May 1, 2014

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Homeowners Policy Program
Ordinance or Law Coverage

The Commissioner of Insurance has recently approved revisions to Rule 303. Ordinance or Law Coverage designed for use in North Carolina with the Homeowners Policy Program. The revisions include the following:

- Rule 303. Ordinance Or Law Coverage – All Forms Except HO 00 08 have been revised to state that the rating factors in Rule 303. can be used with different premium computations contingent upon whether Absolute Windstorm or Hail Exclusion Endorsement HO 32 94 is made part of the policy.

- Rule 513. Ordinance Or Law Coverage Increased Amount of Coverage – HO 00 04 and HO 00 06 has been introduced to restore the paragraph previously in effect in North Carolina.

For your convenience, please find the attached copy of revised Rule 303. and Rule 513.

These changes become effective in accordance with the following rule of application:

This change becomes effective with respect to all new and renewal policies effective on or after October 1, 2014.

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-14-5
RULE 303.
ORDINANCE OR LAW COVERAGE ALL FORMS EXCEPT HO 00 08

Paragraph B.2.a. is replaced by the following:

B. Increased Amount Of Coverage

2. Premium Determination
   a. Forms HO 00 02, HO 00 03 And HO 00 05
      To develop the Base Premium:
         (i) If Absolute Windstorm Or Hail Exclusion Endorsement HO 32 94 does not apply, multiply the premium computed in accordance with Rule 301. by the appropriate factor selected from the following table:

<table>
<thead>
<tr>
<th>Percentage Of Coverage</th>
<th>Factors Coverage A Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase In Amount</td>
<td>Total Amount</td>
</tr>
<tr>
<td>$60,000 To $140,000</td>
<td>All Other</td>
</tr>
<tr>
<td>15%</td>
<td>25%</td>
</tr>
<tr>
<td>40%</td>
<td>50%</td>
</tr>
<tr>
<td>65%</td>
<td>75%</td>
</tr>
<tr>
<td>90%</td>
<td>100%</td>
</tr>
</tbody>
</table>

For each add’l 25% increment, add
   Table 303.B.2.a.(i) Factors

(ii) If Absolute Windstorm Or Hail Exclusion Endorsement HO 32 94 applies, multiply the premium computed in accordance with Additional Rule A3. Windstorm Or Hail Exclusion – Territories 07, 08, 48, 49 And 52 Only, by the appropriate factor selected from the following table:

<table>
<thead>
<tr>
<th>Percentage Of Coverage</th>
<th>Factors Coverage A Limit</th>
</tr>
</thead>
<tbody>
<tr>
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<tr>
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</tr>
<tr>
<td>90%</td>
<td>100%</td>
</tr>
</tbody>
</table>

For each add’l 25% increment, add
   Table 303.B.2.a.(ii) Factors

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

Paragraph B.2. is replaced by the following:

B. Premium Determination

2. The premium for each additional $1,000 of insurance is developed by multiplying the HO 00 04 or HO 00 06, whichever is appropriate, Key Factor for "Each Add'l $1,000" by the appropriate Key Premium.