

September 26, 2012

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Introduction of Actual Cash Value Loss Settlement
Windstorm or Hail Losses to Roof Surfacing
Homeowners Policy Program

The Commissioner of Insurance has recently approved, for optional use by member companies of the Rate Bureau, the above captioned Endorsement HO 04 93 05 11 and corresponding manual rule for the Homeowners Policy Program. This endorsement modifies the Section I – Loss Settlement Condition in the policy form with respect to a covered loss for roof surfacing caused by the peril of windstorm or hail.

In that regard, please find attached Endorsement HO 04 93 05 11 as well as the corresponding manual rule.

These changes become effective in accordance with the following Rule of Application:

These changes become effective September 25, 2012 for all new and renewal business.

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

Sincerely,

F. Timothy Lucas

Personal Lines Manager

FTL:dms

Attachments

P-12-5

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ACTUAL CASH VALUE LOSS SETTLEMENT WINDSTORM OR HAIL LOSSES TO ROOF SURFACING

SECTION I – CONDITIONS

This endorsement modifies the Section I – Loss Settlement Condition in the policy form with respect to a covered loss for roof surfacing caused by the peril of windstorm or hail. Such loss will be subject to actual cash value loss settlement. Therefore, the loss settlement conditions that pertain to "repair or replacement cost without deduction for depreciation" are changed as noted below:

D. Loss Settlement

1. In all forms except **HO 00 06** and **HO 00 08** and the Special Loss Settlement endorsement:

- a. Paragraph **1.c.** is replaced by the following:
 - c. Structures that are not buildings, including their roof surfacing;
- b. The following is added to Paragraph **1.:**
 - e. Roof surfacing on structures that are buildings if a loss to the roof surfacing is caused by the peril of windstorm or hail.
- c. In Paragraph **2.**, the introductory statement "Buildings covered under Coverage **A** or **B** at replacement cost without deduction for depreciation, subject to the following:" is replaced by the following:

2. Buildings covered under Coverage **A** or **B**, except for their roof surfacing if the loss to the roof surfacing is caused by the peril of windstorm or hail, at replacement cost without deduction for depreciation, subject to the following:

2. In Form **HO 00 06**, Condition **D. Loss Settlement** is replaced by the following:

D. Loss Settlement

Covered property losses are settled as follows:

1. Property of the following types:
 - a. Personal property and grave markers, including mausoleums; and

- b. Roof surfacing if the loss is caused by the peril of windstorm or hail;

at actual cash value at the time of loss but not more than the amount required to repair or replace.

2. Coverage **A**, except for roof surfacing if loss is caused by the peril of windstorm or hail:

- a. If the damage is repaired or replaced within a reasonable time, at the actual cost to repair or replace;

- b. If the damage is not repaired or replaced within a reasonable time, at actual cash value but not more than the amount required to repair or replace.

In this provision, the terms "repaired" or "replaced" do not include the increased costs incurred to comply with the enforcement of any ordinance or law, except to the extent that coverage for these increased costs is provided in **D.10. Ordinance Or Law** under Section **I – Property Coverages**.

3. In Form **HO 00 08**:

- a. Paragraph **1.c.** is replaced by the following:

- c. Structures that are not buildings, including their roof surfacing;

- b. The following paragraph is added to Paragraph **1.:**

- d. Roof surfacing on structures that are buildings if a loss to the roof surfacing is caused by the peril of windstorm or hail.

- c. In Paragraph 2., the introductory statement "Buildings under Coverage A or B:" is replaced by the following:

2. Buildings under Coverage A or B, except for their roof surfacing if the loss to the roof surfacing is caused by the peril of windstorm or hail:

The provisions of this endorsement do not apply to structures insured under either the Coverage B – Other Structures Away From The Residence Premises endorsement or the Specific Structures Away From The Residence Premises endorsement, if made a part of the policy.

All other provisions of this policy apply.

Homeowners Policy Program Manual
North Carolina Exception Pages

RULE 408.
ACTUAL CASH VALUE LOSS SETTLEMENT WINDSTORM OR HAIL LOSSES TO ROOF SURFACING – ALL FORMS EXCEPT HO 00 04

Rule **408.** is replaced by the following:

A. Introduction

The policy provides settlement for building losses on a repair or replacement cost basis, subject to certain conditions.

B. Coverage Description

The policy may be endorsed to provide loss settlement exclusively on an Actual Cash Value basis for roof surfacing when damage is caused by the peril of Windstorm Or Hail.

C. Premium Determination

To develop a premium for this option, multiply the Base Premium by a factor of .99.

D. Endorsement

Use Actual Cash Value Loss Settlement Windstorm Or Hail Losses To Roof Surfacing (All Forms Except **HO 00 04**) Endorsement **HO 04 93**.

This endorsement does not apply to a policy in which the peril of Windstorm or Hail is excluded.