**Section 3301.40 Credit Formula**

a) The FAIR Plan shall compute the gross participation for all companies as set forth in their formula filed with and approved by the Director.

b) Beginning with calendar year 1981 and each calendar year thereafter, companies shall report to the FAIR Plan on or before April 1st of the following year residential property insurance written premiums as follows:

1) All premiums written in CEA's during the year for which the immediate previous writer was the FAIR Plan.

2) All premiums written in CEA's where the FAIR Plan's market penetration exceeds 15% as determined in Section 3301.30(e) including new and renewal business as defined in (f) below.

c) Beginning with calendar year 1981 and each calendar year thereafter, the FAIR Plan shall compute residential property insurance written premiums written in CEA's by the FAIR Plan during the calendar year. Such computation shall be made by April 1st of the subsequent year.

d) Companies shall receive credit on their participation as follows:

1) Credit for CEA voluntary written premiums as reported in (b)(2) above and determined by the FAIR Plan shall be allowed using the formula of 600% of Fire, Allied Lines and Homeowners written premiums so reported.

2) Credit for CEA voluntary written premium as determined in (d)(1) above shall be increased an additional 600% for that portion in which the immediate previous writer was the FAIR Plan.

3) A one time credit of 900% shall be allowed for voluntary written premiums on risks located in a CEA where the immediate past writer was the FAIR Plan and the risk does not otherwise qualify for credit under (d)(2) above.

e) The minimum level of net participation for each company shall be 50% of its gross participation.

f) Only new policies on risks written on or after January 1, 1981, or renewal policies which were first written by the company claiming the credit on or after January 1, 1981, shall be considered for any credit. A policy will not be considered a new policy for purposes of claiming a credit if the immediate previous writer was a company affiliated with the new company on the risk.