



**ILLINOIS FAIR PLAN ASSOCIATION  
DWELLING POLICY PROGRAM (2002 EDITION)  
NOTICE TO POLICYHOLDERS**

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**CAUTION: NO COVERAGE IS PROVIDED BY THIS NOTICE; NOR CAN IT BE CONSTRUED TO REPLACE ANY PROVISION OF YOUR POLICY. YOU SHOULD READ YOUR POLICY AND REVIEW YOUR DECLARATION PAGE FOR COMPLETE INFORMATION ON THE COVERAGES THAT YOU ARE PROVIDED. IF THERE IS A CONFLICT BETWEEN THE POLICY AND THIS SUMMARY, THE POLICY SHALL PREVAIL.**

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Dear Illinois FAIR Plan Policyholder,

The form and endorsements made part of the renewal policy you have received differs from those in your former policy. Some changes give you more coverage and some reduce coverage. There are other changes that do not affect the level of coverage provided in your former policy. They were made to help you better understand your policy. This Policyholders Notice summarizes the main changes we made to your policy.

The standard deductible has changed from \$250 to \$500 for any loss covered under the policy, except Earthquake Coverage. A separate deductible provision applies to Earthquake Coverage.

**I. BROADENINGS OF COVERAGE**

**A. Coverages**

*Coverage B – Other Structures Used for Business*

Coverage now applies to another structure on the Described Location that contains commercial, manufacturing or farming property solely owned by an insured or a tenant of the dwelling. However, there is no coverage for the structure if any of the stored commercial, manufacturing or farming property includes gaseous or liquid fuel other than fuel in a vehicle or craft parked in the structure.

*Coverage C – Property Not Covered – Fund Transfer Card*

This term is now referred to as “*electronic fund transfer cards and access devices*” because other types of devices (for example, a personal computer) are increasingly being used to electronically transfer funds or to buy and sell goods and services.

*Coverage D – Rental Value*

The limit for loss of fair rental value as described in Coverage **D** has been increased from 10% to 20% of the Coverage **A** limit of liability.

**B. Perils Insured Against**

1. *Vandalism or Malicious Mischief*

The vacancy period provision in this peril is extended from 30 to 60 days. That means if your dwelling is vacant for up to 60 consecutive days and it is vandalized during that time, you are covered for that damage. (See Part III, Other Changes, Item C.1. for more changes to this peril.)

2. *Smoke*

Coverage has been broadened to pay for damage caused by the emission or puffback of smoke, soot, fumes, or vapors from a boiler, furnace or related equipment.

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**C. Conditions**

*Suit Against Us*

We increased the time limit for an insured to bring suit against us from *one to two years*.

**II. REDUCTIONS IN COVERAGE**

**A. Coverages**

*Coverage C – Property Not Covered*

*Accounts, Bank Notes, etc.,*

Certain instruments that serve as a substitute for cash, such as: scrip and stored value and smart cards, are included within the items in the Property Not Covered provision for accounts and bank notes.

**B. Exclusions**

*Governmental Action*

We now exclude the destruction, confiscation, or seizure of covered property by order of any governmental or public authority. However, this exclusion does not apply to action taken by the authority at the time of a fire to prevent its spread.

**C. Conditions/Others Insurance and Service Agreement**

We added 'Service Agreement' to the Other Insurance Condition because of the proliferation of home warranties and appliance service and maintenance agreements that could result in payment by this policy and the warranty or maintenance contract when both cover the same property involved in a loss. Therefore, this insurance will be excess over any compensation you receive as a result of the service or maintenance agreement.

*Suit Against Us*

We also revised this condition to state that such action cannot be brought until there is full compliance with all of the terms of the policy.

**III. OTHER CHANGES**

The following changes were made to more explicitly express the level of coverage provided for the policy provisions noted below. However, they could result in a change in coverage depending on the circumstances of a given claim and our prior claims handling practices.

**A. Property Coverages**

*Coverage C – Personal Property*

*1. Covered Property (Property of Others)*

We revised this provision to emphasize that you can apply your Coverage **C** limit to personal property of a guest or servant **after a loss** to such property occurs.

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2. *Property Not Covered*

a. *Platinumware*

This provision is revised to apply only to platinum, not platinumware.

b. *Hovercraft*

We are now explicitly stating that no coverage exists for hovercrafts.

c. *Motor Vehicles*

Your former policy and this policy do not cover motor vehicles, their accessories and equipment except for vehicles **not** registered and not required to be registered for use on public roads or property and: 1) designed to assist the handicapped; or 2) used to service the Described Location (for example, a motorized lawn tractor, snowplow or garden cart). This provision has been revised to state that **'parts'** are included with accessories and equipment and that coverage for service vehicles only applies to a vehicle that is used **solely** to service an insured's residence.

d. *Water or Steam*

Water or steam transported through mains or bulk to the Described Location is considered a utility, much like electricity and natural gas. Therefore, it is not real or personal property and as a consequence, not covered under this or your former policy. To eliminate any questions on this point, we added water and steam to the list of property not covered.

**B. Perils Insured Against**

*Vandalism or Malicious Mischief*

This peril now explicitly expresses that any ensuing loss caused by any intentional and wrongful act committed by vandals in the course of the vandalism or malicious mischief is not covered when the premises has been vacant for a period of more than 60 consecutive days. **For example**, assume during the third month of a dwelling's vacancy, vandals entered the house and spray-painted the walls and destroyed the furnace. Assume too that two weeks later, long after the vandals have left, the water in the pipes in the house froze, because of the lack of heat and extremely cold weather, and break in a number of places. Shortly thereafter, warm weather thaws the frozen pipes and water leaks from the breaks causing damage to the floors and walls of the dwelling. Because the dwelling was vacant for more than 60 consecutive days, there is NO coverage for: a) the damage to the walls and furnace caused by the vandals and b) the ensuing loss to the floors and walls caused by the water that leaked from the broken pipes due to lack of heat.

**C. Exclusions**

1. *Introductory Paragraph*

To emphasize that the exclusions named in the policy apply to both catastrophic and non-catastrophic loss situations, this paragraph is revised to state that the exclusions apply *whether or not* the excluded event causes widespread damage or affects a substantial area.

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2. *Water Damage*

We revised the 'water back-up' and 'subsurface water' exclusions to state that they also apply to damage caused by *water-borne material*. In addition, we revised the 'sewer overflow' exclusion to state that it applies to water and water-borne material that overflows or is *discharged* from a sump, sump pump or related equipment.

3. *Earth Movement and Water Damage*

To point out that coverage is excluded not only for naturally occurring events, we added language to these exclusions to indicate that they apply even if the excluded event is *caused by or results from human or animal forces*.

4. *Intentional Loss*

We added text to this exclusion to point out that there is no coverage for ALL insureds if an insured commits or conspires to commit damage that results in an otherwise covered loss.

**IV. ENDORSEMENTS**

**A. Coinsurance - Three & Four Family Dwellings**

The mandatory Coinsurance Clause Endorsement for three & four family dwellings has been deleted, eliminating the 80% insurance to value requirement.

**B. Earthquake Coverage**

The Illinois Division of Insurance has granted a rate increase for Earthquake Coverage to the Illinois FAIR Plan Association. This is the first rate change to the Earthquake Program since 1990. This increase will be reflected in your renewal premium if your policy is endorsed to provide coverage for the peril of Earthquake.

In addition to the premium change, there is an earthquake deductible change, which is outlined below:

Deductible

- The minimum deductible has been changed to 5% of the limit of liability. In the event of an Earthquake loss to covered property, the dollar amount of the earthquake deductible is determined by multiplying either the:  
Coverage **A**,  
Coverage **B** or  
Coverage **C**,  
limit of liability shown in the Declarations, which ever is greater, by the deductible percentage amount shown on the policy for earthquake coverage.
- Under the previous Earthquake Program, the percentage deductible was applied to each of coverages **A**, **B**, **C** and **D**.

-----End of Policy Forms Policyholders Notice-----