



March 8, 2017

CIRCULAR LETTER TO ALL MEMBER COMPANIES

IMMEDIATE ATTENTION REQUIRED

Re: Dwelling Fire and Extended Coverage Policy
Program Revisions – North Carolina

By Circular Letter to All Member Companies P-16-3 dated April 4, 2016, the Rate Bureau announced revisions to various relativities included in the Dwelling Policy Program. By a subsequent Circular Letter To All Member Companies P-17-1 dated January 17, 2017, the Rate Bureau announced that a data error was discovered in the original filing material that caused the resulting off-balances and base rates that were implemented January 1, 2017 to be incorrect (in the beach and coastal territories only) and that, as a result of the error, revised off-balances and base rates for extended coverage for the beach and coastal territories were being filed with the Department of Insurance with a proposed effective date of June 1, 2017.

The Commissioner of Insurance has now approved that filing and the associated changes for the Dwelling Policy Program in territories 07, 08, 48, 49 and 52. In that regard, please find attached the revised extended coverage base rates for territories 07, 08, 48, 49 and 52, revised windstorm or hail exclusion credits and revised windstorm mitigation credits for building and contents.

These revisions 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 July 1, 2017.

The enclosed exhibits are intended to enable you to implement the 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.

Very truly yours,

F. Timothy Lucas

Director, Personal Lines

FTL:dms
Enclosures
P-17-3

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

Territory	Const.*	Building Credit	Contents Credit
07	M	\$ 170124	\$ 2216
	F	179131	2317
08	M	174136	2419
	F	183143	2520
48	M	9684	1211
	F	10188	1312
49	M	9486	1110
	F	9991	1211
52	M	10590	1211
	F	11095	1312
* M = Masonry, F = Frame. Masonry Veneer is rated as masonry. Aluminum or plastic siding over frame is rated as frame.			

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

**RULE A9.
WINDSTORM MITIGATION PROGRAM**

Mitigation Feature	Territory 07	Territory 08	Territory 48	Territory 49	Territory 52
Total Hip Roof	\$ 97	\$ 97	\$ 54	\$ 5	\$ 54
Opening Protection	407	97	54	5	54
Total Hip Roof and Opening Protection	4914	4814	409	409	409
IBHS Designation:					
<i>Hurricane Fortified for Safer Living®</i>	3423	3225	4210	4312	4916
<i>Hurricane Fortified for Existing Homes® Bronze Option 1</i>	75	75	43	4	43
<i>Hurricane Fortified for Existing Homes® Bronze Option 2</i>	429	429	54	5	76
<i>Hurricane Fortified for Existing Homes® Silver Option 1</i>	4914	2016	76	76	4210
<i>Hurricane Fortified for Existing Homes® Silver Option 2</i>	2317	2419	87	87	4412
<i>Hurricane Fortified for Existing Homes® Gold Option 1</i>	2518	2519	409	409	4412
<i>Hurricane Fortified for Existing Homes® Gold Option 2</i>	2820	2923	4410	4410	4715

Table A9.E.#1(R) – Windstorm Loss Mitigation Credit – Coverage A – Dwelling

Mitigation Feature	Territory 07	Territory 08	Territory 48	Territory 49	Territory 52
Total Hip Roof	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1
Opening Protection	1	1	1	1	1
Total Hip Roof and Opening Protection	21	2	1	1	1
IBHS Designation:					
<i>Hurricane Fortified for Safer Living®</i>	54	54	2	2	3
<i>Hurricane Fortified for Existing Homes® Bronze Option 1</i>	1	1	1	1	1
<i>Hurricane Fortified for Existing Homes® Bronze Option 2</i>	21	2	1	1	1
<i>Hurricane Fortified for Existing Homes® Silver Option 1</i>	32	32	1	1	2
<i>Hurricane Fortified for Existing Homes® Silver Option 2</i>	32	43	1	1	2
<i>Hurricane Fortified for Existing Homes® Gold Option 1</i>	43	43	1	1	2
<i>Hurricane Fortified for Existing Homes® Gold Option 2</i>	43	43	2	2	2

Table A9.E.#2(R) – Contents Windstorm Loss Mitigation Credit – Coverage C – Personal Property

RULE 301.
BASE PREMIUM COMPUTATION (Cont'd)

Extended Coverage, Broad And Special Forms – Coverage A Key Premiums*				
Territory	Const.*	Forms		
		DP 00 01	DP 00 02	DP 00 03
07	M	<u>485136</u>	<u>496144</u>	<u>204150</u>
	F	<u>495143</u>	<u>207152</u>	<u>215157</u>
08	M	<u>494149</u>	<u>202158</u>	<u>240164</u>
	F	<u>204157</u>	<u>243166</u>	<u>224173</u>
32	M	29	39	44
	F	30	41	45
34	M	33	45	50
	F	35	47	53
36	M	19	26	29
	F	20	27	30
38	M	17	23	26
	F	18	24	27
39	M	20	27	30
	F	21	28	32
41	M	48	65	72
	F	51	69	77
44	M	29	39	44
	F	30	41	45
45	M	46	62	69
	F	48	65	72
46	M	30	41	45
	F	32	43	48
47	M	38	51	57
	F	40	54	60
48	M	<u>444100</u>	<u>424106</u>	<u>425110</u>
	F	<u>420105</u>	<u>427111</u>	<u>432116</u>
49	M	<u>444102</u>	<u>448108</u>	<u>422112</u>
	F	<u>447107</u>	<u>424113</u>	<u>429118</u>
52	M	<u>428110</u>	<u>436117</u>	<u>444121</u>
	F	<u>435116</u>	<u>443123</u>	<u>449128</u>
53	M	28	38	42
	F	29	39	44
57	M	25	34	38
	F	26	35	39
60	M	25	34	38
	F	26	35	39

* **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. M = Masonry, F = Frame. Masonry Veneer is rated as masonry. Aluminum or plastic siding over frame is rated as frame.

RULE 301.
BASE PREMIUM COMPUTATION (Cont'd)

Extended Coverage, Broad And Special Forms – Coverage C Key Premiums*				
Territory	Const.*	Forms		
		DP 00 01	DP 00 02	DP 00 03
07	M	<u>2619</u>	<u>2820</u>	<u>2921</u>
	F	<u>2720</u>	<u>2921</u>	<u>3022</u>
08	M	<u>2722</u>	<u>2923</u>	<u>3024</u>
	F	<u>2823</u>	<u>3024</u>	<u>3425</u>
32	M	2	3	3
	F	2	3	3
34	M	2	3	3
	F	2	3	3
36	M	1	1	2
	F	1	1	2
38	M	1	1	2
	F	1	1	2
39	M	1	1	2
	F	1	1	2
41	M	6	8	9
	F	6	8	9
44	M	3	4	5
	F	3	4	5
45	M	5	7	8
	F	5	7	8
46	M	2	3	3
	F	2	3	3
47	M	3	4	5
	F	3	4	5
48	M	<u>4514</u>	<u>4615</u>	<u>4715</u>
	F	<u>4615</u>	<u>4716</u>	<u>4817</u>
49	M	<u>4413</u>	<u>4514</u>	<u>4514</u>
	F	<u>4514</u>	<u>4615</u>	<u>4715</u>
52	M	<u>4615</u>	<u>4716</u>	<u>4817</u>
	F	<u>4716</u>	<u>4817</u>	<u>4918</u>
53	M	2	3	3
	F	2	3	3
57	M	1	1	2
	F	1	1	2
60	M	2	3	3
	F	2	3	3

* **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. M = Masonry, F = Frame. Masonry Veneer is rated as masonry. Aluminum or plastic siding over frame is rated as frame.