



Articles of Agreement Iowa FAIR Plan Association

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ARTICLE I NAME AND ORIGIN

The Plan, organized and established on October 25, 1968, shall be known as the Iowa FAIR Plan Association or the Plan.

ARTICLE II – PURPOSE

The purposes of the Plan include all of the following:

1. To make basic property insurance available to qualified applicants with the least possible administrative detail and expense.
2. To establish a plan, an industry placement facility and a joint reinsurance association, for the equitable distribution of risks among insurers.
3. To utilize fully the voluntary insurance market as a source of essential property insurance.
4. To encourage the delivery of basic property insurance at the most reasonable cost possible, provided that insurance pricing by the FAIR plan is actuarially self-supporting and does not actively compete with insurance pricing in the voluntary insurance market.

ARTICLE III OFFICE

The principal office of the Plan shall be in the Des Moines metropolitan area, officially known as the Des Moines-West Des Moines, IA Metropolitan Statistical Area (MSA)

ARTICLE IV DEFINITIONS

Basic property insurance means insurance against direct loss to property as defined in the standard fire policy and extended coverage, vandalism, and malicious mischief endorsements; homeowners insurance; and such other coverage or classes of insurance as may be added to the Plan by the Commissioner.

Basic property insurance shall include:

1. Coverage provided in the customary fire policy and in the customary extended coverage and builders risk endorsements.
2. Coverage against loss or damage by burglary or theft, or both.
3. Coverage at least equivalent to that provided in a modified coverage form homeowners policy.

Basic property insurance does not include any of the following:

1. Automobile insurance.
2. Inland marine insurance.

Habitational risk means:

1. Dwellings, permanent or seasonal, designed for occupancy by not more than four families or containing not more than four apartments.
2. Private outbuildings used in connection with any of the risks described in “1”.
3. Trailer homes at a fixed location.
4. Household and personal property in risks described in “1” to “3”.

ARTICLES OF AGREEMENT OF THE IOWA FAIR PLAN ASSOCIATION

5. Tenants' contents in dwellings or apartment houses.

Iowa FAIR Plan or "the Plan" means the nonprofit, unincorporated mandatory risk-sharing facility established by this division to provide for basic property insurance.

Location means a single building and its contents, or contiguous buildings and their contents, under one ownership.

Manufacturing risks means those risks eligible to be written under the customary manufacturing business interruption policy forms approved by the Commissioner.

The following are not considered manufacturing risks:

1. Dry cleaning and laundering-Carpet, rug furniture, or upholstery cleaning; diaper service or infants' apparel laundries; dry cleaning; laundries; linen supply.
2. Installation, servicing and repair-Electrical equipment; electronic equipment; glazing; household furnishings and appliances; office machines; plumbing; heating and air conditioning; protective systems for premises, vaults and safes.
3. Laboratories-Blood banks; dental laboratories; medical or X-ray laboratories.
4. Duplicating or similar services-Blueprinting and photocopying services; bookbinding; electrotyping; engraving; letter service (mailing or addressing companies); linotype or hand composition; lithographing; photo engraving; photo finishing; photographers (commercial).
5. Warehousing-Cold storage (locker establishments); cold storage warehouse; furniture or general merchandise warehouse.
6. Miscellaneous-Barber shops; beauty parlors; cemeteries; dog kennels; electroplating; equipment rental (not contractors' equipment); film and tape rental; funeral directors; galvanizing; tinning, detinning; radio broadcasting, commercial wireless and television broadcasting; taxidermists; telephone or telegraph companies; textiles (bleaching, dyeing, mercerizing or finishing of property of others); veterinarians and veterinary hospitals.

Motor vehicles means vehicles which are self-propelled.

Weighted premiums written means:

1. Gross direct premiums less return premiums, dividends paid or credited to policyholders, or the unused or unabsorbed portions of premium deposits, with respect to property in this state excluding premiums on risks insured under the Plan, for basic property insurance, for homeowners multiple peril policies, for farm dwelling policies and for the basic property insurance premium components of all other multiple peril policies.
2. In addition, 100 percent of the premiums obtained for homeowners multiple peril policies shall be added to 100 percent of the premiums obtained for basic property insurance and the basic property insurance components of all other multiple peril policies. The basic year for the computation shall be the first preceding calendar year.

Insolvency or an insolvent company shall be deemed to exist effective the date of the entry of a court Order of Liquidation, or order of similar import.

Inspection Bureaus means the organization or organizations designated by the Governing Committee to make inspections as required under these Articles and to perform such other duties as may be authorized by the Governing Committee.

Insurer includes all companies or associations licensed to transact insurance business in this state under chapters 515, 518, and 518A, and companies or associations admitted or seeking to be admitted to do business in this state under any of those chapters, notwithstanding any provision of the Code to the contrary.

Commissioner means the Commissioner of the Iowa Insurance Division for the State of Iowa.

ARTICLE V ELIGIBLE RISKS

All risks at a fixed location shall be eligible for inspection and considered for insurance under the Plan except motor vehicles, inland marine risks, and manufacturing risks as defined above.

The maximum limits of coverage for the type of basic property insurance for customary fire and extended coverage which may be placed under the Plan are those established by the Governing Committee from time to time.

The maximum limits of coverage for the type of basic property insurance for burglary and theft which may be placed under the plan are those established by the Governing Committee from time to time.

The maximum limits of coverage for the type of basic property insurance for Homeowners coverage which may be placed under the Plan are those established by the Governing Committee from time to time.

ARTICLE VI MEMBERSHIP

Every insurer licensed to write and engaged in writing one or more components of basic property insurance shall be considered a member of the Plan. Any other insurer may, upon application to and approval by the Governing Committee, become a member.

Each insurer that meets the eligibility requirements in the above paragraph shall be required to do all of the following:

1. Automatically subscribe to the Articles of Agreement for the Plan and the underwriting association as a prerequisite to authority to transact property insurance business in this state.
2. Become and remain a member both of the Plan and the underwriting association.
3. Comply with the requirements of the Plan and the underwriting association as a condition of the insurer's authority to transact property insurance business in this state.

An insurer's membership terminates when the insurer is no longer authorized to write basic property insurance in Iowa, but the effective date of termination shall be the last day of the fiscal year of the Plan in which termination occurs. Any insurer so terminated shall continue to be governed by the provisions of this division until the insurer completes all of its obligations under the Plan.

Any voluntary insurer member may terminate its membership only as of the last day of the fiscal year of the Plan by giving written notice to the Plan 30 days prior to the last day of the fiscal year of the Plan. The Governing Committee upon a majority vote may terminate the membership of a voluntary insurer. Any such terminated member shall continue to be governed by the provisions of this division until the insurer completes all of its obligations under the Plan.

Subject to the approval of the Commissioner, the Governing Committee may charge a reasonable annual membership fee.

ARTICLE VII ADMINISTRATION

The Plan shall be administered by the Governing Committee, subject to supervision of the Commissioner, and operated by a manager appointed by the Governing Committee.

The Governing Committee shall consist of seven members. Five of the members shall be elected to the Governing Committee, with one member from each of the following:

1. American Insurance Association.
2. Property Casualty Insurers Association of America.
3. Iowa Insurance Institute.
4. Mutual Insurance Association of Iowa.
5. Independent Insurance Agents of Iowa.
6. Two of the members shall be elected to the Governing Committee by other members of the plan.

Not more than one insurer in a group under the same management or ownership shall serve on the Governing Committee.

Governing Committee members shall serve for a period of one year or until a successor is elected or designated. Each member shall have one vote.

ARTICLE VIII DUTIES OF THE GOVERNING COMMITTEE

The Governing Committee shall meet as often as may be required to perform the general duties of the administration of the Plan, or on the call of the Commissioner. Four members of the committee present or by proxy shall constitute a quorum. Members of the committee who choose to appoint a proxy shall give a written proxy to the person elected to act as proxy. The written proxy shall then be filed with the Governing Committee, thus ensuring the validity of the proxy's actions as the Governing Committee performs its duties.

The Governing Committee shall be empowered to appoint and approve the compensation of a manager, who shall serve at the pleasure of the committee, to budget expenses, levy assessments, disburse funds, and perform all other duties of the Plan. The adoption of or substantive changes in pension plans or employee benefit programs for the manager and staff shall be subject to approval of the Governing Committee.

The Governing Committee may designate, with the approval of the Commissioner, a rate service organization as defined in Iowa Code chapter 515F, to make inspections as required under the Plan and to perform such other duties as may be authorized by the Governing Committee.

ARTICLES OF AGREEMENT OF THE IOWA FAIR PLAN ASSOCIATION

The manager shall annually prepare an operating budget which shall be subject to approval of the Governing Committee. Such budget shall be made available to the members of the Plan after approval. Any substantial expenditure in excess of, or not included in, the annual budget shall require prior approval by the Governing Committee.

The Governing Committee shall submit to the Commissioner periodic reports setting forth information as the Commissioner may request. On or before April 1 of each year, the Governing Committee shall submit a report summarizing any new programs or reforms in operation undertaken during the preceding calendar year in order to comply with any new legislation, regulations or directives affecting the Plan. This report shall contain a statistical tabulation on business written in accordance with the Plan.

The Governing Committee shall separately code all policies written by the Plan so that appropriate records may be compiled for payment of premium taxes, for purposes of performing loss prevention and other studies of the operation of the Plan.

The Governing Committee shall authorize the manager to file rates, surcharge schedules and forms for prior approval by the Commissioner.

The Governing Committee shall prepare such agreements and contracts as may be necessary for the execution of this division consistent with its provisions.

The Governing Committee shall annually elect a Chairman and Vice Chairman, and may elect additional officers including a Secretary. All such officers shall be elected by a majority vote of those members present at the meeting and shall be members of the Governing Committee.

The Chairman, or in his or her absence the Vice Chairman, or in his or her absence another officer, shall act as Chairman of any meeting of the Governing Committee and of any meeting of the members of the Plan, and the Secretary, or a person appointed by the Chairman, shall act as Secretary of such meeting.

The Governing Committee shall annually appoint a properly qualified firm to conduct an annual financial audit of the operations of the Plan, the scope of which shall be determined by the Committee, and to perform such other functions as may be directed by the Committee. Additionally, annual underwriting and claim audits are conducted by three members of the Plan. Members of the Plan shall, at all reasonable time, make their books and records available to the Committee or its representative for the purpose of reviewing any matters coming within the purview of these Articles of Agreement.

ARTICLE IX ANNUAL AND SPECIAL MEETINGS

There shall be an annual meeting of the insurers on a date fixed by the Governing Committee at which time Governing Committee members may be chosen.

A special meeting shall be called by the Governing Committee within 40 days after receipt of written request from any ten insurers, not more than one of which may be in a group under the same management or ownership.

The time and place of all meetings shall be reasonable. Twenty days' notice of an annual or special meeting shall be given in writing by the Governing Committee to all insurers defined above. Four members present in person or by proxy shall constitute a quorum. Voting by proxy shall be permitted.

Any matter not inconsistent with the law or this division may be proposed and voted upon at any special meeting of the committee. Notice of any such proposal shall be mailed to each insurer not less than 20 days prior to the final date fixed by the committee for voting thereon.

ARTICLE X APPLICATION FOR INSURANCE

Any person who has an insurable interest in an eligible risk in property permitted to be written in the Plan and who has received within the last six months a notice of rejection, non-renewal or cancellation from an insurer may apply for insurance by the Plan.

An inspection need not be made if the Governing Committee determines that insurance can be provided for specified classes of risks on the basis of representations of the applicant or insurance producer.

The Plan may bind coverage. The Plan may wait until receipt of the inspection report or receipt of additional underwriting information before determining whether to bind coverage. Coverage will be bound by the Plan by acknowledgement to the producer.

ARTICLE XI INSPECTION PROCEDURE

The inspection by the Plan shall be without cost to the applicant.

The manner and scope of the inspection shall be prescribed by the Plan with the approval of the Commissioner.

An inspection report shall be made for each property inspected covering pertinent structural and occupancy features as well as the general condition of the building and surrounding structures. Representative photographs may be taken during the inspection to indicate the pertinent features of building, construction, maintenance, occupancy, and surrounding property.

The inspector shall have no authority to act on behalf of the Plan.

After the inspection, a copy of the completed inspection report and any relevant photographs shall be kept on file by the Plan. The report shall include a description of any deficient physical condition changes proposed by the inspector. A copy of the inspection report shall be made available to the applicant or producer upon request.

If there are one or more deficient conditions, surcharges may be imposed in conformity with rating plans approved by the Commissioner.

ARTICLE XII PROCEDURE AFTER INSPECTION AND RECEIPT OF APPLICATION

ARTICLES OF AGREEMENT OF THE IOWA FAIR PLAN ASSOCIATION

After receipt of the application, the inspection report, and any additional underwriting information requested from the applicant, the Plan shall within five business days complete and send to the applicant an action report advising the applicant of one of the following:

- a. That the risk is acceptable. If the inspection reveals deficient conditions, appropriate charges may be imposed, but the report shall specify the improvements necessary for removal of each such charge.
- b. That the risk is declined unless reasonable improvements noted in the action report are made by the applicant and confirmed by re-inspection.
- c. That the risk is declined because it fails to meet reasonable underwriting standards as set forth in Article XIV. Reasonable underwriting standards as set forth in Article XIV shall not include neighborhood or area location or any environment hazard beyond the control of the property owner.

If the risk is accepted, the action report shall advise the applicant of:

- a. The amount of coverage the Plan agrees to write.
- b. The amount of coverage the Plan agrees to write if specified improvements are made.
- c. The amount of coverage the Plan agrees to write only if a large or special deductible is agreed to by the applicant.

If the risk is accepted, the Plan, upon receipt of the premium, shall deliver the policy to the applicant or to the licensed producer designated by the applicant for delivery to the applicant. The Plan shall remit the commissions to the licensed producer designated by the applicant.

All policies issued shall be on forms approved by the Governing Committee and the Commissioner and shall be issued for one year.

Premiums on policies written by the Plan on behalf of its members shall be retained by the Plan for payment of losses and expenses, or distributed to the members, as appropriate.

ARTICLE XIII CENTRALIZED OPERATIONS

All FAIR Plan policies shall be issued through the Plan on behalf of its members, under the name of the Plan and in the name of a member company who serves on the Governing Committee.

In connection with policies issued by the Plan as aforesaid, the Plan shall act on behalf of its members in all necessary manners including, but not limited to, collection of premiums, issuance of cancellations, and payment of commissions, losses, judgments and expenses.

The manager is hereby granted authority and power of attorney to sign, directly or by facsimile signature, policies of insurance issued by the Plan in accordance with paragraph (1) of this Article XIII.

The records, reports, and communications of the Plan, the Governing Committee, the committees of the Plan, and their representatives, producers, and employees are not public records.

ARTICLE XIV REASONABLE UNDERWRITING STANDARDS FOR PROPERTY COVERAGE

ARTICLES OF AGREEMENT OF THE IOWA FAIR PLAN ASSOCIATION

The following characteristics may be used in determining whether a risk is acceptable for property coverage. Where there is more than one cause for declination, all causes shall be listed and complied with before the property may be accepted for insurance purposes.

- a. Physical condition of property; however, the mere fact that a property does not satisfy all current building code specifications will not, of itself, suffice as a reason for declination.
- b. The property's present use as extended vacancy or extended unoccupancy of the property for 60 consecutive days. Properties that are vacant or unoccupied for more than 60 days may be insured while rehabilitation or reconstruction work is actively in process, meaning that the insured or owner should make monthly progress in order to complete the rehabilitation or reconstruction within a one year time frame.
- c. Other specific characteristics of ownership, condition, occupancy or maintenance that violate the law and that result in substantial increased exposure to loss. Any circumstance considered under this paragraph must relate to the peril insured against.
- d. Characteristics of ownership or maintenance of building including any two of the following conditions:
 - i. Failure to pay real estate taxes on a property after the taxes have been delinquent for one year or more. 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.
 - ii. Failure, within the insured's control, to furnish water for 30 consecutive days or more.
 - iii. Failure, within the insured's control, to furnish heat for 30 consecutive days or more during the heating season.
 - iv. Failure, within the insured's control, to furnish public lighting for 30 consecutive days or more.
- e. Physical condition of buildings which results in an outstanding order to vacate, in an outstanding demolition order or in being declared unsafe in accordance with the applicable law.
- f. One or more of the conditions for nonrenewal as listed in Article XVII currently exist. The Plan shall upon notice that conditions at the buildings have changed consider new application for coverage.
- g. Vandalism and malicious mischief coverage shall not be provided for a dwelling or commercial property where the property has been subject to two vandalism and malicious mischief losses, each loss amounting to at least \$500., in the immediately preceding 12-month period, or three or more such losses in the immediately preceding 24-month period.
- h. Previous loss history or matters of public record concerning the applicant or any person defined as an insured under the policy.
- i. Any other guidelines which have been approved by the Commissioner.

In the event the risk is conditionally declined because the property does not meet reasonable underwriting standards but can be improved to meet such standards, the Plan shall promptly advise the applicant what improvements should be made to the property. Upon being notified of the completion of improvements by the applicant the Plan will determine if the risk meets reasonable underwriting standards and will notify the applicant.

Any notice of declination shall include a statement that the applicant has a right of appeal to the Governing Committee in manner and form established by the Governing Committee. A decision of the Governing Committee may be appealed to the Commissioner within 30 days from the date the Governing Committee notifies the party appealing of its decision.

ARTICLE XV REASONABLE UNDERWRITING STANDARDS FOR LIABILITY COVERAGE

The following characteristics may be used in determining whether a risk is acceptable for liability insurance on homeowner policies:

- a. Broken, cracked, uneven or otherwise faulty steps, porches, decks, sidewalks, patios and similar areas.
- b. Downspouts or drains which discharge onto sidewalks or driveways.
- c. Unsafe conditions including inadequate lighting of stairways.
- d. Animals known to be vicious or animals that have caused a liability claim.
- e. Swimming pools or private ponds not fenced in accordance with local regulations.
- f. Unsafe, or the absence of, handrails.
- g. Junk cars, empty refrigerators, trampolines or other potentially dangerous objects in the yard which are an attraction to children.
- h. Previous loss history or matters of public record concerning the applicant or any person defined as an insured under the policy.
- i. Any other guidelines which have been approved by the Commissioner.

Liability insurance shall only be provided as contained in the Iowa FAIR Plan Homeowners policy.

Liability insurance shall not be provided for risks with any of the deficiencies set forth in "a. through g." under this Article XV as disclosed by the application or inspection, until the deficiencies have been corrected.

Liability insurance may not be provided where there is a business operating at the insured location, unless the applicant has in force a business liability policy with limits of at least \$100,000 per occurrence providing premises liability coverage.

Liability insurance shall not be provided where the applicant owns three or more horses or other riding animals, unless the applicant has in force a liability policy with limits of at least \$100,000 per occurrence providing coverage for the ownership and use of the horses or other riding animals.

Any notice of declination shall include a statement that the applicant has a right of appeal to the Governing Committee in manner and form established by the Governing Committee. A decision of the Governing Committee may be appealed to the Commissioner within 30 days from the date the Governing Committee notifies the party appealing of its decision.

ARTICLE XVI RENEWALS

The manner of, and procedures applicable to, effecting renewal of a policy issued by the Plan shall be determined by the Governing Committee.

ARTICLE XVII CANCELLATION; NONRENEWAL AND LIMITATIONS; REVIEW OF ELIGIBILITY

ARTICLES OF AGREEMENT OF THE IOWA FAIR PLAN ASSOCIATION

The Plan shall not cancel or refuse to renew a policy issued by the Plan except for the following reasons:

- a. Facts as confirmed by inspection or investigation which would have been grounds for non-acceptance of the risk by the Plan had they been known to the Plan at the time of acceptance.
- b. Changes in the physical condition of the property or other changed conditions as confirmed by inspection or investigation that make the risk uninsurable due to paragraphs "l." and "m."
- c. Nonpayment of premiums.
- d. At least 65 percent of the rental units in the building are unoccupied, and the insured has not received prior approval from the Plan of a rehabilitation program which necessitates a high degree of unoccupancy.
- e. Unrepaired damage exists and the insured has stated that repairs will not be made, or such time has elapsed as clearly indicates that the damage will not be repaired. The elapsed time under this paragraph is a length of time over 60 days where the damage remains unrepaired, unless there are known to be extenuating circumstances.
- f. After a loss, permanent repairs have not been commenced within 60 days following payment of the claim, unless there are known to be extenuating circumstances. The 60 day period starts upon acceptance of payment of the claim.
- g. Property has been abandoned for 90 days or more.
- h. Utilities such as electric, gas or water services have been disconnected or the insured has failed to pay an account for such services within 120 days.
- i. Real estate taxes have not been paid for a two year period after the taxes have become delinquent. Real estate taxes shall not be deemed to be delinquent for this purpose if they are due and constitute a lien so long as a grace period remains under local law under which taxes may be paid without penalty.
- j. There is good cause to believe, based on reliable information, that the building will be burned for the purpose of collecting the insurance on the property. The removal of damaged salvageable items, such as normally permanent fixtures, from the building shall be considered under this paragraph when the insured can provide no reasonable explanation for such removal.
- k. A named insured or loss payee or other person having a financial interest in the property being convicted of the crime of arson or a crime involving a purpose to defraud an insurance company. The fact that an appeal has been entered shall not negate the use of this paragraph.
- l. The property has been subject to more than two losses, each loss amounting to at least \$500 or 1 percent of the insurance in force, whichever is greater, in the immediately preceding 12 month period, or more than three such losses in the immediately preceding 24 month period, provided that the cause of such losses is due to the conditions which are the responsibility of the owner named insured or due to the actions of any person defined as an insured under the policy.
- m. Theft frequency in which there have been more than two thefts, each loss amounting to at least \$500, in a 12 month period.
- n. Material misrepresentation in any statement to the Plan.
- o. On homeowners policies, excessive theft or liability losses. If a given property has been subject to two vandalism and malicious mischief losses, each loss amounting to at least \$500, in the immediately preceding 12 month period, or three or more such losses in the immediately preceding 24 month period, the Plan may convert the Homeowners policy to a dwelling policy without vandalism and malicious mischief coverage.

The Plan shall terminate all insurance contracts in accordance with Iowa Code.

At the completion of 36 months of coverage and prior to the completion of 48 months, each risk shall be reviewed for its eligibility for coverage in the voluntary market. The risk shall be submitted by the Plan to the producer of record, if any, for a search of the voluntary market. If the producer resubmits the risk to the Plan, it must be resubmitted with a new application and accompanied by a current rejection notice. The Plan shall re-inspect the risk before coverage is provided.

ARTICLE XVIII ASSESSMENTS

Participation and assessments by and upon each insurer in the Plan for losses and expenses in connection with Plan business shall be levied and assessed by the Governing Committee of the Plan on the basis of participation factors determined annually, giving effect to the proportion which such insurer's weighted premiums written bears to the aggregate weighted premiums written by all insurers in the Plan.

De minimis assessments. If a member's assessment is less than an amount specified by the Governing Committee at the time an assessment is approved, it shall not be billed to an insurer, but will be accumulated as a deferred assessment until the cumulative amount deferred is equal to or more than the specified amount or dismissed by the Governing Committee.

Late payment fee. Assessments shall be due and payable when billed. If any member fails to pay an assessment within 60 days after it is due, the insurer shall pay interest from the billing date at the rate of 1.5 percent per month. In the event that an insurer fails to pay any applicable late payment fee with an assessment, the amount of such unpaid late payment fee will be included in the amount of the insurer's next assessment.

In the event any Member of the Plan fails, by reason of insolvency, to pay, upon lawful assessment, its proportionate part of any loss or expense and such failure is due to insolvency and the Governing Committee determines that such assessment cannot be collected within a reasonable period of time, such unpaid loss or expense shall be paid by the remaining Members, each contributing in the manner provided by the program for distribution of losses and expenses, but without regard to the premium writings of the defaulting Member. The defaulting Member shall remain liable to the Plan for the full amount of any such unpaid assessment and any collection made by the Plan against such assessment shall be credited and paid back to the other Member companies in the same proportions as shall have been utilized in calculating each company's contribution toward such default assessment.

No amount which would otherwise be distributed under the program shall be distributed to a Member when membership has been terminated, or to the liquidator, receiver, conservator, or statutory successor of such member until the obligation of such Member to the Plan has been completed, and said amounts shall be applied as a set-off against said obligation to the extent necessary to complete said obligation. Any balance remaining shall be thereafter remitted to the Member or the liquidator, receiver, conservator, or statutory successor of the member pursuant to appropriate written application.

Credits for voluntary writings. The Plan may develop a voluntary writing credit policy, subject to approval by the commissioner. Credits may be used as offsets to member company assessments made by the Plan.

ARTICLE XIX COMMISSION

Commission to the licensed producer designated by the applicant shall be 10 percent of all policy premiums. The Plan shall not license or appoint producers.

In the event of cancellation of a policy, or if an endorsement is issued which requires the premium to be returned to the insured, the producer shall refund proportionally to the Plan commissions on the return premium at the same rate at which such commissions were originally paid.

ARTICLE XX PUBLIC EDUCATION

In cooperation with the insurance commissioner, the Plan shall undertake a continuing education program with insurers, producers and consumers about the Plan's insurance program and its availability. All insurers and producers shall cooperate fully in the continuing education program. Such continuing education program will include the publication and distribution of literature:

1. Describing the Plan and its general operation;
2. Explaining the possible cost savings of obtaining insurance in the voluntary market; and
3. Advising of the availability of rate comparison charts.

ARTICLE XXI COOPERATION AND AUTHORITY OF PRODUCERS

Each insurer shall require its licensed producers to cooperate fully in the accomplishment of the intents and purposes of the Plan.

Licensed insurance producers shall not act as agents for the Plan.

Licensed insurance producers shall not do any of the following:

- a. Bind coverage for the Plan.
- b. Alter or change policies issued by the Plan.
- c. Settle losses of the Plan.
- d. Act on behalf of the Plan or commit the Plan to any course of action.

Licensed insurance producers shall assist applicants who need to apply for coverage under the Plan, and shall submit applications that meet the requirements under Article X. Producers shall follow the rules and procedures of the Plan.

ARTICLE XXII REVIEW BY COMMISSIONER

The Governing Committee shall report to the commissioner the name of any insurer or producer which fails to comply with the provisions of the Plan or with any rules prescribed thereunder by the Governing Committee or to pay within 30 days any assessment levied.

ARTICLE XXIII INDEMNIFICATION

ARTICLES OF AGREEMENT OF THE IOWA FAIR PLAN ASSOCIATION

Each person serving on the Governing Committee or any of its subcommittees, each member of the Plan, and the manager and each officer and employee of the Plan shall be indemnified by the Plan against all cost, settlement, judgment, and expense actually and necessarily incurred by that person in connection with the defense of any action, suit, or proceeding in which that person is made a party by reason of that person's being or having been a member of the Governing Committee or a member or manager or officer or employee of the Plan, except in relation to matters as to which that person has been judged in an action, suit, or proceeding to be liable by reason of willful misconduct in the performance of that person's duties as a member of the Governing Committee or as a member, manager, officer or employee of the Plan. This indemnification shall not apply to any loss, cost or expense on insurance policy claims under the Plan. Indemnification under this rule shall not be exclusive of other rights to which the member, manager, officer, or employee may be entitled as a matter of law.