

July 31, 2017

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Wind Exclusion / Wind Mitigation Credit Update
Homeowner Policy Program

By Circular Letter To All Member Companies P-17-4 dated July 20, 2017, companies were notified of revisions to the Amount of Insurance and Protection/Construction relativity factors for the Homeowners line of business. As a result of these revisions, it is necessary to modify the wind and hail exclusion credits and the windstorm loss mitigation credits to reflect construction type. Such revisions have been filed with and approved by the Commissioner of Insurance.

In that regard, please find attached the Homeowner relativity factors that were previously included in the P-17-4 circular as well as the modified wind and hail exclusion credits and windstorm loss mitigation credits that have been modified to reflect construction type.

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

These revisions become effective with respect to all new and renewal policies becoming effective on or after April 1, 2018.

NOTICE REQUIREMENTS

Also be advised that G. S. 58-36-45 provides 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.

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

Sincerely,

Andy Montano

Personal Lines director

AM:ko
Attachments
P-17-5

**RULE 301.
 BASE PREMIUM COMPUTATION**

Base Class Premium Table

| TERRITORY | HO 00 03 | HO 00 04 | HO 00 06 |
|-----------|----------|----------|----------|
| 110 | 1589 | 115 | 97 |
| 120 | 1863 | 132 | 118 |
| 130 | 1011 | 74 | 75 |
| 140 | 1298 | 89 | 81 |
| 150 | 853 | 56 | 56 |
| 160 | 917 | 71 | 60 |
| 170 | 548 | 55 | 50 |
| 180 | 599 | 56 | 52 |
| 190 | 708 | 59 | 55 |
| 200 | 812 | 63 | 60 |
| 210 | 554 | 56 | 49 |
| 220 | 652 | 86 | 50 |
| 230 | 731 | 57 | 54 |
| 240 | 539 | 59 | 47 |
| 250 | 616 | 55 | 46 |
| 260 | 408 | 62 | 48 |
| 270 | 456 | 47 | 54 |
| 280 | 405 | 43 | 38 |
| 290 | 502 | 49 | 47 |
| 300 | 595 | 55 | 46 |
| 310 | 410 | 50 | 41 |
| 320 | 467 | 48 | 42 |
| 330 | 392 | 51 | 46 |
| 340 | 400 | 55 | 45 |
| 350 | 448 | 53 | 44 |
| 360 | 389 | 36 | 41 |
| 370 | 460 | 47 | 47 |
| 380 | 441 | 45 | 45 |
| 390 | 441 | 45 | 45 |

Table 301. Base Class Premium

**RULE 301.
BASE PREMIUM COMPUTATION**

A. All Forms Except HO 00 04 And HO 00 06

1. Classification Tables

a. One And Two Family

| Form Factors | |
|--------------|---------|
| Form | Factors |
| HO 00 02 | .95 |
| HO 00 03 | 1.00 |
| HO 00 05 | 1.30 |
| HO 00 08 | 1.25 |

Table 301.A.1.a.#1 Form Factors

| Protection Construction Factors | | | | | | | | |
|---------------------------------|-------------------|---------|-------------------|---------|-------------------|---------|-------------------|---------|
| Protection | Territory Group 1 | | Territory Group 2 | | Territory Group 3 | | Territory Group 4 | |
| | Frame | Masonry | Frame | Masonry | Frame | Masonry | Frame | Masonry |
| 1 | .99 | .89 | .97 | .87 | .97 | .87 | .97 | .87 |
| 2 | .99 | .89 | .98 | .88 | .98 | .88 | .98 | .88 |
| 3 | .99 | .89 | .98 | .88 | .98 | .88 | .98 | .88 |
| 4 | 1.00 | .90 | .99 | .89 | .99 | .89 | .99 | .89 |
| 5 | 1.00 | .90 | 1.00 | .90 | 1.00 | .90 | 1.00 | .90 |
| 6 | 1.01 | .91 | 1.00 | .90 | 1.00 | .90 | 1.00 | .90 |
| 7 | 1.10 | 1.00 | 1.10 | 1.00 | 1.10 | 1.00 | 1.10 | 1.00 |
| 8 | 1.25 | 1.10 | 1.25 | 1.10 | 1.25 | 1.10 | 1.25 | 1.10 |
| 9E | 1.35 | 1.20 | 1.40 | 1.25 | 1.40 | 1.25 | 1.40 | 1.25 |
| 9S | 1.35 | 1.20 | 1.40 | 1.25 | 1.40 | 1.25 | 1.40 | 1.25 |
| 9 | 1.35 | 1.20 | 1.40 | 1.25 | 1.40 | 1.25 | 1.40 | 1.25 |
| 10 | 1.70 | 1.50 | 1.75 | 1.55 | 1.75 | 1.55 | 1.75 | 1.55 |

Masonry Veneer is rated as Masonry. Aluminum or Plastic Siding over Frame is rated as Frame.

Territory Group 1: 110, 120, 140

Territory Group 2: 130, 150, 160, 180, 270, 330, 340

Territory Group 3: 170, 190, 200, 210, 220, 240, 250, 260, 280, 290, 310, 320, 350, 360, 370, 380, 390

Territory Group 4: 230, 300

Table 301.A.1.a.#2 Protection Construction Factors

b. Three And Four Family Factor 1.04

HO-C-1

2. Key Factor Table

| Cov. A Amt. (In 000) | Factor | |
|------------------------------------|----------------------------------|-----------------|
| **\$ 10 | .464 | |
| 50 | .816 | |
| 75 | 1.000 | |
| 100 | 1.160 | |
| 150 | 1.480 | |
| 200 | 1.800 | |
| 300 | 2.410 | |
| 500 | 3.550 | |
| 750 | 4.975 | |
| 1000 | 6.400 | |
| 1500 | 9.200 | |
| 2000 | 12.000 | |
| 3000 | 17.600 | |
| 4000 | 23.200 | |
| 5000 | 28.800 | |
| Each Add'l \$1,000 | .005 | |
| Minimum Limits Of Liability | | |
| **Section I – Property | HO 00 02, 03 & 05 | HO 00 08 |
| Primary Location | \$ 25,000 | \$ 15,000 |
| Secondary Location | \$ 15,000 | \$ 10,000 |
| Section II – Liability | All Forms | |
| Personal Liability | \$ 25,000 | |
| Medical Payments to Others | 1,000 | |

Table 301.A.2. Key Factors

B.Form HO 00 04 And HO 00 06

1. Classification Tables

| Protection Construction Factors | | | | | | | | |
|---------------------------------|-------------------|---------|-------------------|---------|-------------------|---------|-------------------|---------|
| Protection | Territory Group 1 | | Territory Group 2 | | Territory Group 3 | | Territory Group 4 | |
| | Frame | Masonry | Frame | Masonry | Frame | Masonry | Frame | Masonry |
| 1 | 1.00 | .90 | 1.00 | .90 | 1.00 | .90 | 1.00 | .90 |
| 2 | 1.00 | .90 | 1.00 | .90 | 1.00 | .90 | 1.00 | .90 |
| 3 | 1.00 | .90 | 1.00 | .90 | 1.00 | .90 | 1.00 | .90 |
| 4 | 1.00 | .90 | 1.00 | .90 | 1.00 | .90 | 1.00 | .90 |
| 5 | 1.00 | .90 | 1.00 | .90 | 1.00 | .90 | 1.00 | .90 |
| 6 | 1.00 | .90 | 1.00 | .90 | 1.00 | .90 | 1.00 | .90 |
| 7 | 1.00 | .90 | 1.00 | .90 | 1.00 | .90 | 1.00 | .90 |
| 8 | 1.10 | .90 | 1.10 | .90 | 1.10 | .90 | 1.10 | .90 |
| 9E | 1.30 | 1.10 | 1.30 | 1.10 | 1.30 | 1.10 | 1.30 | 1.10 |
| 9S | 1.30 | 1.10 | 1.30 | 1.10 | 1.30 | 1.10 | 1.30 | 1.10 |
| 9 | 1.30 | 1.10 | 1.30 | 1.10 | 1.30 | 1.10 | 1.30 | 1.10 |
| 10 | 1.50 | 1.20 | 1.50 | 1.20 | 1.50 | 1.20 | 1.50 | 1.20 |

Masonry Veneer is rated as Masonry. Aluminum or Plastic Siding over Frame is rated as Frame.

Territory Group 1: 110, 120, 140

Territory Group 2: 130, 150, 160, 180, 270, 330, 340

Territory Group 3: 170, 190, 200, 210, 220, 240, 250, 260, 280, 290, 310, 320, 350, 360, 370, 380, 390

Territory Group 4: 230, 300

Table 301.B.1. #1 Protection Construction Factors - Form HO 00 04

| Protection Construction Factors | | | | | | | | |
|---------------------------------|-------------------|---------|-------------------|---------|-------------------|---------|-------------------|---------|
| Protection | Territory Group 1 | | Territory Group 2 | | Territory Group 3 | | Territory Group 4 | |
| | Frame | Masonry | Frame | Masonry | Frame | Masonry | Frame | Masonry |
| 1 | 1.00 | .90 | 1.00 | .90 | 1.00 | .90 | 1.00 | .90 |
| 2 | 1.00 | .90 | 1.00 | .90 | 1.00 | .90 | 1.00 | .90 |
| 3 | 1.00 | .90 | 1.00 | .90 | 1.00 | .90 | 1.00 | .90 |
| 4 | 1.00 | .90 | 1.00 | .90 | 1.00 | .90 | 1.00 | .90 |
| 5 | 1.00 | .90 | 1.00 | .90 | 1.00 | .90 | 1.00 | .90 |
| 6 | 1.00 | .90 | 1.00 | .90 | 1.00 | .90 | 1.00 | .90 |
| 7 | 1.00 | .90 | 1.00 | .90 | 1.00 | .90 | 1.00 | .90 |
| 8 | 1.10 | .90 | 1.10 | .90 | 1.10 | .90 | 1.10 | .90 |
| 9E | 1.30 | 1.10 | 1.30 | 1.10 | 1.30 | 1.10 | 1.30 | 1.10 |
| 9S | 1.30 | 1.10 | 1.30 | 1.10 | 1.30 | 1.10 | 1.30 | 1.10 |
| 9 | 1.30 | 1.10 | 1.30 | 1.10 | 1.30 | 1.10 | 1.30 | 1.10 |
| 10 | 1.50 | 1.20 | 1.50 | 1.20 | 1.50 | 1.20 | 1.50 | 1.20 |

Masonry Veneer is rated as Masonry. Aluminum or Plastic Siding over Frame is rated as Frame.

Territory Group 1: 110, 120, 140

Territory Group 2: 130, 150, 160, 180, 270, 330, 340

Territory Group 3: 170, 190, 200, 210, 220, 240, 250, 260, 280, 290, 310, 320, 350, 360, 370, 380, 390

Territory Group 4: 230, 300

Table 301.B.1. #2 Protection Construction Factors - Form HO 00 06

HO-C-3

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 | \$ 1327 | \$ 1617 | \$ 866 | \$ 1054 | \$ 605 | \$ 662 |
| HO 00 04 | 79 | 93 | 39 | 53 | 24 | 30 |
| HO 00 06 | 57 | 79 | 38 | 45 | 21 | 25 |

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 | \$ 1192 | \$ 1462 | \$ 802 | \$ 946 | \$ 544 | \$ 600 |
| HO 00 04 | 70 | 83 | 35 | 48 | 21 | 27 |
| HO 00 06 | 52 | 71 | 33 | 41 | 19 | 22 |

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

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

| Frame Construction | | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Mitigation Feature | Territory 110 | Territory 120 | Territory 130 | Territory 140 | Territory 150 | Territory 160 |
| Total Hip Roof | \$ 92 | \$ 110 | \$ 61 | \$ 72 | \$ 41 | \$ 45 |
| Opening Protection | 94 | 113 | 61 | 73 | 40 | 46 |
| Total Hip Roof and Opening Protection | 186 | 222 | 120 | 145 | 80 | 91 |
| IBHS Designation: | | | | | | |
| <i>Hurricane Fortified for Safer Living®</i> | 301 | 389 | 173 | 241 | 88 | 152 |
| <i>Hurricane Fortified for Existing Homes®</i> Bronze Option 1 | 73 | 88 | 48 | 57 | 32 | 36 |
| <i>Hurricane Fortified for Existing Homes®</i> Bronze Option 2 | 113 | 138 | 68 | 90 | 40 | 56 |
| <i>Hurricane Fortified for Existing Homes®</i> Silver Option 1 | 181 | 234 | 97 | 147 | 42 | 91 |
| <i>Hurricane Fortified for Existing Homes®</i> Silver Option 2 | 217 | 283 | 116 | 180 | 48 | 113 |
| <i>Hurricane Fortified for Existing Homes®</i> Gold Option 1 | 231 | 298 | 130 | 183 | 63 | 115 |
| <i>Hurricane Fortified for Existing Homes®</i> Gold Option 2 | 268 | 348 | 148 | 217 | 69 | 136 |

Table A9.#1 Windstorm Loss Mitigation Credit - Frame

| Masonry Construction | | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Mitigation Feature | Territory 110 | Territory 120 | Territory 130 | Territory 140 | Territory 150 | Territory 160 |
| Total Hip Roof | \$ 83 | \$ 99 | \$ 56 | \$ 65 | \$ 37 | \$ 41 |
| Opening Protection | 85 | 102 | 56 | 66 | 36 | 42 |
| Total Hip Roof and Opening Protection | 167 | 201 | 111 | 131 | 72 | 83 |
| IBHS Designation: | | | | | | |
| <i>Hurricane Fortified for Safer Living®</i> | 271 | 351 | 160 | 216 | 79 | 138 |
| <i>Hurricane Fortified for Existing Homes®</i> Bronze Option 1 | 65 | 80 | 44 | 51 | 29 | 32 |
| <i>Hurricane Fortified for Existing Homes®</i> Bronze Option 2 | 101 | 125 | 63 | 81 | 36 | 51 |
| <i>Hurricane Fortified for Existing Homes®</i> Silver Option 1 | 163 | 212 | 90 | 132 | 38 | 83 |
| <i>Hurricane Fortified for Existing Homes®</i> Silver Option 2 | 195 | 256 | 107 | 161 | 43 | 102 |
| <i>Hurricane Fortified for Existing Homes®</i> Gold Option 1 | 207 | 270 | 120 | 164 | 56 | 104 |
| <i>Hurricane Fortified for Existing Homes®</i> Gold Option 2 | 240 | 315 | 137 | 194 | 62 | 123 |

Table A9.#2 Windstorm Loss Mitigation Credit - Masonry

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**

| | Territory | | | | | |
|--|------------------|------------|------------|------------|------------|------------|
| | 110 | 120 | 130 | 140 | 150 | 160 |
| All Forms Except HO 00 04 and HO 00 06 | \$ 1225 | \$ 1485 | \$ 801 | \$ 949 | \$ 551 | \$ 615 |
| HO 00 04 | 78 | 94 | 38 | 52 | 23 | 29 |
| HO 00 06 | 56 | 77 | 37 | 44 | 21 | 23 |

Table A3. Wind Or Hail Exclusion Credit

| Frame Construction | | | | | | |
|--|------------------|------------|------------|------------|------------|------------|
| | Territory | | | | | |
| | 110 | 120 | 130 | 140 | 150 | 160 |
| All Forms Except HO 00 04 and HO 00 06 | \$ 1327 | \$ 1617 | \$ 866 | \$ 1054 | \$ 605 | \$ 662 |
| HO 00 04 | 79 | 93 | 39 | 53 | 24 | 30 |
| HO 00 06 | 57 | 79 | 38 | 45 | 21 | 25 |

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 | \$ 1192 | \$ 1462 | \$ 802 | \$ 946 | \$ 544 | \$ 600 |
| HO 00 04 | 70 | 83 | 35 | 48 | 21 | 27 |
| HO 00 06 | 52 | 71 | 33 | 41 | 19 | 22 |

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

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

| Mitigation Feature | Territory 110 | Territory 120 | Territory 130 | Territory 140 | Territory 150 | Territory 160 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| Total Hip Roof | \$ 85 | \$ 101 | \$ 56 | \$ 65 | \$ 37 | \$ 42 |
| Opening Protection | 87 | 104 | 56 | 66 | 36 | 43 |
| Total Hip Roof and Opening Protection | 172 | 204 | 111 | 131 | 73 | 85 |
| IBHS Designation: | | | | | | |
| <i>Hurricane Fortified for Safer Living®</i> | 278 | 357 | 160 | 217 | 80 | 141 |
| <i>Hurricane Fortified for Existing Homes® Bronze Option 1</i> | 67 | 81 | 44 | 51 | 29 | 33 |
| <i>Hurricane Fortified for Existing Homes® Bronze Option 2</i> | 104 | 127 | 63 | 81 | 36 | 52 |
| <i>Hurricane Fortified for Existing Homes® Silver Option 1</i> | 167 | 215 | 90 | 132 | 38 | 85 |
| <i>Hurricane Fortified for Existing Homes® Silver Option 2</i> | 200 | 260 | 107 | 162 | 44 | 105 |
| <i>Hurricane Fortified for Existing Homes® Gold Option 1</i> | 213 | 274 | 120 | 165 | 57 | 107 |
| <i>Hurricane Fortified for Existing Homes® Gold Option 2</i> | 247 | 320 | 137 | 195 | 63 | 126 |

Table A9. Windstorm Loss Mitigation Credit

| Frame Construction | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| Mitigation Feature | Territory 110 | Territory 120 | Territory 130 | Territory 140 | Territory 150 | Territory 160 |
| Total Hip Roof | \$ 92 | \$ 110 | \$ 61 | \$ 72 | \$ 41 | \$ 45 |
| Opening Protection | 94 | 113 | 61 | 73 | 40 | 46 |
| Total Hip Roof and Opening Protection | 186 | 222 | 120 | 145 | 80 | 91 |
| IBHS Designation: | | | | | | |
| <i>Hurricane Fortified for Safer Living®</i> | 301 | 389 | 173 | 241 | 88 | 152 |
| <i>Hurricane Fortified for Existing Homes® Bronze Option 1</i> | 73 | 88 | 48 | 57 | 32 | 36 |
| <i>Hurricane Fortified for Existing Homes® Bronze Option 2</i> | 113 | 138 | 68 | 90 | 40 | 56 |
| <i>Hurricane Fortified for Existing Homes® Silver Option 1</i> | 181 | 234 | 97 | 147 | 42 | 91 |
| <i>Hurricane Fortified for Existing Homes® Silver Option 2</i> | 217 | 283 | 116 | 180 | 48 | 113 |
| <i>Hurricane Fortified for Existing Homes® Gold Option 1</i> | 231 | 298 | 130 | 183 | 63 | 115 |
| <i>Hurricane Fortified for Existing Homes® Gold Option 2</i> | 268 | 348 | 148 | 217 | 69 | 136 |

Table A9.#1 Windstorm Loss Mitigation Credit - Frame

| <u>Masonry Construction</u> | | | | | | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| <u>Mitigation Feature</u> | <u>Territory 110</u> | <u>Territory 120</u> | <u>Territory 130</u> | <u>Territory 140</u> | <u>Territory 150</u> | <u>Territory 160</u> |
| Total Hip Roof | \$ 83 | \$ 99 | \$ 56 | \$ 65 | \$ 37 | \$ 41 |
| Opening Protection | 85 | 102 | 56 | 66 | 36 | 42 |
| Total Hip Roof and Opening Protection | 167 | 201 | 111 | 131 | 72 | 83 |
| IBHS Designation: | | | | | | |
| <i>Hurricane Fortified for Safer Living®</i> | 271 | 351 | 160 | 216 | 79 | 138 |
| <i>Hurricane Fortified for Existing Homes® Bronze</i> Option 1 | 65 | 80 | 44 | 51 | 29 | 32 |
| <i>Hurricane Fortified for Existing Homes® Bronze</i> Option 2 | 101 | 125 | 63 | 81 | 36 | 51 |
| <i>Hurricane Fortified for Existing Homes® Silver</i> Option 1 | 163 | 212 | 90 | 132 | 38 | 83 |
| <i>Hurricane Fortified for Existing Homes® Silver</i> Option 2 | 195 | 256 | 107 | 161 | 43 | 102 |
| <i>Hurricane Fortified for Existing Homes® Gold</i> Option 1 | 207 | 270 | 120 | 164 | 56 | 104 |
| <i>Hurricane Fortified for Existing Homes® Gold</i> Option 2 | 240 | 315 | 137 | 194 | 62 | 123 |

Table A9.#2 Windstorm Loss Mitigation Credit - Masonry