance policies, covering more than seven billion worth of property were written under the Plans.<sup>33</sup> In Ohio, 2,386 new applications were received in a three month period beginning January 1, 1970, and resulted in 2,169 policies and binders being issued therefrom and \$502,000 in premiums collected. The net operating results for the Plan (voluntary and statutory) since its inception to September 30, 1970, has been a loss of \$500,867.00. Hopefully, the trend will be for more favorable operating results and a successful industry operation serving the insurance buying public.

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<sup>32</sup> Losses occurring from other perils (fire, windstorm, etc.) are borne solely by insurers and the private reinsurance market.

<sup>33</sup> HUD Bulletin #70-564 (7-29-70).

**Conclusion:**

The purpose of this article is to summarize and relate the legislative and administrative acts that developed the Ohio FAIR Plan.

Many questions remain unanswered. If the purpose of the 1968 Congressional Act was to require state participation by a state "back-up" of five per cent, should this five per cent be passed on by the state to the insurance companies and their policyholders? Shouldn't the state bear this expense as originally intended by Congress to encourage law enforcement at the local level?

If Congress wanted the traditional state regulation of insurance incorporated in the FAIR Plans, should the Federal Insurance Administration disregard the opinions of the State Insurance Superintendent as occurred in Ohio on the FAIR Plan extensions involving a thirty day cancellation period and inclusion of vandalism and malicious mischief coverages? And, in the same vein, should the Ohio General Assembly have opened the door to insurance regulation by the Federal Insurance Administrator by enacting House Bill 465? Have the companies purchasing federal riot reinsurance really improved their financial position?

These and other apparent problems I leave to future authors for more detailed dissection. The state and insurance industry should heed Cicero's words and be aware of the developments leading to the FAIR Plans. New legislative programs are on the horizon in the automobile, flood, wave wash crime and other insurance fields.

APPENDIX.

Ohio FAIR Plan Application.  
OHIO FAIR PLAN UNDERWRITING ASSOCIATION  
431 E. BROAD STREET - P. O. BOX 1290  
COLUMBUS, OHIO 43216

APPLICATION FOR BASIC PROPERTY INSURANCE

(Separate Application Required For Each Location)

This application does NOT constitute a Binder of Insurance

FOR NEW INSURANCE.

FOR REPLACEMENT OF EXPIRING COVERAGE through this association.  
(check one box)

a. Attach copy of Expiration Notice or supply the following:

Association file number: \_\_\_\_\_ policy number: \_\_\_\_\_ of the \_\_\_\_\_

Insurance Company.

b. Building is now:  occupied  unoccupied

c. I represent that:

there have been no substantial changes in the physical condition of the building or its occupancy during the past 12 months.

there have been substantial changes in the physical condition of the building or its occupancy during the past 12 months, as follows: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- 1a. Applicant is \_\_\_\_\_ (Owner) \_\_\_\_\_ (Tenant) \_\_\_\_\_ (Owner-Occupant)
2. Address of Applicant (No.) \_\_\_\_\_ (Street) \_\_\_\_\_ (Town) \_\_\_\_\_ (County) \_\_\_\_\_ (State) \_\_\_\_\_ (Zip Code)
3. Address of Property (No.) \_\_\_\_\_ (Street) \_\_\_\_\_ (Town) \_\_\_\_\_ (County) \_\_\_\_\_ (State) \_\_\_\_\_ (Zip Code)
- 3a. Owner of Property \_\_\_\_\_ Address \_\_\_\_\_
4. Use of Property \_\_\_\_\_
5. Estimate of Actual Cash Value\* \$ \_\_\_\_\_ Estimate of Market Value\*\* \$ \_\_\_\_\_
6. Insurance desired is Fire ( ) Extended Coverage ( ) in the amount of \$ \_\_\_\_\_ on the building and/or \$ \_\_\_\_\_ on the contents. Deductible Amount \$ \_\_\_\_\_
- 6a. If contents to be insured, Nature and Location within building \_\_\_\_\_
7. Name and address of Mortgagee ( ) Loss Payee ( ), if any \_\_\_\_\_
- |                         | Company           | Building          | Contents | Expiration | Cancellation or Non-renewal                              |
|-------------------------|-------------------|-------------------|----------|------------|--|
| 8. Present coverage. 1. | _____ 1. \$ _____ | _____ 1. \$ _____ | _____ 1. | _____ 1.   | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| 2.                      | _____ 2. \$ _____ | _____ 2. \$ _____ | _____ 2. | _____ 2.   | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| 3.                      | _____ 3. \$ _____ | _____ 3. \$ _____ | _____ 3. | _____ 3.   | Yes <input type="checkbox"/> No <input type="checkbox"/> |

\*Actual Cash Value is defined as the replacement cost value less depreciation, less items not covered by the policy forms.

\*\*Market Value is defined as the value which a property will bring on the open market, less the value of the land on which the building or structure is situated.

9. Applicant has previously applied to Ohio FAIR Plan? Yes  No   
If yes, give reason for this application \_\_\_\_\_

10. Name and address and telephone of person to accompany the Inspector: \_\_\_\_\_

Name \_\_\_\_\_ Telephone No. \_\_\_\_\_

Address \_\_\_\_\_

11. In consideration of the Ohio FAIR Plan agreeing to undertake an inspection or inspections and other actions related to possible placement of the described property for property insurance, I (we) understand and agree:

- (a) To accompany your inspectors while they inspect the above-described property;
  - (b) That the submission of this application in no way requires or binds any company to provide insurance on the above-described property;
  - (c) Inspection(s) made pursuant to this application or in any way connected with the Ohio FAIR Plan, and any report or recommendation made in connection with such inspection(s) are only to evaluate the above-described property for property insurance underwriting purposes.
- Inspections, reports or recommendations made pursuant to this application are not designed for or for the purpose of evaluating or improving the condition of the property with respect to its safety or the safety of persons on or about the premises. Except for underwriting purposes, nothing contained in or omitted from any such inspection report is intended to be evidence of the existence of hazardous conditions upon the above-described or contiguous property.

Any responsibility to effect compliance with recommendations made pursuant to any inspection is solely that of the applicant;

(d) I (We) hereby authorize and permit you and your representatives to submit copies of any inspection or action report(s) to members or representatives of the Ohio Fair Plan Underwriting Association;



(e) without limiting any rights granted under the Ohio FAIR Plan, I (we) hereby agree to make no claim of any nature, direct or consequential, against the Superintendent of Insurance for the State of Ohio, members of his staff, the State of Ohio, or any of its representatives, the Ohio Inspection Bureau, the Ohio Fair Plan Underwriting Association and, except for claims on any policy of insurance which may be issued, any insurer members, and the agents, employees or representatives of any of the foregoing, for or on account of or in any manner growing out of the inspection(s) or subsequent processing of the application, or any omissions or neglect in connection therewith, and any such claims which I (we) have or which may hereafter accrue are released and waived.

Failure to disclose required information may prejudice your application. All answers are warranties, therefore, make certain that each question is answered correctly before you sign this application form.

I (We) hereby agree to pay all premiums when due, and designate \_\_\_\_\_ (Print) as producer of record for this insurance. I (We) understand he is NOT acting as an agent of any insurer for the purposes of this application and has no authority to bind insurance.

In the event a binder is desired to provide insurance coverage effective 16 days from the date this application is received by the Association, I agree to request same in writing and to tender payment equal to the annual premium as estimated by the Association.

All the information furnished in this application is true and correct.

Date \_\_\_\_\_, 19\_\_\_\_  
\_\_\_\_\_  
Signature of Owner of Property

\_\_\_\_\_  
\_\_\_\_\_  
Signature of Witness

I am an insurance agent licensed to transact basic property insurance in Ohio for the \_\_\_\_\_  
Insurance Company

I have explained the provisions of the Ohio FAIR Plan to the Applicant. In the event a policy is issued and then canceled or insurance thereunder terminated, or a change is made resulting in a return premium due, I agree upon request to return my proportionate share of such return premium.

\_\_\_\_\_  
Signature of Producer of Record  
\_\_\_\_\_  
Address of Producer of Record (include Zip No.)

### Ohio FAIR Plan Application Acknowledgment.

Date .....

## OHIO FAIR PLAN UNDERWRITING ASSOCIATION

431 E. BROAD STREET — P. O. BOX 1290

COLUMBUS, OHIO 43216

File No. ....

Property Located At:

.....  
.....  
.....

.....  
.....  
.....

We acknowledge receipt of your application for insurance on property located at the described location, and are pleased to inform you that your property is eligible for insurance under the provisions of the "Ohio FAIR Plan."

The premium for this coverage based on the information in your application and the inspection by the Ohio Inspection Bureau is

	Property	Peril	Deductible	Premium
Building	\$.....	<input type="checkbox"/> Fire	\$.....	\$.....
		<input type="checkbox"/> Extended Coverage	\$.....	\$.....
Contents	\$.....	<input type="checkbox"/> Fire	\$.....	\$.....
		<input type="checkbox"/> Extended Coverage	\$.....	\$.....

#### Annual Premium Total

If the insurance is desired, please forward to our office by certified check or money order the total annual premium. Insurance will be effective at noon standard time on the day following the date upon which the total annual premium is received in this office, unless you request a later effective date. A copy of this letter attached to the remittance will expedite the transaction.

If the premium is not received in this office within fifteen calendar days from the date of this letter or prior to expiration of present Fair Plan Coverage, we will assume the insurance is not desired and close our files.

cc: Agent

Yours very truly,

## Ohio FAIR Plan Inspection Form—Dwellings.

OHIO INSPECTION BUREAU

### HABITATIONAL RISK

TO: OHIO FAIR PLAN UNDERWRITING ASSOCIATION

and other class rated property

APPLICANT		DATE OF INSP.	
LOCATION INSPECTED		COVERAGE BUILDING <input type="checkbox"/>	CONTENTS <input type="checkbox"/>
BLDG. OWNER (IF OTHER THAN APPLICANT), NAME & ADDRESS		AMOUNT OF INSURANCE REQUESTED	
PROPERTY DESCRIPTION		Building _____	Contents _____
CONSTRUCTION	GROUND FLOOR AREA	PROTECTION CLASS	EXPOSURE
OCCUPANCY			
UNCHARGED SCHEDULE PREMIUM.	FIRE Bldg. _____	CONTENTS INVOLVED Contents _____	OTHER

#### HAZARDOUS CONDITIONS (cumulative and per \$100 insurance)

CONDITIONS	CHARGES
a. Heating: Unsafe arrangement of heating devices, including chimneys, stovepipes, gas vents, etc.	
b. Wiring: Unsafe or inadequate electric wiring, nonstandard extensions, overfusing, etc.	
c. Conversion: Sub-division or conversion of the original living spaces into multiple units with overcrowded occupancy, inadequate sanitary facilities, unsafe arrangement of cooking devices, etc.	
d. Physical Condition: Building not in good repair, roof or chimneys deteriorating, wood surfaces unpainted or decaying, garages or porches not well maintained, etc.	
e. Housekeeping: Yard, basement, hallways or attic not kept clean and free from rubbish and litter, etc.	
BRIEFLY DESCRIBE CONDITIONS CAUSING CHARGE	
<b>SUMMARY</b>	<b>TOTAL CHARGES</b>

FIRE Premiums	BUILDING	CONTENTS INVOLVED
Final Fire Premiums		

INSPECTOR

# Ohio FAIR Plan Inspection Form—Commercial Risk.

OHIO INSPECTION BUREAU

**COMMERCIAL RISK**  
SUBJECT TO SPECIFIC RATING

TO: OHIO FAIR PLAN UNDERWRITING ASSOCIATION

APPLICANT		DATE OF INSP.	
LOCATION INSPECTED		COVERAGE Building <input type="checkbox"/> Contents <input type="checkbox"/>	
BLDG. OWNER "IF OTHER THAN APPLICANT" NAME & ADDRESS			
PROPERTY DESCRIPTION	CONSTRUCTION	GROUND FLOOR AREA	PROTECTION CLASS
OCCUPANCY			
SPECIFIC SCHEDULE RATES WITHOUT AFTERCHARGES OR BLDG. SMRP :	Fire Bldg. _____	Contents Involved _____	ECE _____
OTHER _____			

**Condition Charges (Aftercharges) for HAZARDOUS PHYSICAL CONDITIONS**

A. BUILDING CONDITION, CONSTRUCTION AND REPAIR HAZARD	Slight	Moderate	Severe	Charges
1. Lack of proper maintenance or structural repair, cracked walls, broken siding, sagging floors or roof, broken plaster, etc.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
2. Age, obsolescence, conversion from original use etc.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
3. Broken windows, porches, gutters, unscreened areaways, oil soaked floors, etc.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
4. Fire damage from previous fires; premises open to trespass.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
5. Open foundation or access to under-floor space.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
6. Lack of proper cut-offs in large area buildings, increasing loss probability or probable maximum loss.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
BRIEFLY DESCRIBE CONDITIONS CAUSING CHARGE.	Total—Section A.			

B. CONDITION OF OCCUPANCY AND PREMISES HAZARD	Slight	Moderate	Severe	Charges
1. Poor arrangement of stock or materials, congested premises, narrow aisles, high piling, merchandise stored below grade, etc.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
2. General untidiness, poor housekeeping, accumulation of rubbish, etc.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
3. Unsatisfactory disposal of cartons, wrappings and other day to day combustibles, accumulation, improper burning, etc.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
4. Conversion of residential spaces into overcrowded multiple living units, inadequate sanitary facilities, unsafe arrangements of cooking devices, etc.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
5. Unsatisfactory arrangement or clearance of grease hoods in cooking areas; inadequate program for regular cleaning, etc.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
6. Excessively combustible decorations, finish, etc.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
BRIEFLY DESCRIBE CONDITIONS CAUSING CHARGE	Total—Section B.			

C. BUILDING ACCESS AND EXTERNAL EXPOSURE HAZARD	Slight	Moderate	Severe	Charges
1. Poor access for proper fire fighting because of congestion, obstructions, exposing buildings, narrow, crowded or impassable alleys, etc.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
2. Exposures not otherwise recognized from buildings in poor repair, outbuildings, brush or weeds, fire ruins, etc.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
BRIEFLY DESCRIBE CONDITIONS CAUSING CHARGES	Total—Section C.			

D. POWER, HEATING AND WIRING HAZARD	Slight	Moderate	Severe	Charges
1. Unsafe arrangement of boilers or other power or heating devices, including chimneys, stovepipes, gas vents, etc.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
2. Unsafe or inadequate electric wiring, nonstandard extensions, overfusing, etc.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
BRIEFLY DESCRIBE CONDITIONS CAUSING CHARGE	Total—Section D.			

E. MISCELLANEOUS HAZARD	Slight	Moderate	Severe	Charges
1. Lack of metal lockers, waste cans, packing bins, safety cans, "No Smoking" signs, etc. where required.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
BRIEFLY DESCRIBE CONDITIONS CAUSING CHARGE	Total—Section E.			

**SUMMARY** NOTE: Charges for the above are cumulative.

**AGGREGATE TOTAL CHARGES**

FIRE RATES	SMRP		Building	Contents Involved	Coinsurance Symbol
	Basis	Cts.Sym.			
Final Fire Rates (with aftercharges) per \$100.00 insurance.					

**Ohio FAIR Plan Notice of Non-Eligibility.**

**OHIO FAIR PLAN UNDERWRITING ASSOCIATION**

431 E. BROAD STREET — P. O. BOX 1290

COLUMBUS, OHIO 43216

..... Date

**Notice of Non-Eligibility Upon Review of Inspection Report Together With "Application for Insurance"**

Property Located At:

.....  
.....  
.....

The Inspection Report of the Ohio Inspection Bureau reveals that your property is not eligible for insurance through the "Ohio FAIR Plan" for the following reasons:

If you wish to correct the above conditions, please advise when the necessary repairs are completed and the property will be reinspected by the Ohio Inspection Bureau.

You may appeal this determination to the Governing Committee of the Ohio Basic Property Insurance Underwriting Association within 30 days of the date shown above, and then to the Director of Insurance, 115 East Rich Street, Columbus, Ohio. If you desire to appeal to the Governing Committee, you may request by phone or letter the appropriate forms and procedures.

If you do not wish to appeal the determination of ineligibility, but wish to seek insurance in the excess or surplus lines market, you may wish to contact your insurance agent for information in that regard.

Yours very truly,

cc: Agent Designated on Application Form