



Notice: Annual Adjustment of Your Dwelling Coverage Limit

Why am I getting this notice?

To explain the annual adjustment to the dwelling limit in your policy. FAIR Plan may change the limit each year when your policy is renewed.

The dwelling **limit** is the amount of coverage for your home. It is sometimes called the Coverage A limit.

What does the annual adjustment do?

- When FAIR Plan renews your policy, we may adjust the amount of coverage on your house. The amount of coverage is called the dwelling limit.
- The amount of the adjustment is based on a building cost index.
- The building cost index tracks changes in the cost of home repair materials and labor.
- Limits for other coverages—such as coverage for other structures on your property—will also change if they're based on the dwelling limit.

Example

If your dwelling limit is \$200,000 and the building cost index goes up 4%, then your coverage limit will go up to \$208,000 at renewal.

What is the purpose of the adjustment?

To keep up with increases in local building costs. Without the adjustment, you may have less coverage than you need to rebuild your home. You would have to pay for the rest. This adjustment is a standard insurance industry practice.

Will my premium go up?

Yes, your premium will go up if your dwelling limit increases. You'll also have more coverage to repair or replace your home if it's damaged.

Does the adjustment guarantee that I have enough coverage?

No. The annual adjustment doesn't guarantee your home is insured for the full replacement cost.

- Ask your agent if your dwelling limit is enough to repair or replace your home if it's damaged. Only you can decide the right amount of coverage.

Reminder: This notice is **not** part of your policy. To understand your rights and duties under your policy, read the policy, including all endorsements.