

Applicant

Before applying to the Association, all applicants must make a diligent effort to secure coverage in the voluntary insurance market.

Any person having an insurable interest in the property to be insured may complete an application. Partnerships, corporations or other legal entities must disclose information about principal owner, and other owned properties. Refer to the forms section of this guide for current forms required.

Insurable Property

Any real property or personal property located within the state of New Jersey is potentially insurable.

Certain types of property, or properties with certain conditions are not insurable with the Association. Refer to the following section for more specific guidelines.

Properties Not Insurable

This list describes conditions or circumstances that make the property uninsurable until they are corrected. Other conditions, discovered upon inspection or investigation, may make the property uninsurable until improvements are made. The insured will be notified of the conditions that require modification.

- a. Automobile risks or automobile property.
- b. Farm risks or property used for agricultural pursuits.
- c. Buildings on which property taxes are unpaid for two or more quarters.
- d. Buildings that are vacant or unoccupied and accessible to unauthorized persons.
- e. Buildings with any of the rental units in the building being vacant or unoccupied and accessible to unauthorized persons.
- f. Buildings that have an exceptional degree of hazard, such as the following:
 - Buildings previously damaged, and the damages are not repaired within a reasonable time.
 - Buildings in danger of collapse because of dilapidated or serious structural conditions.
 - Buildings used for storage of flammable materials.
 - Buildings that have been condemned.

- g. Buildings that have characteristics of ownership, condition, occupancy or maintenance that violate public policy, such as the following:
 - Buildings from which fixed and salvageable items have been or are being removed.
 - Failure to furnish heat, water, sewer or public lighting.
 - Failure to correct conditions dangerous to life, health or safety, or violations of applicable laws.
 - When there is reasonable knowledge and belief that the property is endangered and is not reasonably protected from possible arson for profit.
 - The building is used for selling or using drugs or narcotics.

- h. The insured has been indicted for or convicted of arson or burning with intent to defraud, or there is evidence of incendiaries or attempt thereat by the insured or representative of the insured.

Eligibility Criteria and Limits

- **Real Property (Private dwellings)** 1 to 4 family, owner or tenant occupied.
- **Personal Property (Contents)** usual or incidental to the occupancy of a dwelling.

Maximum Limits

- Real Property (Building).....**\$500,000 – Maximum Per Location**
- Personal Property (Contents)
 - If the Association is providing the building coverage.....Up to 50% of the Building Limit
- **Maximum of \$250,000**
 - If the Association is not providing the building coverage.....\$50,000 – Maximum Per Location
- **The Maximum coverage per Location is \$750,000**

Actual Cash Value (ACV)

All policies provide coverage on an actual cash value basis. Replacement cost coverage is not available.

By case law, New Jersey is considered a Broad Evidence state, and many factors could potentially affect the determination of ACV.

Such factors might include:

- Assessed value of the improvement to the land.
- Market value of the building, less land.
- Replacement cost of the building less physical depreciation.
- Three-year rental income from the property.
- The potential for alternative uses of the building.
- Obsolescence factors such as cost of upgrading to meet current building codes.

The principle of indemnity underlies any determination of ACV. Insurance recovery for a property loss should correspond to the actual financial loss sustained by any insured. The insured should not benefit from the loss.

Covered Perils

Direct loss to property caused by:

- Fire, Lightning,
- Explosion, Wind, Hail, Smoke, Aircraft, Vehicles, Riot or Civil Commotion,
- Vandalism or Malicious Mischief
- Mine Subsidence

The Association does not provide:

- Broad perils such as water damage or collapse
- Flood coverage
- Liability coverage
- Theft coverage

Policy Period

The policy period is one year and policies are not automatically continued or renewed. A Notice of Expiration is mailed to the insured approximately 30 to 60

days prior to expiration. A completed application and full annual premium must be received by NJIUA before coverage is renewed.

When Does Coverage Begin?

For applications on property that may be uninsurable, as defined in this guide, coverage cannot begin until after an inspection is completed. This includes all vacant or unoccupied properties, and those previously damaged but not yet repaired.

For most applicants coverage begins upon receipt by the Association of the fully completed and signed application, plus any required supplemental forms, with full payment of the net annual premium.

“Receipt by the Association” means:

- If sent by U.S. Certified Mail, at 12:01 AM on the next day following the USPS cancellation date.
- If sent by regular mail, at 12:01 AM on the day the application is actually received in the Association Office.
- If personally delivered to the Association Office by the Applicant, at 12:01 AM on the day AFTER the date delivered.

Facsimile transmission of applications is not permitted to establish when coverage begins.

Incomplete applications will be returned, and may cause delay in establishing when coverage begins.

Inspections

An inspection may be conducted to confirm information provided on the application, or to verify insurability of property. There will be no cost to the applicant for any inspection.

Minimum Premium

The annual minimum premium for the dwelling policy is \$50.

Deductibles

A minimum all perils deductible of \$500 applies to all policies.

In the coastal areas, a larger all perils deductible, and a special hurricane deductible may apply. Refer to chart below using property zip code and distance from the ocean.

COASTAL GROUP #1 ZIP CODES

07002	07713	07753	08248	08739
07008	07715	07755	08400	08740
07036	07716	07756	08403	08750
07064	07717	07757	08404	08753
07077	07718	07758	08405	08754
07201	07719	07760	08411	08755
07202	07720	07762	08721	08756
07206	07721	07764	08723	08757
07302	07723	08005	08724	08758
07304	07730	08050	08730	08832
07305	07732	08087	08731	08861
07306	07735	08092	08732	08862
07709	07737	08212	08734	08878
07711	07748	08223	08736	08879
07712	07750	08230	08738	

- More than two (2) miles from the ocean as measured at mean high tide.
2% Hurricane Deductible with a \$500 All Perils Deductible.
- Between one (1) and two (2) miles from the ocean as measured at mean high tide. **2% Hurricane Deductible with a \$1,000 All Perils Deductible.**
- Within one (1) mile or less from the ocean as measured at mean high tide.
3% Hurricane Deductible with a \$1,000 All Perils Deductible.

NOTE: If the insured property is located in a zip code 08050, 08731 or 08758 and over five (5) miles from the ocean as measured at mean high tide, only the \$500 All Perils Deductible will apply.

COASTAL GROUP #2 ZIP CODES

07734	08202	08243	08402	08742
07740	08203	08247	08406	08751
08006	08204	08260	08735	08752
08008	08226	08401		

- **4% Hurricane Deductible with a \$1,500 All Perils Deductible.**

Coinsurance

On Dwelling property, the policy form in use by the Association does not contain a coinsurance clause.

Vacant or Unoccupied Properties

Vacant, unattended, deteriorating property does not promote orderly community development. Buildings that are vacant or unoccupied and open and accessible to unauthorized persons are not insurable under this plan.

Policy conditions suspend coverage and require notice to the Association if a property is vacant at inception, or becomes vacant during the policy term. A Supplemental Application is required, and coverage does not begin until after approval by the underwriter.

New “ground up” construction is not considered vacant during the period of construction.

Renovation or remodeling of an existing building is considered vacant unless it is occupied by the insured during the renovation period.

Seasonal property is not considered vacant during the normal period of seasonal unoccupancy.

Seasonal Properties

Property described as seasonal means it is continuously unoccupied for a period of three or more consecutive months. A property is not considered vacant during its normal period of seasonal occupancy.

Property Under Construction

Property under construction means new from the foundation or “ground up” construction. It does not apply to an existing building undergoing remodeling or renovation. A property under construction is not considered vacant during the construction period.

Property Under Renovation

Property under renovation means an existing building is undergoing remodeling, renovation, or repair. A property under renovation is considered vacant unless occupied by the insured throughout the renovation period.