

October 25, 2013

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Revised Dwelling Fire and Extended Coverage
Insurance Rates – North Carolina

By Circular Letter to All Member Companies P-12-7 dated November 29, 2012, member companies were notified of a Settlement Agreement and Consent Order entered into between the Rate Bureau and the Commissioner of Insurance for Dwelling Fire and Extended Coverage. As part of the Settlement Agreement and Consent Order, revised base rates and revised wind exclusion credits were agreed to for a three year period. At that time, the revised base rates and wind exclusion credits were distributed for implementation on April 1, 2013.

In that regard, please find attached the revised base rates and wind exclusion credits that 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 April 1, 2014.

The enclosed exhibits set forth (1) the revised key premiums by territory for the second year of the Consent Order; and (2) revised windstorm or hail exclusion credits for the second year of the Consent Order. These exhibits are intended for your advance information to enable you to make preparations to implement the approved revisions. Reprinted dwelling manual pages will be distributed in the usual manner as soon as possible.

Since these revised rates have been established by Consent Order and have been approved by the Commissioner of Insurance, no portion of the premiums on policies to which the Consent Order applies is required to be escrowed.

In connection with the implementation of the revised rates, your attention is 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 proposed 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. . ."

The manner of giving such notice to insureds is up to the individual company. 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, endorsement or other information 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.

Very truly yours,

F. Timothy Lucas

Personal Lines Manager

FTL:dms

Attachments

P-13-17

**RULE 301.
BASE PREMIUM COMPUTATION (Cont'd)**

Extended Coverage, Broad And Special Forms – Coverage A Key Premiums*			
Territory	Forms		
	DP 00 01	DP 00 02	DP 00 03
07	\$ 191 <u>20</u> <u>6</u>	\$ 203 <u>2</u> <u>19</u>	\$ 315 <u>34</u> <u>0</u>
08	198 <u>21</u> <u>4</u>	210 <u>2</u> <u>27</u>	327 <u>35</u> <u>3</u>
32	26 <u>28</u>	32 <u>35</u>	43 <u>46</u>
34	30 <u>33</u>	37 <u>41</u>	50 <u>54</u>
36	47 <u>19</u>	24 <u>27</u>	28 <u>31</u>
38	16 <u>17</u>	23 <u>24</u>	26 <u>28</u>
39	18 <u>19</u>	25 <u>27</u>	30 <u>31</u>
41	50 <u>54</u>	62 <u>67</u>	83 <u>89</u>
44	28 <u>30</u>	40 <u>42</u>	46 <u>50</u>
45	45 <u>49</u>	56 <u>61</u>	74 <u>81</u>
46	30 <u>32</u>	37 <u>40</u>	50 <u>53</u>
47	37 <u>40</u>	46 <u>50</u>	64 <u>66</u>
48	112 <u>12</u> <u>1</u>	125 <u>1</u> <u>35</u>	185 <u>20</u> <u>0</u>
49	103 <u>11</u> <u>1</u>	115 <u>1</u> <u>24</u>	170 <u>18</u> <u>3</u>
52	115 <u>12</u> <u>5</u>	128 <u>1</u> <u>40</u>	190 <u>20</u> <u>6</u>
53	26 <u>28</u>	32 <u>35</u>	43 <u>46</u>
57	22 <u>24</u>	30 <u>33</u>	36 <u>40</u>
60	22 <u>24</u>	31 <u>34</u>	36 <u>40</u>

* **DP 00 01** Key Premiums are Non-seasonal and Seasonal. **DP 00 02** and **DP 00 03** Key Premiums are Non-seasonal only and include the charge for Extended Coverage and Vandalism and Malicious Mischief perils.

Table 301.A.#25(R) Extended Coverage, Broad And Special Forms – Coverage A Key Premiums

RULE 301.
BASE PREMIUM COMPUTATION (Cont'd)

Extended Coverage, Broad And Special Forms – Coverage C Key Premiums*			
Territory	Forms		
	DP 00 01	DP 00 02	DP 00 03
07	\$ 26 28	\$ 28 30	\$ 56 60
08	27 29	29 31	58 62
32	2	3	4
34	2	3	4
36	1	2	2
38	1	2	2
39	1	2	2
41	6	8	13
44	23	35	46
45	45	57	911
46	2	3	4
47	3	4	6
48	16 17	18 19	34 37
49	14 16	16 18	30 34
52	16 17	18 19	34 37
53	2	3	4
57	1	2	2
60	2	3	4

* DP 00 01 Key Premiums are Non-seasonal and Seasonal. DP 00 02 and DP 00 03 Key Premiums are Non-seasonal only and include the charge for Extended Coverage and Vandalism and Malicious Mischief perils.

Table 301.A.#28(R) Extended Coverage, Broad And Special Forms – Coverage C Key Premiums

ADDITIONAL RULE(S)

RULE A3.
WINDSTORM OR HAIL EXCLUSION – TERRITORIES 07,
08, 48, 49 AND 52 ONLY

Territory	Building Credit	Contents Credit
07	\$ 173 188	\$ 22 24
08	178 194	24 26
48	92 101	13 14
49	86 94	11 13
52	94 101	12 13

Table A3.B.2.(R) Windstorm Or Hail Exclusion –
Territories 07, 08, 48, 49 And 52 Only