



KENTUCKY FAIR PLAN

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TO: PRODUCING AGENTS

DATE: JANUARY 10, 2006

RE: PLAN CHANGES

Square Foot Guideline

The Underwriting Subcommittee has approved an increase in the amount of coverage the Plan can write on a particular risk effective January 1, 2006. The increase amounts to approximately 10% and as in the past is defined by location, construction etc. The new guidelines can be accessed on the web page at www.kyfairplan.com. The maximum amount of coverage allowed for habitational risks remains at \$150,000.

Checks returned for insufficient funds

In the past a problem has arisen whereby an insured may pay the producer direct and an agency check is submitted along with the application. If the insureds check was returned for insufficient funds it created a problem as the Plan had received payment and issued a policy and the producer is the one out the money. As no contractual relationship exists between the Plan and the producer the Plan could not cancel the policy at the producer request as the Plan had received payment. The Governing Committee has amended the Articles to read:

The Plan shall, at the request of a producer, cancel a policy in conformity with law where producer presents proof that a check, tendered by the insured to be used for the payment of premium and which has been deposited in the producer's premium account, has been refused payment by the bank upon which it has been drawn. Such cancellation shall be on a pro-rata basis, and the unearned portion of the paid premium, if any, shall be returned to the producer to the extent of the amount of the dishonored check.

\$100 Minimum Earned Premium

To comply with the Articles of Association effective February 1, 2006 a minimum of \$100 in premium shall be deemed fully earned when any period of coverage is provided

BULLETIN