

September 26, 2019

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Revised Homeowners Insurance Rates and Rules

On December 20, 2018, the Rate Bureau filed with the Commissioner of Insurance proposed revised homeowner's insurance rates for homeowners' coverages subject to the Rate Bureau's jurisdiction. The Rate Bureau's rate filing proposed (1) a statewide average rate level change of +17.4% for all homeowner forms, with changes varying by form and by territory; (2) revised windstorm or hail exclusion credits; (3) revised wind mitigation credits; and (4) revised wind-only rates for the Windstorm and Hail Policy Program (stand-alone wind only program).

The rate filing included miscellaneous manual rules revisions:

In the Homeowners Manual, Special State Requirements in the State Exception Pages:

- Paragraph D of Rule A1. Special State Requirements in the State Exception Pages has been updated to match Section XV of the current Plan of Operation of the North Carolina Insurance Underwriting Association.
- Rule A3. Windstorm or Hail Exclusion of the State Exception Pages has been revised to clarify that the Windstorm or Hail Exclusion credit should be removed from the Key Premium before calculating the premium for the options priced in Rules 501, 502, 507 and 513. Additionally, a correction to the name of the North Carolina Insurance Underwriting Association was made in Paragraph A.1.
- Rule 522. Landlord Furnishings was removed

In the Windstorm and Hail Policy Manual Supplement:

- Pricing for Rented Personal Property is being added to Rule 515. As a result, endorsement HS 05 46 and Rule 522. Landlords Furnishings are no longer necessary and are being withdrawn.
- The Premium Determination paragraphs for Rule 501. Building Additions and Alterations at Other Residences and Rule 502. Building Additions and Alterations - Increased Limit - HS 00 04 have been revised to refer to the HS 00 04 Base Class Premium.
- Rule 513. Ordinance or Law Increased Amount of Coverage - HS 00 04 and HS 00 06 has been revised for a typographical error.

The Rate Bureau and the Department of Insurance have negotiated an agreement as to the rate level revision, and on September 26, 2019, the Commissioner signed a Consent Order approving settlement of this filing. The Consent Order approves the rate filing,

subject to several modifications which include (1) an approved overall statewide average rate level increase of 4% for all homeowner forms; as well as (2) the resulting approved base rates, (3) the resulting approved windstorm or hail exclusion credits; (4) the resulting approved wind mitigation credits; and (5) the resulting approved wind-only rates.

The various approved rates, relativities, credits, and manual rules are set forth in the following revised manual pages:

- Exhibit A-1 – revised pages for the Homeowners Policy Program Manual, with changes marked (8 pages)
- Exhibit A-2 – clean revised pages for the Homeowners Policy Program Manual (8 pages)
- Exhibit B-1 – revised pages for the Homeowners Windstorm and Hail Policy Program Supplement (stand-alone wind only program), with changes marked (5 pages)
- Exhibit B-2 – clean revised pages for the Homeowners Windstorm and Hail Policy Program Supplement (stand-alone wind only program) (5 pages)

The approved changes are to be implemented in accordance with the following Rule of Application:

These changes are applicable to all new and renewal policies becoming effective on or after May 1, 2020.

The enclosed exhibits are intended to enable you to implement the approved revisions in accordance with the above Rule of Application. Reprinted manual pages will be distributed in the usual manner as soon as possible. In the meantime, notice of the changes should be sent as soon as possible to your company's North Carolina agents to make them aware of the revisions.

In connection with the implementation of the revised rates, your attention is further directed to G.S. 58-36-30(a) which provides in part as follows:

....no insurer and no officer, agent or representative of an insurer shall knowingly issue or deliver or knowingly permit the issuance or delivery of any policy of insurance in this State that does not conform to the rates, rating plans, classifications, schedules, rules and standards made and filed by the Bureau. An insurer may deviate from the rates promulgated by the Bureau if the insurer has filed the proposed deviation with the Bureau and the Commissioner, if the proposed deviation is based on sound actuarial principles and if the deviation is approved by the Commissioner....

Your attention is also directed to G.S. 58-36-45 which provides in part as follows:

Whenever an insurer changes the coverage other than at the request of the insured or changes the premium rate, it shall give the insured written notice of such coverage change or premium rate change at least 15 days in advance of the effective date of such change or changes with a copy of such notice to the agent.

This section shall apply to all policies and coverages subject to the provisions of this Article. ...

In the past, some insurers have given notice of premium rate changes by providing to an insured and agent, at least 15 days in advance of the effective date, a renewal policy, renewal certificate, billing or endorsement showing revised rates, together with a written notice substantially as follows:

#### NOTICE OF RATE CHANGE - NORTH CAROLINA

The premium for this policy reflects changes in rates applicable to North Carolina placed into effect under the provisions of Article 36, Chapter 58 of the North Carolina General Statutes.

The form of this notice has varied at the option of the insurer (printed notice, stamp, stick-on label, etc.). Companies should consult legal counsel with respect to the appropriateness of their own procedures under this statute. It is important that each Company establish procedures that will insure continued compliance with the 15-day advance notice requirement.

Please see to it that this circular letter is immediately brought to the attention of all interested personnel in your company.

Sincerely,

Andy Montano

Director, Personal Lines

AM:ko  
Attachments  
P-19-5

HOMEOWNERS POLICY PROGRAM MANUAL  
BASE CLASS PREMIUM PAGES

NORTH CAROLINA (32)

RULE 301.  
BASE PREMIUM COMPUTATION

Base Class Premium Table

TERRITORY	HO 00 03	HO 00 04	HO 00 06
110	2,6172,383	124418	10297
120	3,0682,794	141134	125119
130	1,5844,646	7975	7975
140	2,1381,947	9691	8682
150	1,3104,278	6057	5956
160	1,4231,375	7672	6461
170	803791	5655	5251
180	939899	6057	5552
190	1,1664,062	6360	5855
200	1,2731,218	6764	6461
210	868831	6057	5350
220	1,012978	7988	5451
230	1,1351,097	6158	5754
240	836808	60	5048
250	947924	5855	4947
260	627612	5963	49
270	708684	5048	5554
280	622607	4543	4139
290	772753	5150	5048
300	827815	5355	4947
310	637615	5451	4341
320	711790	5149	4442
330	594585	4851	4847
340	621600	5755	4745
350	660650	5054	4644
360	571563	3937	3741
370	621612	4547	48
380	577568	4546	4645
390	588589	46	4745

Table 301. Base Class Premium

ADDITIONAL RULE(S)

**RULE A1.  
SPECIAL STATE REQUIREMENTS**

**A. Special Provisions Endorsement HO 32 32**

Use this endorsement with all Homeowners policies.

**B. Windstorm Exterior Paint And Waterproofing Exclusion Endorsement HO 32 86**

Use this endorsement with all Homeowners policies in Territories 110 and 120.

**C. Flood, Earthquake, Mudslide, Mudflow, Landslide Or Windstorm Or Hail Insurance Notice**

North Carolina law provides that an insurer selling property insurance that does not provide coverage for the perils of flood, earthquake, mudslide, mudflow, landslide, or windstorm or hail shall provide a specific notice (a "warning" set forth in the related statute) to the policyholder as to which of the listed perils are not covered under the policy.

The required notice must be:

1. Provided upon issuance and renewal of each policy;
2. In Times New Roman 16-point font or another equivalent font; and
3. Included in the policy on a separate page immediately before the Declarations page.

The following warning, citing which peril is not covered, must be furnished with each new policy and upon each renewal:

"WARNING: THIS PROPERTY INSURANCE POLICY DOES NOT PROTECT YOU AGAINST LOSSES FROM [FLOODS], [EARTHQUAKES], [MUDSLIDES], [MUDFLOWS], [LANDSLIDES], [WINDSTORM OR HAIL]. YOU SHOULD CONTACT YOUR INSURANCE COMPANY OR AGENT TO DISCUSS YOUR OPTIONS FOR OBTAINING COVERAGE FOR THESE LOSSES. THIS IS NOT A COMPLETE LISTING OF ALL OF THE CAUSES OF LOSSES NOT COVERED UNDER YOUR POLICY. YOU SHOULD READ YOUR ENTIRE POLICY TO UNDERSTAND WHAT IS COVERED AND WHAT IS NOT COVERED."

**D. North Carolina Insurance Joint Underwriting Association**

Section XV of the Plan of Operation of the North Carolina Insurance Underwriting Association (Beach Plan) sets forth the following as to "Member Insurer Responsibility with Respect to Cancellation or Nonrenewals":

With regard to risks eligible for coverage by the Association, each Member Insurer agrees that with respect to cancellation or non-renewals initiated by it, the Member Insurer will give to all of its policyholders, except in cases of non-payment of premium, material misrepresentation or evidence of incendiarism, thirty (30) days to obtain coverage from the Association of the cancelled or non-renewed risks and shall, in writing, explain to the policyholder the procedures for making application for coverage from the Association. Section XVI of the Plan of Operation of the Joint Underwriting Association (Fair Plan) sets forth the following as to "Responsibility with Respect to Cancellation or Nonrenewals":

As respects risks eligible under the Plan of Operation, each participating Insurer agrees that with respect to cancellation or nonrenewals initiated by it, it will give to policyholders, except in cases of nonpayment of premium, material misrepresentation, or evidence of incendiarism, 30 days to avail themselves of the Plan of Operation and the Insurer shall, in writing, explain to the policyholder the procedures for making application under the Plan of Operation.

**E. Company Rates/State Rate Pages**

References in the manual to "state company rates" means "state rate pages" in North Carolina.

**F. Insert – North Carolina Endorsement HO 32 46**

Use this endorsement with all Homeowners policies.

**G. Home-sharing Host Activities Amendatory Endorsements**

Use the following endorsements with all Homeowners policies unless Broadened Home-sharing Host Activities Coverage is purchased:

1. **HO 32 43**, Home-sharing Host Activities Amendatory Endorsement – North Carolina (For Use With **HO 00 02**)
2. **HO 32 44**, Home-sharing Host Activities Amendatory Endorsement – North Carolina (For Use With **HO 00 03**)
3. **HO 32 45**, Home-sharing Host Activities Amendatory Endorsement – North Carolina (For Use With **HO 00 04**)
4. **HO 32 48**, Home-sharing Host Activities Amendatory Endorsement – North Carolina (For Use With **HO 00 05**)
5. **HO 32 49**, Home-sharing Host Activities Amendatory Endorsement – North Carolina (For Use With **HO 00 06**)
6. **HO 32 51**, Home-sharing Host Activities Amendatory Endorsement – North Carolina (For Use With **HO 00 08**)

Refer to the Additional Rule for the requirements for Broadened Home-sharing Host Activities Coverages.

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**NORTH CAROLINA (32)      HOMEOWNERS POLICY PROGRAM MANUAL  
EXCEPTION PAGES**

**RULE A3.  
WINDSTORM OR HAIL EXCLUSION – TERRITORIES  
110, 120, 130, 140, 150 AND 160 ONLY**

- A.** The peril of Windstorm or Hail may be excluded if:
1. The property is located in an area eligible for such coverage from the North Carolina [Insurance Underwriting Association](#); and
  2. A Windstorm or Hail Rejection Form is secured and maintained by the company.
- Use Absolute Windstorm Or Hail Exclusion Endorsement **HO 32 94**.
- B.** To compute the Base Premium:
1. Determine the appropriate Key Premium as described in Rule **301**.
  2. Subtract the Windstorm or Hail Exclusion credit shown on the state rate pages from the Key Premium.
  3. Multiply the Key Premium excluding Windstorm or Hail Coverage developed in Step 2. by the Key Factor for the desired limit of liability.
  4. For example:  
Form **HO 00 02** Key Premium = \$1,310  
Windstorm or Hail Exclusion Credit = \$1,131  
Key Factor for \$100,000 = 1.109  
Step 1. Determine the Key Premium  
Key Premium = \$1,310  
Step 2. Subtract Windstorm or Hail Exclusion Credit from Key Premium  
\$1,310 – \$1,131 = \$179  
Step 3. Multiply Key Factor for desired limit by amount in Step 2. \$179 x 1.109 = \$198.51, round to \$199 = Base Premium
- C.** When Endorsement **HO 32 94** is attached to the policy, enter the following on the Declarations page:  
"This policy does not provide coverage for the peril of Windstorm or Hail".
- D.** When coverage for other specific structures or other structures rented to others is requested, refer to Rules **514.A.1.a.** and **514.A.2.a.(1)** in the state rate pages for the rates excluding windstorm or hail coverage.
- E.** [For Rules 501, 502, 507 and 513 use the Key Premium excluding Windstorm or Hail Coverage from Paragraph B.2. to determine the premium per \\$1,000 for those options.](#)

**RULE A4.  
WATERBED LIABILITY – FORMS HO 00 04 AND  
HO 00 06**

- A. Coverage Description**
- The policy may be endorsed to provide coverage for property damage caused by waterbeds to non-owned property on the residence premises.

- B. Premium**  
Charge the rate shown on the state rate pages.
- C. Endorsement**  
Use Waterbed Liability Endorsement **HO 32 40**.

**RULE A5.  
YEAR OF CONSTRUCTION – NEWLY CONSTRUCTED |  
DWELLINGS – ALL FORMS EXCEPT HO 00 04  
AND HO 00 06**

- A.** A Dwelling is eligible for a discount depending on the calendar year that the dwelling was completed and first occupied. If the year first occupied is different than the year completed, the later year would apply.
- B.** To compute the premium for this provision, multiply the Base Premium by the appropriate credit factor selected from the following table:

Age Of Dwelling (In Years)	Credit
up to 1	.82
1 up to 2	.85
2 up to 3	.88
3 up to 4	.91
4 up to 5	.94
5 up to 6	.97
6 and over	No Credit Applies

Note: A dwelling under construction shall be considered to be completed and occupied during the current calendar year.

**Table A5.B. Age Of Dwelling Credits**

- C.** To develop a premium for this option, multiply the Base Premium by the appropriate credit factor.

**RULE A6.  
OPTIONAL INFLATION GUARD ENDORSEMENTS**

Subject to the provisions noted in Paragraphs **B.** and **C.**, the inflation guard endorsements referenced in this rule may be used instead of the endorsement noted in General Rule **405**.

- A. Eligible Forms**
- The limits of liability for the following forms and coverages may be adjusted, automatically, to respond to inflation as recognized by the indexes named in Paragraph **B.**:
1. Forms **HO 00 02**, **HO 00 03** and **HO 00 05** – Coverages **A**, **B**, **C** and **D**; and
  2. Forms **HO 00 04** and **HO 00 06** – Coverages **C** and **D**.
- These limits will be adjusted at the same rate as the change in the Index shown on the Declarations, billing notice or named on the form.

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**RULE 521.  
LIMITED WATER BACK-UP AND SUMP DISCHARGE OR  
OVERFLOW COVERAGE**

Paragraph B. is replaced by the following:

**B. Increased Limits**

The basic limit of liability may be increased to \$10,000, \$15,000 or \$25,000.

Paragraph D. is replaced by the following:

**D. Endorsement**

Use Limited Water Back-up And Sump Discharge Or Overflow Coverage Endorsement **HO 04 84**.

**RULE 522.  
LANDLORDS FURNISHINGS**

Rule 522. does not apply.

**RULE 524.  
OTHER MEMBERS OF A NAMED INSURED'S  
HOUSEHOLD**

Paragraph B.1. is replaced by the following:

**B. Coverage Description**

1. The policy may be endorsed to provide coverage to a person who is a member of the named insured's household but does not fall under the definition of insured in the policy. It does not cover a guest, residence employee, roomer, boarder, tenant or home-sharing occupant. Coverage extends to the person named in the endorsement, and a person under the age of 21 who is in the legal custody of that person.

**RULE 526.  
RESIDENCE HELD IN TRUST – ALL FORMS EXCEPT  
HO 00 04**

Paragraph B. is replaced by the following:

**B. Endorsement**

Use Trust Endorsement – North Carolina **HO 32 12**.

**RULE 528.  
HOME BUSINESS INSURANCE COVERAGE**

Paragraph C.4.b. does not apply.

Table 528.D.2.a. is replaced by the following:

Gross Annual Receipts*	HO 00 02, 3, 5 & 8	HO 00 04	HO 00 06
Up to \$50,000	.11	.46	.49
\$ 50,001 to \$ 100,000	.16	.69	.73
100,001 to 175,000	.23	.97	1.04
175,001 to 250,000	.31	1.31	1.40
* New business, use \$50,001 to \$100,000 classification			

Table 528.D.2.a. Factors

Paragraph E. is replaced by the following:

**E. Endorsement**

Use Home Business Insurance Coverage – North Carolina Endorsement **HO 32 90**.

Paragraphs F.5.a. and F.5.c. are replaced by the following:

**F. Options**

**5. Special Coverage – Spoilage Of Perishable Stock**

**a. Coverage**

Provides special coverage for the perishable stock specifically listed in the Schedule of Endorsement **HO 32 55**. The limit of liability is also listed in the endorsement.

**c. Endorsement**

Use Special Coverage – Spoilage Of Perishable Stock Endorsement **HO 32 55**.

Paragraphs F.6.b.(1)(b) and F.6.b.(3) are replaced by the following:

**6. Valuable Papers And Records Endorsements**

**b. Special Coverage**

**(1) Coverage**

- (b)** Special Coverage in Forms **HO 00 05** and **HO 00 04** with **HO 32 95** and **HO 00 06** with **HO 32 35**;

**(3) Endorsement**

Use Special Coverage For Valuable Papers And Records Endorsement **HO 32 57**.

**RULE 529.  
LIMITED FUNGI, WET OR DRY ROT, OR BACTERIA  
COVERAGE**

Rule 529. does not apply.

**RULE 530.  
IDENTITY FRAUD EXPENSE COVERAGE**

Rule 530. does not apply.

**RULE 531.  
LIMITED THEFT COVERAGE OPTIONS FOR  
DWELLINGS NEWLY CONSTRUCTED OR UNDER  
CONSTRUCTION**

The title of Rule 531. Limited Coverage For Theft Of Personal Property Located In A Dwelling Under Construction is replaced by the preceding title.

HOMEOWNERS POLICY PROGRAM MANUAL  
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NORTH CAROLINA (32)

ADDITIONAL RULE(S)

RULE A2.  
INSTALLMENT PAYMENT PLAN

C. Charge per installment – \$3

RULE A3.  
WINDSTORM OR HAIL EXCLUSION – TERRITORIES  
110, 120, 130, 140, 150 AND 160 ONLY

	Frame Construction					
	Territory					
	110	120	130	140	150	160
All Forms Except HO 00 04 And HO 00 06	\$ <del>1,903,747</del>	\$ <del>2,634,389</del>	\$ <del>1,204,445</del>	\$ <del>1,659,508</del>	\$ <del>891,889</del>	\$ <del>966,930</del>
HO 00 04	<del>7672</del>	<del>9284</del>	<del>3633</del>	<del>4640</del>	<del>1342</del>	<del>2249</del>
HO 00 06	<del>5347</del>	<del>8074</del>	<del>3429</del>	<del>3634</del>	<del>1744</del>	<del>1744</del>

Table A3.#1 Wind Or Hail Exclusion Credit – Frame

	Masonry Construction					
	Territory					
	110	120	130	140	150	160
All Forms Except HO 00 04 And HO 00 06	\$ <del>1,715,546</del>	\$ <del>2,372,455</del>	\$ <del>1,111,048</del>	\$ <del>1,479,344</del>	\$ <del>791,790</del>	\$ <del>867,835</del>
HO 00 04	<del>6864</del>	<del>8375</del>	<del>3430</del>	<del>4236</del>	<del>1249</del>	<del>2047</del>
HO 00 06	<del>4742</del>	<del>7165</del>	<del>3026</del>	<del>3328</del>	<del>1513</del>	<del>1542</del>

Table A3.#2 Wind Or Hail Exclusion Credit – Masonry

RULE A4.  
WATERBED LIABILITY – FORMS HO 00 04 AND  
HO 00 06

B. Premium  
Charge per policy – \$14



NORTH CAROLINA (32) HOMEOWNERS POLICY PROGRAM MANUAL  
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**RULE A9.**  
**WINDSTORM MITIGATION PROGRAM – ALL FORMS**  
**EXCEPT HO 00 04 AND HO 00 06**

Effective prior to March 31, 2019:

Frame Construction						
Mitigation Feature	Territory 110	Territory 120	Territory 130	Territory 140	Territory 150	Territory 160
Total Hip Roof	\$ 133149	\$ 180463	\$ 8478	\$ 113403	\$ 60	\$ 6563
Opening Protection	137122	184167	8478	114104	59	6865
Total Hip Roof and Opening Protection	270241	362328	166454	228207	117418	133428
IBHS Designation prior to March 31, 2019:						
<i>Hurricane Fortified for Safer Living®</i>	437390	634575	241223	380345	128429	222214
<i>Hurricane Fortified for Existing Homes® Bronze Option 1</i>	10594	143130	6762	9082	47	5354
<i>Hurricane Fortified for Existing Homes® Bronze Option 2</i>	164146	225204	9487	142429	59	8279
<i>Hurricane Fortified for Existing Homes® Silver Option 1</i>	262234	382346	135125	231240	62	133428
<i>Hurricane Fortified for Existing Homes® Silver Option 2</i>	315284	461448	161449	283267	7074	165459
<i>Hurricane Fortified for Existing Homes® Gold Option 1</i>	335299	485440	180467	288262	9293	168462
<i>Hurricane Fortified for Existing Homes® Gold Option 2</i>	389347	567544	205490	341340	100404	198494

Table A9. Windstorm Loss Mitigation Credit – Frame

Masonry Construction						
Mitigation Feature	Territory 110	Territory 120	Territory 130	Territory 140	Territory 150	Territory 160
Total Hip Roof	\$ 121408	\$ 161446	\$ 7773	\$ 10192	\$ 54	\$ 5957
Opening Protection	123440	165450	7773	10394	52	6058
Total Hip Roof and Opening Protection	243247	326296	154445	205486	104405	120416
IBHS Designation prior to March 31, 2019:						
<i>Hurricane Fortified for Safer Living®</i>	394352	570548	222209	338307	114445	199492
<i>Hurricane Fortified for Existing Homes® Bronze Option 1</i>	9484	130448	6057	7972	42	4745
<i>Hurricane Fortified for Existing Homes® Bronze Option 2</i>	146434	203484	8782	127445	52	7474
<i>Hurricane Fortified for Existing Homes® Silver Option 1</i>	236244	345343	125448	207488	55	120446
<i>Hurricane Fortified for Existing Homes® Silver Option 2</i>	283253	415377	148440	252229	62	147442
<i>Hurricane Fortified for Existing Homes® Gold Option 1</i>	301269	438398	166467	256233	8084	151445
<i>Hurricane Fortified for Existing Homes® Gold Option 2</i>	348344	511464	190479	304276	8990	177474

Table A9. Windstorm Loss Mitigation Credit – Masonry

**HOMEOWNERS POLICY PROGRAM MANUAL      NORTH CAROLINA (32)**  
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**RULE A9.**  
**WINDSTORM MITIGATION PROGRAM – ALL FORMS**  
**EXCEPT HO 00 04 AND HO 00 06 (Cont'd)**

Effective on or after March 31, 2019:

Frame Construction						
Mitigation Feature	Territory 110	Territory 120	Territory 130	Territory 140	Territory 150	Territory 160
Total Hip Roof	\$ <u>133419</u>	\$ <u>180463</u>	\$ <u>8478</u>	\$ <u>113403</u>	\$ 60	\$ <u>6563</u>
Opening Protection	<u>137422</u>	<u>184167</u>	<u>8478</u>	<u>114104</u>	59	<u>6865</u>
Total Hip Roof and Opening Protection	<u>270241</u>	<u>362328</u>	<u>166454</u>	<u>228207</u>	<u>117148</u>	<u>133128</u>
IBHS Designation on or after March 31, 2019: <i>FORTIFIED for Safer Living®</i>						
FORTIFIED Roof – Hurricane – Existing Roof	<u>437399</u> <u>10594</u>	<u>634575</u> <u>143130</u>	<u>241223</u> <u>6762</u>	<u>380345</u> <u>9082</u>	<u>128429</u> 47	<u>222214</u> <u>5354</u>
FORTIFIED Roof – Hurricane – New Roof	<u>164146</u>	<u>225204</u>	<u>9487</u>	<u>142429</u>	59	<u>8279</u>
FORTIFIED Home – Hurricane – Silver – Existing Roof	<u>262234</u>	<u>382346</u>	<u>135125</u>	<u>231240</u>	62	<u>133128</u>
FORTIFIED Home – Hurricane – Silver – New Roof	<u>315284</u>	<u>461448</u>	<u>161449</u>	<u>283257</u>	<u>7074</u>	<u>165459</u>
FORTIFIED Home – Hurricane – Gold – Existing Roof	<u>335299</u>	<u>485440</u>	<u>180467</u>	<u>288262</u>	<u>9293</u>	<u>168462</u>
FORTIFIED Home – Hurricane – Gold – New Roof	<u>389347</u>	<u>567514</u>	<u>205490</u>	<u>341340</u>	<u>100404</u>	<u>198494</u>

**Table A9. Windstorm Loss Mitigation Credit – Frame**

Masonry Construction						
Mitigation Feature	Territory 110	Territory 120	Territory 130	Territory 140	Territory 150	Territory 160
Total Hip Roof	\$ <u>121408</u>	\$ <u>161446</u>	\$ <u>7773</u>	\$ <u>10192</u>	\$ 54	\$ <u>5957</u>
Opening Protection	<u>123440</u>	<u>165450</u>	<u>7773</u>	<u>10394</u>	52	<u>6058</u>
Total Hip Roof and Opening Protection	<u>243247</u>	<u>326296</u>	<u>154445</u>	<u>205486</u>	<u>104405</u>	<u>120146</u>
IBHS Designation on or after March 31, 2019: <i>FORTIFIED for Safer Living®</i>						
FORTIFIED Roof – Hurricane – Existing Roof	<u>394352</u> <u>9484</u>	<u>570518</u> <u>130448</u>	<u>222209</u> <u>6057</u>	<u>338307</u> <u>7972</u>	<u>114445</u> 42	<u>199492</u> <u>4745</u>
FORTIFIED Roof – Hurricane – New Roof	<u>146434</u>	<u>203484</u>	<u>8782</u>	<u>127445</u>	52	<u>7474</u>
FORTIFIED Home – Hurricane – Silver – Existing Roof	<u>236244</u>	<u>345343</u>	<u>125448</u>	<u>207488</u>	55	<u>120446</u>
FORTIFIED Home – Hurricane – Silver – New Roof	<u>283253</u>	<u>415377</u>	<u>148440</u>	<u>252229</u>	62	<u>147442</u>
FORTIFIED Home – Hurricane – Gold – Existing Roof	<u>301269</u>	<u>438398</u>	<u>166457</u>	<u>256233</u>	<u>8084</u>	<u>151445</u>
FORTIFIED Home – Hurricane – Gold – New Roof	<u>348344</u>	<u>511464</u>	<u>190479</u>	<u>304276</u>	<u>8990</u>	<u>177474</u>

**Table A9. Windstorm Loss Mitigation Credit – Masonry**

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**HOMEOWNERS POLICY PROGRAM MANUAL      NORTH CAROLINA (32)  
RATE PAGES**

**RULE 515.  
PERSONAL PROPERTY**

- A. Increased Limit**
3. Rate Per \$1,000:  
     HO 00 02 or HO 00 03 – \$2  
     HO 00 05 – \$3
- B. Increased Limit – Other Residences**
3. Rate Per \$1,000 – \$7
- C. Increased Limit – Self-storage Facilities**
2. Rate per \$1,000 – \$5
- D. Reduction In Limit**
2. Credit per \$1,000 – \$1
- E. Increased Special Limits Of Liability**
1. Jewelry, Watches and Furs – Rate per \$1,000 – \$18  
     Increased sub-limit per article:  
     Rate for \$2,000 – \$9  
     Rate for \$2,500 – \$18
2. Money Rate per \$100 – \$6
3. Securities – Rate per \$100 – \$4
4. Silverware – Rate per \$500 – \$3.25
5. Firearms – Rate per \$100 – \$3
6. Portable Electronic Equipment in or upon a motor vehicle – Rate per \$500 – \$10
- F. Refrigerated Personal Property**
3. Charge per policy – \$10
- G. Theft Coverage Increase – HO 00 08**
3. Premium
- a. **On-Premises**  
         Rate per \$2,000 – \$19
- b. **Off-Premises**  
         Additional Charge – \$10
- H. Additional Coverage – Jewelry And Furs**
3. Charge per policy – \$7  
     Rate per \$1,000 – \$15  
     Increased sub-limit per article:  
     Rate for \$2,000 – \$7.50  
     Rate for \$2,500 – \$15
- I. Rented Personal Property**
1. **Basic Limit**
- c. **Premium**  
         Theft (Burglary Peril Added) – Charge per unit – \$3
2. **Increased Limits**
- c. Rate per \$1,000 per unit:  
         Including Theft – \$3  
         Excluding Theft – \$2

**RULE 517.  
RENTAL TO OTHERS – EXTENDED THEFT COVERAGE  
ALL FORMS EXCEPT HO 00 05, HO 00 04 WITH  
HO 32 95 OR HO 00 06 WITH HO 32 35**

- B. Premium**  
     Rate per policy – \$30

**RULE 518.  
SINKHOLE COLLAPSE COVERAGE ALL FORMS  
EXCEPT HO 00 04 AND HO 00 06**

- B. Premium Determination**
1. Rate per \$1,000 – \$.35

**RULE 519.  
SPECIAL COMPUTER COVERAGE ALL FORMS  
EXCEPT HO 00 05, HO 00 04 WITH HO 32 95 OR  
HO 00 06 WITH HO 32 35**

- B. Premium**  
     Charge per policy – \$15

**RULE 521.  
LIMITED WATER BACK-UP AND SUMP DISCHARGE OR  
OVERFLOW COVERAGE**

- D. Premium**
1. **Basic Limit**  
     Charge per policy – \$22
2. **Increased Limits**

Limit	
\$ 10,000	\$ 30
15,000	35
25,000	40

**Table 521.D.2. Increased Limits Premium**

**RULE 522.  
LANDLORDS FURNISHINGS**

- ~~C. Premium~~  
     ~~Rate per \$500 per unit~~  
     ~~Forms HO 00 02, HO 00 03 and HO 00 05 – \$1~~

**RULE 523.  
ASSISTED LIVING CARE COVERAGE**

- C. Premium**
1. Section I and Section II Basic Limits  
     Rate per unit – \$77
2. Increased Limits  
     Add to the basic limit Rate in Paragraph 1.:  
     a. Coverage C – Rate per \$1,000 – \$7

**RULE 301.  
 BASE PREMIUM COMPUTATION**

**Base Class Premium Table**

TERRITORY	HO 00 03	HO 00 04	HO 00 06
110	2,617	124	102
120	3,068	141	125
130	1,584	79	79
140	2,138	96	86
150	1,310	60	59
160	1,423	76	64
170	803	56	52
180	939	60	55
190	1,166	63	58
200	1,273	67	64
210	868	60	53
220	1,012	79	54
230	1,135	61	57
240	836	60	50
250	947	58	49
260	627	59	49
270	708	50	55
280	622	45	41
290	772	51	50
300	827	53	49
310	637	54	43
320	711	51	44
330	594	48	48
340	621	57	47
350	660	50	46
360	571	39	37
370	621	45	48
380	577	45	46
390	588	46	47

**Table 301. Base Class Premium**

ADDITIONAL RULE(S)

**RULE A1.  
SPECIAL STATE REQUIREMENTS**

**A. Special Provisions Endorsement HO 32 32**

Use this endorsement with all Homeowners policies.

**B. Windstorm Exterior Paint And Waterproofing Exclusion Endorsement HO 32 86**

Use this endorsement with all Homeowners policies in Territories 110 and 120.

**C. Flood, Earthquake, Mudslide, Mudflow, Landslide Or Windstorm Or Hail Insurance Notice**

North Carolina law provides that an insurer selling property insurance that does not provide coverage for the perils of flood, earthquake, mudslide, mudflow, landslide, or windstorm or hail shall provide a specific notice (a "warning" set forth in the related statute) to the policyholder as to which of the listed perils are not covered under the policy.

The required notice must be:

1. Provided upon issuance and renewal of each policy;
2. In Times New Roman 16-point font or another equivalent font; and
3. Included in the policy on a separate page immediately before the Declarations page.

The following warning, citing which peril is not covered, must be furnished with each new policy and upon each renewal:

"WARNING: THIS PROPERTY INSURANCE POLICY DOES NOT PROTECT YOU AGAINST LOSSES FROM [FLOODS], [EARTHQUAKES], [MUDSLIDES], [MUDFLOWS], [LANDSLIDES], [WINDSTORM OR HAIL]. YOU SHOULD CONTACT YOUR INSURANCE COMPANY OR AGENT TO DISCUSS YOUR OPTIONS FOR OBTAINING COVERAGE FOR THESE LOSSES. THIS IS NOT A COMPLETE LISTING OF ALL OF THE CAUSES OF LOSSES NOT COVERED UNDER YOUR POLICY. YOU SHOULD READ YOUR ENTIRE POLICY TO UNDERSTAND WHAT IS COVERED AND WHAT IS NOT COVERED."

**D. North Carolina Insurance Underwriting Association**

Section XV of the Plan of Operation of the North Carolina Insurance Underwriting Association (Beach Plan) sets forth the following as to "Member Insurer Responsibility with Respect to Cancellation or Nonrenewals":

With regard to risks eligible for coverage by the Association, each Member Insurer agrees that with respect to cancellation or non-renewals initiated by it, the Member Insurer will give to all of its policyholders, except in cases of non-payment of premium, material misrepresentation or evidence of incendiarism, thirty (30) days to obtain coverage from the Association of the cancelled or non-renewed risks and shall, in writing, explain to the policyholder the procedures for making application for coverage from the Association.

**E. Company Rates/State Rate Pages**

References in the manual to "state company rates" means "state rate pages" in North Carolina.

**F. Insert – North Carolina Endorsement HO 32 46**

Use this endorsement with all Homeowners policies.

**G. Home-sharing Host Activities Amendatory Endorsements**

Use the following endorsements with all Homeowners policies unless Broadened Home-sharing Host Activities Coverage is purchased:

1. **HO 32 43**, Home-sharing Host Activities Amendatory Endorsement – North Carolina (For Use With **HO 00 02**)
2. **HO 32 44**, Home-sharing Host Activities Amendatory Endorsement – North Carolina (For Use With **HO 00 03**)
3. **HO 32 45**, Home-sharing Host Activities Amendatory Endorsement – North Carolina (For Use With **HO 00 04**)
4. **HO 32 48**, Home-sharing Host Activities Amendatory Endorsement – North Carolina (For Use With **HO 00 05**)
5. **HO 32 49**, Home-sharing Host Activities Amendatory Endorsement – North Carolina (For Use With **HO 00 06**)
6. **HO 32 51**, Home-sharing Host Activities Amendatory Endorsement – North Carolina (For Use With **HO 00 08**)

Refer to the Additional Rule for the requirements for Broadened Home-sharing Host Activities Coverages.

**RULE A2.  
INSTALLMENT PAYMENT PLAN**

**Annual Policy**

When a policy is issued on an installment basis, the following rules apply:

- A. The first installment shall be due on the effective date of the policy and the due date of the last installment shall be no later than one month prior to the policy anniversary date.
- B. The premium calculated for the first installment payment, exclusive of installment charges, shall not be less than the pro rata charge for the period from the inception date of the policy to the due date of the next installment.

**RULE A3.  
WINDSTORM OR HAIL EXCLUSION – TERRITORIES  
110, 120, 130, 140, 150 AND 160 ONLY**

- A.** The peril of Windstorm or Hail may be excluded if:
1. The property is located in an area eligible for such coverage from the North Carolina Insurance Underwriting Association; and
  2. A Windstorm or Hail Rejection Form is secured and maintained by the company.

Use Absolute Windstorm Or Hail Exclusion Endorsement **HO 32 94**.

- B.** To compute the Base Premium:
1. Determine the appropriate Key Premium as described in Rule **301**.
  2. Subtract the Windstorm or Hail Exclusion credit shown on the state rate pages from the Key Premium.
  3. Multiply the Key Premium excluding Windstorm or Hail Coverage developed in Step 2. by the Key Factor for the desired limit of liability.
  4. For example:

Form **HO 00 02** Key Premium = \$1,310

Windstorm or Hail Exclusion Credit = \$1,131

Key Factor for \$100,000 = 1.109

Step 1. Determine the Key Premium  
Key Premium = \$1,310

Step 2. Subtract Windstorm or Hail Exclusion Credit from Key Premium  
\$1,310 – \$1,131 = \$179

Step 3. Multiply Key Factor for desired limit by amount in Step 2. \$179 x 1.109 = \$198.51, round to \$199 = Base Premium

- C.** When Endorsement **HO 32 94** is attached to the policy, enter the following on the Declarations page:  
"This policy does not provide coverage for the peril of Windstorm or Hail".
- D.** When coverage for other specific structures or other structures rented to others is requested, refer to Rules **514.A.1.a.** and **514.A.2.a.(1)** in the state rate pages for the rates excluding windstorm or hail coverage.
- E.** For Rules **501, 502, 507** and **513** use the Key Premium excluding Windstorm or Hail Coverage from Paragraph **B.2.** to determine the premium per \$1,000 for those options.

**RULE A4.  
WATERBED LIABILITY – FORMS HO 00 04 AND  
HO 00 06**

**A. Coverage Description**

The policy may be endorsed to provide coverage for property damage caused by waterbeds to non-owned property on the residence premises.

**B. Premium**

Charge the rate shown on the state rate pages.

**C. Endorsement**

Use Waterbed Liability Endorsement **HO 32 40**.

**RULE A5.  
YEAR OF CONSTRUCTION – NEWLY CONSTRUCTED  
DWELLINGS – ALL FORMS EXCEPT HO 00 04  
AND HO 00 06**

- A.** A Dwelling is eligible for a discount depending on the calendar year that the dwelling was completed and first occupied. If the year first occupied is different than the year completed, the later year would apply.
- B.** To compute the premium for this provision, multiply the Base Premium by the appropriate credit factor selected from the following table:

Age Of Dwelling (In Years)	Credit
up to 1	.82
1 up to 2	.85
2 up to 3	.88
3 up to 4	.91
4 up to 5	.94
5 up to 6	.97
6 and over	No Credit Applies

Note: A dwelling under construction shall be considered to be completed and occupied during the current calendar year.

**Table A5.B. Age Of Dwelling Credits**

- C.** To develop a premium for this option, multiply the Base Premium by the appropriate credit factor.

**RULE A6.  
OPTIONAL INFLATION GUARD ENDORSEMENTS**

Subject to the provisions noted in Paragraphs **B.** and **C.**, the inflation guard endorsements referenced in this rule may be used instead of the endorsement noted in General Rule **405**.

**A. Eligible Forms**

The limits of liability for the following forms and coverages may be adjusted, automatically, to respond to inflation as recognized by the indexes named in Paragraph **B.:**

1. Forms **HO 00 02, HO 00 03** and **HO 00 05** – Coverages **A, B, C** and **D**; and
2. Forms **HO 00 04** and **HO 00 06** – Coverages **C** and **D**.

These limits will be adjusted at the same rate as the change in the Index shown on the Declarations, billing notice or named on the form.

**RULE 521.  
LIMITED WATER BACK-UP AND SUMP DISCHARGE OR  
OVERFLOW COVERAGE**

Paragraph **B.** is replaced by the following:

**B. Increased Limits**

The basic limit of liability may be increased to \$10,000, \$15,000 or \$25,000.

Paragraph **D.** is replaced by the following:

**D. Endorsement**

Use Limited Water Back-up And Sump Discharge Or Overflow Coverage Endorsement **HO 04 84.**

**RULE 522.  
LANDLORDS FURNISHINGS**

Rule **522.** does not apply.

**RULE 524.  
OTHER MEMBERS OF A NAMED INSURED'S  
HOUSEHOLD**

Paragraph **B.1.** is replaced by the following:

**B. Coverage Description**

1. The policy may be endorsed to provide coverage to a person who is a member of the named insured's household but does not fall under the definition of insured in the policy. It does not cover a guest, residence employee, roomer, boarder, tenant or home-sharing occupant. Coverage extends to the person named in the endorsement, and a person under the age of 21 who is in the legal custody of that person.

**RULE 526.  
RESIDENCE HELD IN TRUST – ALL FORMS EXCEPT  
HO 00 04**

Paragraph **B.** is replaced by the following:

**B. Endorsement**

Use Trust Endorsement – North Carolina **HO 32 12.**

**RULE 528.  
HOME BUSINESS INSURANCE COVERAGE**

Paragraph **C.4.b.** does not apply.

Table **528.D.2.a.** is replaced by the following:

Gross Annual Receipts*	HO 00 02, 3, 5 & 8	HO 00 04	HO 00 06
Up to \$50,000	.11	.46	.49
\$ 50,001 to \$ 100,000	.16	.69	.73
100,001 to 175,000	.23	.97	1.04
175,001 to 250,000	.31	1.31	1.40
* New business, use \$50,001 to \$100,000 classification			

**Table 528.D.2.a. Factors**

Paragraph **E.** is replaced by the following:

**E. Endorsement**

Use Home Business Insurance Coverage – North Carolina Endorsement **HO 32 90.**

Paragraphs **F.5.a.** and **F.5.c.** are replaced by the following:

**F. Options**

**5. Special Coverage – Spoilage Of Perishable Stock**

**a. Coverage**

Provides special coverage for the perishable stock specifically listed in the Schedule of Endorsement **HO 32 55.** The limit of liability is also listed in the endorsement.

**c. Endorsement**

Use Special Coverage – Spoilage Of Perishable Stock Endorsement **HO 32 55.**

Paragraphs **F.6.b.(1)(b)** and **F.6.b.(3)** are replaced by the following:

**6. Valuable Papers And Records Endorsements**

**b. Special Coverage**

**(1) Coverage**

- (b)** Special Coverage in Forms **HO 00 05** and **HO 00 04** with **HO 32 95** and **HO 00 06** with **HO 32 35;**

**(3) Endorsement**

Use Special Coverage For Valuable Papers And Records Endorsement **HO 32 57.**

**RULE 529.  
LIMITED FUNGI, WET OR DRY ROT, OR BACTERIA  
COVERAGE**

Rule **529.** does not apply.

**RULE 530.  
IDENTITY FRAUD EXPENSE COVERAGE**

Rule **530.** does not apply.

**RULE 531.  
LIMITED THEFT COVERAGE OPTIONS FOR  
DWELLINGS NEWLY CONSTRUCTED OR UNDER  
CONSTRUCTION**

The title of Rule **531.** Limited Coverage For Theft Of Personal Property Located In A Dwelling Under Construction is replaced by the preceding title.

**ADDITIONAL RULE(S)**

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**RULE A2.  
INSTALLMENT PAYMENT PLAN**

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C. Charge per installment – \$3

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**RULE A3.  
WINDSTORM OR HAIL EXCLUSION – TERRITORIES  
110, 120, 130, 140, 150 AND 160 ONLY**

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<b>Frame Construction</b>						
	<b>Territory</b>					
	<b>110</b>	<b>120</b>	<b>130</b>	<b>140</b>	<b>150</b>	<b>160</b>
All Forms Except <b>HO 00 04</b> And <b>HO 00 06</b>	\$ 1,903	\$ 2,634	\$ 1,204	\$ 1,659	\$ 891	\$ 966
<b>HO 00 04</b>	76	92	36	46	13	22
<b>HO 00 06</b>	53	80	34	36	17	17

**Table A3.#1 Wind Or Hail Exclusion Credit – Frame**

<b>Masonry Construction</b>						
	<b>Territory</b>					
	<b>110</b>	<b>120</b>	<b>130</b>	<b>140</b>	<b>150</b>	<b>160</b>
All Forms Except <b>HO 00 04</b> And <b>HO 00 06</b>	\$ 1,715	\$ 2,372	\$ 1,111	\$ 1,479	\$ 791	\$ 867
<b>HO 00 04</b>	68	83	34	42	12	20
<b>HO 00 06</b>	47	71	30	33	15	15

**Table A3.#2 Wind Or Hail Exclusion Credit – Masonry**

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**RULE A4.  
WATERBED LIABILITY – FORMS HO 00 04 AND  
HO 00 06**

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**B. Premium**

Charge per policy – \$14



**RULE A9.  
WINDSTORM MITIGATION PROGRAM – ALL FORMS  
EXCEPT HO 00 04 AND HO 00 06**

Effective prior to March 31, 2019:

Frame Construction						
Mitigation Feature	Territory 110	Territory 120	Territory 130	Territory 140	Territory 150	Territory 160
Total Hip Roof	\$ 133	\$ 180	\$ 84	\$ 113	\$ 60	\$ 65
Opening Protection	137	184	84	114	59	68
Total Hip Roof and Opening Protection	270	362	166	228	117	133
IBHS Designation prior to March 31, 2019:						
<i>Hurricane Fortified for Safer Living®</i>	437	634	241	380	128	222
<i>Hurricane Fortified for Existing Homes® Bronze Option 1</i>	105	143	67	90	47	53
<i>Hurricane Fortified for Existing Homes® Bronze Option 2</i>	164	225	94	142	59	82
<i>Hurricane Fortified for Existing Homes® Silver Option 1</i>	262	382	135	231	62	133
<i>Hurricane Fortified for Existing Homes® Silver Option 2</i>	315	461	161	283	70	165
<i>Hurricane Fortified for Existing Homes® Gold Option 1</i>	335	485	180	288	92	168
<i>Hurricane Fortified for Existing Homes® Gold Option 2</i>	389	567	205	341	100	198

Table A9. Windstorm Loss Mitigation Credit – Frame

Masonry Construction						
Mitigation Feature	Territory 110	Territory 120	Territory 130	Territory 140	Territory 150	Territory 160
Total Hip Roof	\$ 121	\$ 161	\$ 77	\$ 101	\$ 54	\$ 59
Opening Protection	123	165	77	103	52	60
Total Hip Roof and Opening Protection	243	326	154	205	104	120
IBHS Designation prior to March 31, 2019:						
<i>Hurricane Fortified for Safer Living®</i>	394	570	222	338	114	199
<i>Hurricane Fortified for Existing Homes® Bronze Option 1</i>	94	130	60	79	42	47
<i>Hurricane Fortified for Existing Homes® Bronze Option 2</i>	146	203	87	127	52	74
<i>Hurricane Fortified for Existing Homes® Silver Option 1</i>	236	345	125	207	55	120
<i>Hurricane Fortified for Existing Homes® Silver Option 2</i>	283	415	148	252	62	147
<i>Hurricane Fortified for Existing Homes® Gold Option 1</i>	301	438	166	256	80	151
<i>Hurricane Fortified for Existing Homes® Gold Option 2</i>	348	511	190	304	89	177

Table A9. Windstorm Loss Mitigation Credit – Masonry

**RULE A9.  
WINDSTORM MITIGATION PROGRAM – ALL FORMS  
EXCEPT HO 00 04 AND HO 00 06 (Cont'd)**

**Effective on or after March 31, 2019:**

<b>Frame Construction</b>						
<b>Mitigation Feature</b>	<b>Territory 110</b>	<b>Territory 120</b>	<b>Territory 130</b>	<b>Territory 140</b>	<b>Territory 150</b>	<b>Territory 160</b>
Total Hip Roof	\$ 133	\$ 180	\$ 84	\$ 113	\$ 60	\$ 65
Opening Protection	137	184	84	114	59	68
Total Hip Roof and Opening Protection	270	362	166	228	117	133
IBHS Designation on or after March 31, 2019: <i>FORTIFIED for Safer Living®</i>						
FORTIFIED Roof – Hurricane – Existing Roof	437	634	241	380	128	222
FORTIFIED Roof – Hurricane – New Roof	105	143	67	90	47	53
FORTIFIED Roof – Hurricane – New Roof	164	225	94	142	59	82
FORTIFIED Home – Hurricane – Silver – Existing Roof	262	382	135	231	62	133
FORTIFIED Home – Hurricane – Silver – New Roof	315	461	161	283	70	165
FORTIFIED Home – Hurricane – Gold – Existing Roof	335	485	180	288	92	168
FORTIFIED Home – Hurricane – Gold – New Roof	389	567	205	341	100	198

**Table A9. Windstorm Loss Mitigation Credit – Frame**

<b>Masonry Construction</b>						
<b>Mitigation Feature</b>	<b>Territory 110</b>	<b>Territory 120</b>	<b>Territory 130</b>	<b>Territory 140</b>	<b>Territory 150</b>	<b>Territory 160</b>
Total Hip Roof	\$ 121	\$ 161	\$ 77	\$ 101	\$ 54	\$ 59
Opening Protection	123	165	77	103	52	60
Total Hip Roof and Opening Protection	243	326	154	205	104	120
IBHS Designation on or after March 31, 2019: <i>FORTIFIED for Safer Living®</i>						
FORTIFIED Roof – Hurricane – Existing Roof	394	570	222	338	114	199
FORTIFIED Roof – Hurricane – Existing Roof	94	130	60	79	42	47
FORTIFIED Roof – Hurricane – New Roof	146	203	87	127	52	74
FORTIFIED Home – Hurricane – Silver – Existing Roof	236	345	125	207	55	120
FORTIFIED Home – Hurricane – Silver – New Roof	283	415	148	252	62	147
FORTIFIED Home – Hurricane – Gold – Existing Roof	301	438	166	256	80	151
FORTIFIED Home – Hurricane – Gold – New Roof	348	511	190	304	89	177

**Table A9. Windstorm Loss Mitigation Credit – Masonry**

**RULE 515.  
PERSONAL PROPERTY**

- A. Increased Limit**
  - 3. Rate Per \$1,000:
    - HO 00 02 or HO 00 03 – \$2**
    - HO 00 05 – \$3**
- B. Increased Limit – Other Residences**
  - 3. Rate Per \$1,000 – \$7
- C. Increased Limit – Self-storage Facilities**
  - 2. Rate per \$1,000 – \$5
- D. Reduction In Limit**
  - 2. Credit per \$1,000 – \$1
- E. Increased Special Limits Of Liability**
  - 1. Jewelry, Watches and Furs – Rate per \$1,000 – \$18
    - Increased sub-limit per article:
      - Rate for \$2,000 – \$9
      - Rate for \$2,500 – \$18
  - 2. Money Rate per \$100 – \$6
  - 3. Securities – Rate per \$100 – \$4
  - 4. Silverware – Rate per \$500 – \$3.25
  - 5. Firearms – Rate per \$100 – \$3
  - 6. Portable Electronic Equipment in or upon a motor vehicle – Rate per \$500 – \$10
- F. Refrigerated Personal Property**
  - 3. Charge per policy – \$10
- G. Theft Coverage Increase – HO 00 08**
  - 3. **Premium**
    - a. On-Premises**
      - Rate per \$2,000 – \$19
    - b. Off-Premises**
      - Additional Charge – \$10
- H. Additional Coverage – Jewelry And Furs**
  - 3. Charge per policy – \$7
    - Rate per \$1,000 – \$15
    - Increased sub-limit per article:
      - Rate for \$2,000 – \$7.50
      - Rate for \$2,500 – \$15
- I. Rented Personal Property**
  - 1. **Basic Limit**
    - c. Premium**
      - Theft (Burglary Peril Added) – Charge per unit – \$3
  - 2. **Increased Limits**
    - c. Rate per \$1,000 per unit:**
      - Including Theft – \$3
      - Excluding Theft – \$2

**RULE 517.  
RENTAL TO OTHERS – EXTENDED THEFT COVERAGE  
ALL FORMS EXCEPT HO 00 05, HO 00 04 WITH  
HO 32 95 OR HO 00 06 WITH HO 32 35**

- B. Premium**
  - Rate per policy – \$30

**RULE 518.  
SINKHOLE COLLAPSE COVERAGE ALL FORMS  
EXCEPT HO 00 04 AND HO 00 06**

- B. Premium Determination**
  - 1. Rate per \$1,000 – \$.35

**RULE 519.  
SPECIAL COMPUTER COVERAGE ALL FORMS  
EXCEPT HO 00 05, HO 00 04 WITH HO 32 95 OR  
HO 00 06 WITH HO 32 35**

- B. Premium**
  - Charge per policy – \$15

**RULE 521.  
LIMITED WATER BACK-UP AND SUMP DISCHARGE OR  
OVERFLOW COVERAGE**

- D. Premium**
  - 1. **Basic Limit**
    - Charge per policy – \$22
  - 2. **Increased Limits**

Limit	
\$ 10,000	\$ 30
15,000	35
25,000	40

**Table 521.D.2. Increased Limits Premium**

**RULE 523.  
ASSISTED LIVING CARE COVERAGE**

- C. Premium**
  - 1. Section I and Section II Basic Limits
    - Rate per unit – \$77
  - 2. Increased Limits
    - Add to the basic limit Rate in Paragraph 1.:
    - a. Coverage C – Rate per \$1,000 – \$7**

**WINDSTORM AND HAIL POLICY PROGRAM  
HOMEOWNERS MANUAL SUPPLEMENT**

**NORTH CAROLINA**

**PART III  
BASE PREMIUM COMPUTATION RULES**

**RULE 301.  
BASE PREMIUM COMPUTATION**

**A. All Forms Except HS 00 04 And HS 00 06**

**1. One- And Two-family Dwelling**

- a. From the following Base Class Premium Table, select the Form **HS 00 03** premium for the territory and construction that applies.
- b. From the following Key Factor Table, select the Key Factor for the desired limit of liability.
- c. Multiply the Base Class Premium from Paragraph a. by the Key Factor and round to the nearest whole dollar to arrive at the Base Premium.

**Base Class Premium Table**

	Territory					
	110	120	130	140	150	160
<b>Frame Construction</b>						
<b>HS 00 03</b>	\$ <u>2,008</u> <del>4,826</del>	\$ <u>2,750</u> <del>2,506</del>	\$ <u>1,311</u> <del>4,223</del>	\$ <u>1,779</u> <del>4,629</del>	\$ <u>1,017</u> <del>4,045</del>	\$ <u>1,104</u> <del>4,073</del>
<b>HS 00 04</b>	<u>9893</u>	<u>1164</u> <u>08</u>	<u>5562</u>	<u>7166</u>	<u>3534</u>	<u>4744</u>
<b>HS 00 06</b>	<u>6664</u>	<u>9388</u>	<u>4544</u>	<u>4945</u>	<u>2725</u>	<u>2927</u>
<b>Masonry Construction</b>						
<b>HS 00 03</b>	\$ <u>1,820</u> <del>4,655</del>	\$ <u>2,488</u> <del>2,272</del>	\$ <u>1,218</u> <del>4,456</del>	\$ <u>1,599</u> <del>4,465</del>	\$ <u>9179</u> <del>46</del>	\$ <u>1,005</u> <del>978</del>
<b>HS 00 04</b>	<u>9085</u>	<u>1079</u> <u>9</u>	<u>5349</u>	<u>6764</u>	<u>3432</u>	<u>4542</u>
<b>HS 00 06</b>	<u>6056</u>	<u>8479</u>	<u>4138</u>	<u>4642</u>	<u>2524</u>	<u>2725</u>

**Table 301.A.1.c.#1 Base Class Premium**

**Key Factor Table**

Cov. A Amt. (In 000)	Factor	
**\$ 10	.258	
50	.453	
75	.556	
100	.644	
150	.822	
200	1.000	
300	1.339	
500	1.972	
750	2.764	
1,000	3.556	
1,500	5.111	
2,000	6.667	
3,000	9.778	
4,000	12.889	
5,000	16.000	
<b>Each Add'l \$1,000</b>	0.003	
Minimum Limits Of Liability		
**Section I – Property	HS 00 02 And HS 00 03	HS 00 08
Primary Location	\$ 25,000	\$ 15,000
Secondary Location	\$ 15,000	\$ 10,000

**Table 301.A.1.c.#2 Key Factors**

**2. Three- And Four-family Dwelling**

Multiply the One- and Two-family Dwelling Base Premium by the three- and four-family factor of 1.04 to arrive at the Base Premium.

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PART V  
SECTION I – PROPERTY – ADDITIONAL COVERAGES  
AND INCREASED LIMITS RULES

**RULE 501.**  
**BUILDING ADDITIONS AND ALTERATIONS AT OTHER  
RESIDENCES**

**A. Coverage Description**

The policy may be endorsed to provide this coverage at residences, other than the residence premises, rented to an insured.

**B. Premium Computation**

To develop the premium per \$1,000 of insurance, multiply the **HS 00 04** Key Factor for "Each Add'l \$1,000" by the **HS 00 04** [Base Class](#)Key Premium.

**C. Endorsement**

Use Building Additions And Alterations Other Residence Endorsement **HO 04 49**.

**RULE 502.**  
**BUILDING ADDITIONS AND ALTERATIONS -  
INCREASED LIMIT - HS 00 04**

[The title of Rule 502. Building Additions And Alterations - Increased Limit - HO 00 04, is replaced by the preceding title.](#)

**A. Coverage C Increase**

[The limit of Liability of 10% of Coverage C maybe increased.](#)

**B. Premium Computation**

[To develop the premium per \\$1,000 of insurance, multiply the HS 00 04 Key Factor for "Each Add'l \\$1,000" by the HS 00 04 Base Class Premium.](#)

**C. Endorsement**

[Use Building Additions And Alterations Increased Limit Form HS 00 04 Endorsement HS 04 51.](#)

**RULE 503.**  
**BUSINESS PROPERTY – INCREASED LIMIT**

**A. On premises**

1. The \$2,500 limit of liability for business property on the residence premises may be increased to \$10,000 in increments of \$2,500.
2. Rate per \$2,500 increase - \$50.
3. The limit of liability in excess of \$2,500 does not apply to:
  - a. Business property in storage or held as a sample or for sale or delivery after sale;
  - b. Business property pertaining to a business actually conducted on the residence premises.

4. The property described in Paragraphs 3.a. and 3.b. are covered under the following optional endorsement: Permitted Incidental Occupancies.

**B. Off premises**

When the on-premises limit is increased, the off-premises limit of \$1,500 is automatically increased, at no additional charge, to an amount that is 60% of the total on-premises limit of liability.

**C. Endorsement**

Use Increased Limits On Business Property Endorsement **HO 04 12**.

**RULE 504.**  
**CREDIT CARD, ELECTRONIC FUND TRANSFER CARD  
OR ACCESS DEVICE, FORGERY AND COUNTERFEIT  
MONEY**

Rule 504. does not apply.

**RULE 505.**  
**EARTHQUAKE COVERAGE**

Rule 505. does not apply.

**RULE 506.**  
**FIRE DEPARTMENT SERVICE CHARGE**

Rule 506. does not apply.

**RULE 507.**  
**FORM HS 00 06 COVERAGE A DWELLING BASIC AND  
INCREASED LIMITS**

The title of Rule 507. Form **HO 00 06** Coverage A Dwelling Basic And Increased Limits And Special Coverage - **HO 00 06** is replaced by the preceding title.

**A. Basic Limits**

The policy automatically provides a basic Coverage A limit of \$1,000 on a named perils basis. If increased limits are not desired, enter "\$1,000" under Coverage A – Dwelling in the Policy Declarations.

**B. Increased Limits**

The basic limit may be increased. The premium is developed based on the additional limit of insurance. To develop the premium for each additional \$1,000 of insurance, multiply the **HS 00 06** Key Factor for "Each Add'l \$1,000" by the **HS 00 06** Base Class Premium.

**RULE 508.**  
**FORM HO 00 06 UNITS REGULARLY RENTED TO  
OTHERS**

Rule 508. does not apply.

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**RULE 509.  
 HOME DAY CARE COVERAGE**

Rule 509. does not apply.

**RULE 510.  
 PERMITTED INCIDENTAL OCCUPANCIES RESIDENCE PREMISES**

**A. Coverage Description**

Coverage for a permitted incidental occupancy is limited under Section I Property Coverages. The policy may be endorsed to provide expanded Section I Coverage on a permitted incidental occupancy in the dwelling or in an other structure on the residence premises. Use Permitted Incidental Occupancies (Residence Premises) Endorsement **HS 04 42** for Section I Coverage.

**B. Permitted Incidental Occupancies**

Examples of such occupancies are Offices, Schools or Studios meaning offices for business or professional purposes, and private schools or studios for music, dance, photography and other instructional purposes.

**C. Other Structures**

If the permitted incidental occupancy is located in an other structure, Coverage **B** does not apply to that structure. See Paragraph **E.** for charge for specific insurance on the structure.

**D. Personal Property**

The permitted incidental occupancies endorsement also covers personal property pertaining to the permitted incidental occupancy within the Coverage **C** limits stated in the declarations. If increased Coverage **C** limits are desired, see Rule **515.A.**

**E. Premium Computation**

1. If the permitted incidental occupancy is located in the dwelling, no additional charge is made.
2. If the permitted incidental occupancy is located in an other structure, charge the following amount per \$1,000 of specific insurance on the structure – \$5.

**RULE 511.  
 SUPPLEMENTAL LOSS ASSESSMENT COVERAGE**

Rule 511. does not apply.

**RULE 513.  
 ORDINANCE OR LAW INCREASED AMOUNT OF COVERAGE – HS 00 04 AND HS 00 06**

The title of Rule **513.** Ordinance Or Law Increased Amount Of Coverage - **HO 00 04** And **HO 00 06**, is replaced by the preceding title.

**A. Coverage Increase**

1. The basic amount of coverage may be initially increased to 100% of the Form **HS 00 04** Building Additions and Alterations limit or 50% of the Form **HS 00 06** Coverage **A** limit.
2. The amount may be further increased in 25% increments above those listed in Paragraph **1.**

**B. Premium Determination**

1. The premium for this additional coverage is determined based on the dollar amount of increase, represented by the increased percentage amount selected above the basic limit.
2. The premium for each additional \$1,000 of insurance is developed by multiplying the **HS 00 04** or **HS 00 06**, whichever is appropriate, Key Factor for "Each Add'l \$1,000" by the appropriate Base Class Premium.

**RULE 514.  
 OTHER STRUCTURES**

**A. On-Premises Structures**

When insurance is written on a specific structure on the residence premises the rates per \$1,000 of insurance shall apply separately to each structure.

**1. Specific Structure – Increased Limits**

**a. Premium**

Rate per \$1,000 for policies with Windstorm Or Hail Coverage – \$4

**b. Endorsement**

Use Other Structures On The Residence Premises – Increased Limits Endorsement **HO 04 48.**

**2. Structure On The Residence Premises Rented To Others**

**a. Premium**

Rate per \$1,000 for policies with Windstorm or Hail coverage – \$5.

**b. Endorsement**

Use Structures Rented to Others – Residence Premises Endorsement **HS 04 40.**

WINDSTORM AND HAIL POLICY PROGRAM  
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**RULE 514.**  
**OTHER STRUCTURES (Cont'd)**

**B. Structures Off The Residence Premises**

**1. Forms HS 00 02 And HS 00 03**

**a. Coverage Description**

- (1) The policy automatically provides Coverage **B** – Other Structures on a blanket basis to structures located on the residence premises.
- (2) This blanket coverage may be endorsed to expand coverage to include structures located away from the residence premises if used in connection with the residence premises.

**b. Premium**

Off-premises structures charge per policy - \$15.

**c. Endorsement**

Use Other Structures Away From The Residence Premises **HO 04 91**.

**2. All Forms**

**a. Premium**

- (1) When insurance is written on a specific structure located away from the residence premises, the rate per \$1,000 of insurance shall apply separately to each location.
- (2) Specific structures – Off-premises Rate per \$1,000 - \$5.

**b. Endorsement**

Use Specific Structures Away From Residence Premises Endorsement **HO 04 92**.

**RULE 515.**  
**PERSONAL PROPERTY**

**A. Increased Limit**

1. The limit of liability for Coverage **C** may be increased.
2. Charge the additional company rate per \$1,000 of insurance.
3. Rate per \$1,000:  
**HS 00 02 or HS 00 03** - \$2.

**B. Increased Limits – Other Residences**

1. Coverage for personal property usually located at other residences is limited in the policy form to 10% of Coverage **C** or \$1,000, whichever is greater. This limit may be increased.
2. Charge the additional company rate per \$1,000.
3. Rate per \$1,000 - \$7.
4. Use Increased Limits On Personal Property In Other Residences Endorsement **HO 04 50**.

**C. Increased Limit – Self-storage Facilities**

1. Coverage for personal property located in self-storage facilities is limited in the policy form to 10% of Coverage **C**, or \$1,000, whichever is greater. This limit may be increased.
2. Charge the additional company rate per \$1,000 of insurance.
3. ~~Rate per \$1,000 - \$5. Refer to state company rates for additional charge.~~
4. Use Increased Amount of Insurance For Personal property Located In A Self-storage Facility Endorsement **HO 06 14**.

**D. Reduction In Limit**

1. The limit of liability for Coverage **C** may be reduced in accordance with Rule **101.C**.
2. Credit per \$1,000 - \$1.

**E. Rented Personal Property**

**1. Basic Limit**

~~Under Forms **HS 00 02** and **HS 00 03**, the policy automatically provides, at no additional charge, \$2,500 of landlord's furnishings coverage, for property regularly rented or held for rental in an apartment on the residence premises.~~

**2. Increased Limits**

- a. ~~The basic limit noted in Paragraph 1, may be increased up to the Coverage **C** limit of liability.~~
- b. ~~The increased limit applies to the same perils that apply to the basic limit and may vary by rented unit.~~
- c. ~~Rate per \$1,000 per unit - \$2.~~

**3. Endorsement**

- a. ~~Rented Personal Property Endorsement **HO 32 21** indicates when the Increased Limits option is selected.~~
- b. ~~The Theft Option designated on the endorsement does not apply and should not be selected.~~
- c. ~~When Increased Limits are selected, the increased limit and the total limit of liability are designated on the endorsement.~~

**RULE 516.**  
**PERSONAL PROPERTY – SCHEDULED**

Rule 516. does not apply.

**RULE 517.**  
**RENTAL TO OTHERS - EXTENDED THEFT COVERAGE**  
**ALL FORMS EXCEPT HO 00 05, HO 00 04 WITH**  
**HO 05 24 OR HO 00 06 WITH HO 17 31**

Rule 517. does not apply.

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**NORTH CAROLINA**

**WINDSTORM AND HAIL POLICY PROGRAM  
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**RULE 518.  
SINKHOLE COLLAPSE COVERAGE – ALL FORMS  
EXCEPT HO 00 04 AND HO 00 06**

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Rule 518. does not apply.

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**RULE 519.  
SPECIAL COMPUTER COVERAGE ALL FORMS  
EXCEPT HO 00 05, HO 00 04 WITH HO 05 24 OR  
HO 00 06 WITH HO 17 31**

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Rule 519. does not apply.

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**RULE 520.  
LIVESTOCK COLLISION COVERAGE**

---

Rule 520. does not apply.

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**RULE 521.  
LIMITED WATER BACK-UP AND SUMP DISCHARGE OR  
OVERFLOW COVERAGE**

---

Rule 521. does not apply.

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**RULE 522.  
LANDLORDS FURNISHINGS**

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[Rule 522. does not apply.](#)

~~**A. Basic Limit**~~

~~Forms **HS 00 02** and **HS 00 03** automatically cover, on a named perils basis, landlord furnishings in an apartment on the residence premises regularly rented or held for rental. The basic limit per apartment unit is \$2,500.~~

~~**B. Increased Limits**~~

~~The basic limit of \$2,500 may be increased in increments of \$500 up to a total of \$10,000 per apartment. The increased limit applies to the same perils that apply to the basic limit and may vary by rented unit.~~

~~**C. Premium**~~

~~Rate per \$500 per unit:~~

~~Forms **HS 00 02** and **HS 00 03** – \$1.~~

~~**D. Endorsement**~~

~~Use Landlord's Furnishings Endorsement **HS 05 46**.~~

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**RULE 523.  
ASSISTED LIVING CARE COVERAGE**

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Rule 523. does not apply.

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**RULE 524.  
OTHER MEMBERS OF A NAMED INSURED'S  
HOUSEHOLD**

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**A. Introduction**

The policy provides coverage to named insureds, resident relatives who are members of the insured's household and persons under the age of 21 who are in the care of an insured.

**B. Coverage Description**

1. The policy may be endorsed to provide coverage to a person who is a member of the named insured's household but does not fall under the definition of insured in the policy. It does not cover a guest, residence employee, roomer, boarder or tenant. Coverage extends to the person named in the endorsement, and a person under the age of 21 who is in the legal custody of that person.
2. All coverages and provisions under Sections I of the policy that apply to insureds also apply to the persons described in Paragraph 1. except Coverages **A**, **B** and **D** (Fair Rental Value only).

**C. Premium**

Section I additional charge:

Rate per person named in the Schedule – \$60

**D. Endorsement**

Use Other Members Of Your Household Endorsement **HS 04 58**.

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**RULE 525.  
MOTORIZED GOLF CART – PHYSICAL LOSS  
COVERAGE**

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Rule 525. does not apply.

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**RULE 526.  
RESIDENCE HELD IN TRUST – ALL FORMS EXCEPT  
HS 00 04**

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The title of Rule 526. Residence Held In Trust – All Forms Except **HO 00 04**, is replaced by the preceding title.

**A. Coverage**

A Homeowners Windstorm And Hail Policy may be endorsed to insure a trustee, and if applicable, a trust under Section I – Property Coverages, for any insurable interest in the dwelling or other structure held in trust.

**B. Endorsement**

Use Trust Endorsement **HS 32 12**.

**C. Premium**

For basic limits rates:

Trust charge per policy - \$26.



**WINDSTORM AND HAIL POLICY PROGRAM  
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**PART III  
BASE PREMIUM COMPUTATION RULES**

**RULE 301.  
BASE PREMIUM COMPUTATION**

**A. All Forms Except HS 00 04 And HS 00 06**

**1. One- And Two-family Dwelling**

- a. From the following Base Class Premium Table, select the Form **HS 00 03** premium for the territory and construction that applies.
- b. From the following Key Factor Table, select the Key Factor for the desired limit of liability.
- c. Multiply the Base Class Premium from Paragraph a. by the Key Factor and round to the nearest whole dollar to arrive at the Base Premium.

**Base Class Premium Table**

	Territory					
	110	120	130	140	150	160
<b>Frame Construction</b>						
<b>HS 00 03</b>	\$ 2,008	\$ 2,750	\$ 1,311	\$ 1,779	\$ 1,017	\$ 1,104
<b>HS 00 04</b>	98	116	55	71	35	47
<b>HS 00 06</b>	66	93	45	49	27	29
<b>Masonry Construction</b>						
<b>HS 00 03</b>	\$ 1,820	\$ 2,488	\$ 1,218	\$ 1,599	\$ 917	\$ 1,005
<b>HS 00 04</b>	90	107	53	67	34	45
<b>HS 00 06</b>	60	84	41	46	25	27

**Table 301.A.1.c.#1 Base Class Premium**

**Key Factor Table**

Cov. A Amt. (In 000)	Factor	
**\$ 10	.258	
50	.453	
75	.556	
100	.644	
150	.822	
200	1.000	
300	1.339	
500	1.972	
750	2.764	
1,000	3.556	
1,500	5.111	
2,000	6.667	
3,000	9.778	
4,000	12.889	
5,000	16.000	
<b>Each Add'l \$1,000</b>	0.003	
<b>Minimum Limits Of Liability</b>		
<b>**Section I – Property</b>	<b>HS 00 02 And HS 00 03</b>	<b>HS 00 08</b>
Primary Location	\$ 25,000	\$ 15,000
Secondary Location	\$ 15,000	\$ 10,000

**Table 301.A.1.c.#2 Key Factors**

**2. Three- And Four-family Dwelling**

Multiply the One- and Two-family Dwelling Base Premium by the three- and four-family factor of 1.04 to arrive at the Base Premium.

**PART V**  
**SECTION I – PROPERTY – ADDITIONAL COVERAGES**  
**AND INCREASED LIMITS RULES**

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**RULE 501.**  
**BUILDING ADDITIONS AND ALTERATIONS AT OTHER**  
**RESIDENCES**

---

**A. Coverage Description**

The policy may be endorsed to provide this coverage at residences, other than the residence premises, rented to an insured.

**B. Premium Computation**

To develop the premium per \$1,000 of insurance, multiply the **HS 00 04** Key Factor for "Each Add'l \$1,000" by the **HS 00 04** Base Class Premium.

**C. Endorsement**

Use Building Additions And Alterations Other Residence Endorsement **HO 04 49**.

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**RULE 502.**  
**BUILDING ADDITIONS AND ALTERATIONS -**  
**INCREASED LIMIT - HS 00 04**

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The title of Rule **502**, Building Additions And Alterations - Increased Limit - **HO 00 04**, is replaced by the preceding title.

**A. Coverage C Increase**

The limit of Liability of 10% of Coverage **C** maybe increased.

**B. Premium Computation**

To develop the premium per \$1,000 of insurance, multiply the **HS 00 04** Key Factor for "Each Add'l \$1,000" by the **HS 00 04** Base Class Premium.

**C. Endorsement**

Use Building Additions And Alterations Increased Limit Form HS 00 04 Endorsement HS 04 51.

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**RULE 503.**  
**BUSINESS PROPERTY – INCREASED LIMIT**

---

**A. On premises**

1. The \$2,500 limit of liability for business property on the residence premises may be increased to \$10,000 in increments of \$2,500.
2. Rate per \$2,500 increase - \$50.
3. The limit of liability in excess of \$2,500 does not apply to:
  - a. Business property in storage or held as a sample or for sale or delivery after sale;
  - b. Business property pertaining to a business actually conducted on the residence premises.

4. The property described in Paragraphs **3.a.** and **3.b.** are covered under the following optional endorsement: Permitted Incidental Occupancies.

**B. Off premises**

When the on-premises limit is increased, the off-premises limit of \$1,500 is automatically increased, at no additional charge, to an amount that is 60% of the total on-premises limit of liability.

**C. Endorsement**

Use Increased Limits On Business Property Endorsement **HO 04 12**.

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**RULE 504.**  
**CREDIT CARD, ELECTRONIC FUND TRANSFER CARD**  
**OR ACCESS DEVICE, FORGERY AND COUNTERFEIT**  
**MONEY**

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Rule **504**. does not apply.

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**RULE 505.**  
**EARTHQUAKE COVERAGE**

---

Rule **505**. does not apply.

---

**RULE 506.**  
**FIRE DEPARTMENT SERVICE CHARGE**

---

Rule **506**. does not apply.

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**RULE 507.**  
**FORM HS 00 06 COVERAGE A DWELLING BASIC AND**  
**INCREASED LIMITS**

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The title of Rule **507**, Form **HO 00 06** Coverage **A** Dwelling Basic And Increased Limits And Special Coverage - **HO 00 06** is replaced by the preceding title.

**A. Basic Limits**

The policy automatically provides a basic Coverage **A** limit of \$1,000 on a named perils basis. If increased limits are not desired, enter "\$1,000" under Coverage **A** – Dwelling in the Policy Declarations.

**B. Increased Limits**

The basic limit may be increased. The premium is developed based on the additional limit of insurance. To develop the premium for each additional \$1,000 of insurance, multiply the **HS 00 06** Key Factor for "Each Add'l \$1,000" by the **HS 00 06** Base Class Premium.

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**RULE 508.**  
**FORM HO 00 06 UNITS REGULARLY RENTED TO**  
**OTHERS**

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Rule **508**. does not apply.

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**RULE 509.  
HOME DAY CARE COVERAGE**

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Rule 509. does not apply.

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**RULE 510.  
PERMITTED INCIDENTAL OCCUPANCIES RESIDENCE  
PREMISES**

---

**A. Coverage Description**

Coverage for a permitted incidental occupancy is limited under Section I Property Coverages. The policy may be endorsed to provide expanded Section I Coverage on a permitted incidental occupancy in the dwelling or in another structure on the residence premises. Use Permitted Incidental Occupancies (Residence Premises) Endorsement **HS 04 42** for Section I Coverage.

**B. Permitted Incidental Occupancies**

Examples of such occupancies are Offices, Schools or Studios meaning offices for business or professional purposes, and private schools or studios for music, dance, photography and other instructional purposes.

**C. Other Structures**

If the permitted incidental occupancy is located in an other structure, Coverage **B** does not apply to that structure. See Paragraph **E.** for charge for specific insurance on the structure.

**D. Personal Property**

The permitted incidental occupancies endorsement also covers personal property pertaining to the permitted incidental occupancy within the Coverage **C** limits stated in the declarations. If increased Coverage **C** limits are desired, see Rule 515.A.

**E. Premium Computation**

1. If the permitted incidental occupancy is located in the dwelling, no additional charge is made.
2. If the permitted incidental occupancy is located in an other structure, charge the following amount per \$1,000 of specific insurance on the structure – \$5.

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**RULE 511.  
SUPPLEMENTAL LOSS ASSESSMENT COVERAGE**

---

Rule 511. does not apply.

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**RULE 513.  
ORDINANCE OR LAW INCREASED AMOUNT OF  
COVERAGE – HS 00 04 AND HS 00 06**

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The title of Rule 513. Ordinance Or Law Increased Amount Of Coverage - **HO 00 04** And **HO 00 06**, is replaced by the preceding title.

**A. Coverage Increase**

1. The basic amount of coverage may be initially increased to 100% of the Form **HS 00 04** Building Additions and Alterations limit or 50% of the Form **HS 00 06** Coverage **A** limit.
2. The amount may be further increased in 25% increments above those listed in Paragraph 1.

**B. Premium Determination**

1. The premium for this additional coverage is determined based on the dollar amount of increase, represented by the increased percentage amount selected above the basic limit.
2. The premium for each additional \$1,000 of insurance is developed by multiplying the **HS 00 04** or **HS 00 06**, whichever is appropriate, Key Factor for "Each Add'l \$1,000" by the appropriate Base Class Premium.

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**RULE 514.  
OTHER STRUCTURES**

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**A. On-Premises Structures**

When insurance is written on a specific structure on the residence premises the rates per \$1,000 of insurance shall apply separately to each structure.

**1. Specific Structure – Increased Limits****a. Premium**

Rate per \$1,000 for policies with Windstorm Or Hail Coverage – \$4

**b. Endorsement**

Use Other Structures On The Residence Premises – Increased Limits Endorsement **HO 04 48**.

**2. Structure On The Residence Premises Rented To Others****a. Premium**

Rate per \$1,000 for policies with Windstorm or Hail coverage – \$5.

**b. Endorsement**

Use Structures Rented to Others – Residence Premises Endorsement **HS 04 40**.

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**RULE 514.**  
**OTHER STRUCTURES (Cont'd)**

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**B. Structures Off The Residence Premises**

**1. Forms HS 00 02 And HS 00 03**

**a. Coverage Description**

- (1) The policy automatically provides Coverage **B** – Other Structures on a blanket basis to structures located on the residence premises.
- (2) This blanket coverage may be endorsed to expand coverage to include structures located away from the residence premises if used in connection with the residence premises.

**b. Premium**

Off-premises structures charge per policy - \$15.

**c. Endorsement**

Use Other Structures Away From The Residence Premises **HO 04 91**.

**2. All Forms**

**a. Premium**

- (1) When insurance is written on a specific structure located away from the residence premises, the rate per \$1,000 of insurance shall apply separately to each location.
- (2) Specific structures – Off-premises Rate per \$1,000 - \$5.

**b. Endorsement**

Use Specific Structures Away From Residence Premises Endorsement **HO 04 92**.

**C. Increased Limit – Self-storage Facilities**

1. Coverage for personal property located in self-storage facilities is limited in the policy form to 10% of Coverage **C**, or \$1,000, whichever is greater. This limit may be increased.
2. Charge the additional company rate per \$1,000 of insurance.
3. Rate per \$1,000 - \$5.
4. Use Increased Amount of Insurance For Personal property Located In A Self-storage Facility Endorsement **HO 06 14**.

**D. Reduction In Limit**

1. The limit of liability for Coverage **C** may be reduced in accordance with Rule **101.C**.
2. Credit per \$1,000 - \$1.

**E. Rented Personal Property**

**1. Basic Limit**

Under Forms **HS 00 02** and **HS 00 03**, the policy automatically provides, at no additional charge, \$2,500 of landlord's furnishings coverage, for property regularly rented or held for rental in an apartment on the residence premises.

**2. Increased Limits**

- a. The basic limit noted in Paragraph **1**. may be increased up to the Coverage **C** limit of liability.
- b. The increased limit applies to the same perils that apply to the basic limit and may vary by rented unit.
- c. Rate per \$1,000 per unit - \$2.

**3. Endorsement**

- a. Rented Personal Property Endorsement **HO 32 21** indicates when the Increased Limits option is selected.
- b. The Theft Option designated on the endorsement does not apply and should not be selected.
- c. When Increased Limits are selected, the increased limit and the total limit of liability are designated on the endorsement.

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**RULE 515.**  
**PERSONAL PROPERTY**

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**A. Increased Limit**

1. The limit of liability for Coverage **C** may be increased.
2. Charge the additional company rate per \$1,000 of insurance.
3. Rate per \$1,000:  
**HS 00 02** or **HS 00 03** - \$2.

**B. Increased Limits – Other Residences**

1. Coverage for personal property usually located at other residences is limited in the policy form to 10% of Coverage **C** or \$1,000, whichever is greater. This limit may be increased.
2. Charge the additional company rate per \$1,000.
3. Rate per \$1,000 - \$7.
4. Use Increased Limits On Personal Property In Other Residences Endorsement **HO 04 50**.

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**RULE 516.**  
**PERSONAL PROPERTY – SCHEDULED**

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Rule **516**. does not apply.

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**RULE 517.**  
**RENTAL TO OTHERS - EXTENDED THEFT COVERAGE**  
**ALL FORMS EXCEPT HO 00 05, HO 00 04 WITH**  
**HO 05 24 OR HO 00 06 WITH HO 17 31**

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Rule **517**. does not apply.

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**RULE 518.  
SINKHOLE COLLAPSE COVERAGE – ALL FORMS  
EXCEPT HO 00 04 AND HO 00 06**

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Rule 518. does not apply.

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**RULE 519.  
SPECIAL COMPUTER COVERAGE ALL FORMS  
EXCEPT HO 00 05, HO 00 04 WITH HO 05 24 OR  
HO 00 06 WITH HO 17 31**

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Rule 519. does not apply.

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**RULE 520.  
LIVESTOCK COLLISION COVERAGE**

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Rule 520. does not apply.

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**RULE 521.  
LIMITED WATER BACK-UP AND SUMP DISCHARGE OR  
OVERFLOW COVERAGE**

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Rule 521. does not apply.

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**RULE 522.  
LANDLORDS FURNISHINGS**

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Rule 522. does not apply.

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**RULE 523.  
ASSISTED LIVING CARE COVERAGE**

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Rule 523. does not apply.

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**RULE 524.  
OTHER MEMBERS OF A NAMED INSURED'S  
HOUSEHOLD**

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**A. Introduction**

The policy provides coverage to named insureds, resident relatives who are members of the insured's household and persons under the age of 21 who are in the care of an insured.

**B. Coverage Description**

1. The policy may be endorsed to provide coverage to a person who is a member of the named insured's household but does not fall under the definition of insured in the policy. It does not cover a guest, residence employee, roomer, boarder or tenant. Coverage extends to the person named in the endorsement, and a person under the age of 21 who is in the legal custody of that person.
2. All coverages and provisions under Sections I of the policy that apply to insureds also apply to the persons described in Paragraph 1. except Coverages A, B and D (Fair Rental Value only).

**C. Premium**

Section I additional charge:

Rate per person named in the Schedule – \$60

**D. Endorsement**

Use Other Members Of Your Household Endorsement **HS 04 58**.

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**RULE 525.  
MOTORIZED GOLF CART – PHYSICAL LOSS  
COVERAGE**

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Rule 525. does not apply.

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**RULE 526.  
RESIDENCE HELD IN TRUST – ALL FORMS EXCEPT  
HS 00 04**

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The title of Rule 526. Residence Held In Trust – All Forms Except **HO 00 04**, is replaced by the preceding title.

**A. Coverage**

A Homeowners Windstorm And Hail Policy may be endorsed to insure a trustee, and if applicable, a trust under Section I – Property Coverages, for any insurable interest in the dwelling or other structure held in trust.

**B. Endorsement**

Use Trust Endorsement **HS 32 12**.

**C. Premium**

For basic limits rates:

Trust charge per policy - \$26.

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**RULE 527.  
STUDENT AWAY FROM HOME**

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**A. Introduction**

The policy provides coverage for a full-time student, who was a resident of the named insured's household before moving out to attend school and is under the age of:

1. 24 and a relative of the named insured; or
2. 21 and in the care of the named insured or a resident relative.

**B. Coverage Description**

The policy may be endorsed to provide coverage for other types of students who were residents of the named insured's household before moving out to attend school. For example, part-time students or students 24 or older.

**C. Premium Determination**

Section I

Rate per location – \$68.

**D. Endorsement**

Use Additional Insured – Student Living Away From The Residence Premises Endorsement **HS 05 27**.