NORTH CAROLINA
Rate Bureau

October 29, 2025

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Implementation of the North Carolina 2027 Homeowners Policy Program based on ISO 2022 Homeowners Policy Program

Summary:

- The North Carolina Rate Bureau has made significant revisions to the Homeowners policy forms and associated manual rules and rates. These changes become **effective on June 1, 2027**, and modernize the current program, expand consumer choice, and better match price with risk.
- These program revisions were filed by the Rate Bureau and approved by the Commissioner of Insurance. The North Carolina 2027 Homeowners Policy Program replaces the current North Carolina Homeowners Program and is based on the Insurance Services Office (ISO) 2022 Homeowners Policy Program, with state-specific modifications for North Carolina.
- **The approved policy forms and manual rules will be available on the Rate Bureau's Web Portal (no later than December 2025).** Member companies can access SERFF filings to review the program materials in the interim.
- Copyright notices must appear when member companies reprint, copy, or use program materials.
- Member companies must assess whether the revisions require policyholder notification under N.C.G.S. § 58-36-45.
- The Rate Bureau will be filing corresponding changes to the Supplemental Homeowners Programs that include the Homeowners Enhancement (HE-7), Blanket Property, Historic Home, and Wind and Hail programs. A circular communicating the changes to those programs will be released once those changes are approved.
- The Rate Bureau will offer informational sessions to member companies next year on the North Carolina 2027 Homeowners Policy Program.

Please forward this notice to all interested parties within your organization.

On October 21, 2025, the Commissioner of Insurance approved the North Carolina 2027 Homeowners Policy Program for use by all member companies in North Carolina. This new Homeowners Policy Program will replace the current North Carolina Homeowners Policy Program when this new program becomes effective June 1, 2027.

SUMMARY OF CHANGES

The changes included in the North Carolina 2027 Homeowners Policy Program modernize the current program, expand consumer choice, and better match price with risk. Significant revisions were made to the manual rules and the miscellaneous premiums and factors. Please note that this program was filed with no changes to the base rates.

Highlights of the North Carolina 2027 Homeowners Policy Program include:

- Introducing a Roof Payment Schedule (RPS) based on roof age and roof material, which includes a claims depreciation schedule and discounted premium for its selection
- Introducing exclusions for cosmetic damage to exterior surfacing and an optional buyback endorsement
- Introducing an exclusion for material matching and an optional buyback endorsement
- New credits for certain “smart” protective devices
- Increased special limits and updated loss settlement thresholds for items such as money, securities, theft of jewelry, watercraft, drones, and other items
- Consumer choice and flexibility in coverage for motorized bicycles, home-sharing, cannabis, water back-up, green updates, mechanical breakdown, identity fraud, and other optional coverages
- Exclusion of coverage for virtual, digital, or electronic currency

A comprehensive list of the new, revised, and withdrawn forms is in **Exhibit A**.

CHANGES TO BE IMPLEMENTED JUNE 1, 2027

This Program is to become effective in accordance with the following Rule of Application:

> These changes are applicable to all new and renewal policies becoming effective on or after June 1, 2027.

NORTH CAROLINA 2027 HOMEOWNERS POLICY PROGRAM MATERIALS

Copies of the North Carolina 2027 Homeowners Policy Program, including manual revisions, may be obtained by accessing SERFF and entering the SERFF tracking numbers shown below. The program materials are expected to be available through ISOnet and the Rate Bureau’s Web Portal by December 2025.

North Carolina 2027 Homeowners Policy Forms: NCRI-134704366
North Carolina 2027 Homeowners Manual Revisions: NCRI-134704331
North Carolina 2027 Homeowners Policy Miscellaneous Premiums and Factors: NCRI-134704323

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The Program as filed in North Carolina may be used only by members of the North Carolina Rate Bureau, may be used only in North Carolina, and may not be used outside this State.

NOTIFICATION TO POLICYHOLDERS

N.C.G.S. § 58-36-45 provides in part that whenever an insurer changes the coverage in a policy, it shall give the policyholder written notice of such coverage change at least 15 days in advance of the effective date and provide a copy of such notice to the insurance producer. Further, case law in North Carolina has held that when an insurer renews a policy, the policyholder may assume that the renewal policy will be the same as the earlier policy unless reductions in coverage are clearly, conspicuously, and unambiguously called to the policyholder's attention. North River Insurance v. Young, 117 N.C. App. 663, 453 S.E. 2d 205 (1995). The necessity and manner of notifying policyholders of coverage revisions is an individual company responsibility.

The Rate Bureau will send a sample Advisory Notice To Policyholders by December 2025. That sample advisory notice may be considered in connection with N.C.G.S. § 58-36-45. You should consult your own legal counsel as to the necessity, method, detail, and language of any policyholder notification.

COINSURANCE CONTRACT

Under N.C.G.S. § 58-3-15 the term "coinsurance contract" must be appropriately printed or stamped on policies that constitute coinsurance. The North Carolina Court of Appeals held in Surratt v. Grain Dealers, 74 N.C. App. 288, 328 S.E. 2d 16 (1985) that the language in certain policy forms rendered them coinsurance contracts, and this interpretation would likely apply to the North Carolina 2027 Homeowners Policy Program. The Department of Insurance (Department) has previously directed that the term "coinsurance contract" should be the size or type sufficient to comply with N.C.G.S. § 58-38-20; i.e., in a typeface "at least as large as 10-point modern type, 1 point leaded…". The Department also has suggested that the term be located (1) on the Declarations Page or policy jacket and (2) also on any applicable endorsement attached to the policy. Placement of the term is the responsibility of each member company. Member companies are advised to consult with their own legal counsel to ensure compliance. Based on a prior study by a Rate Bureau Subcommittee, at least the following policy forms in the North Carolina 2027 Homeowners Policy Program are, or may be construed to contain, coinsurance provisions under the court's definition:

Policy Forms

HO 00 02 Homeowners 2 – Broad Form

HO 00 03 Homeowners 3 – Special Form

HO 00 05 Homeowners 5 – Comprehensive Form

HO 32 11 Additional Limits for Liability Coverages A, B, C & D – North Carolina

HO 32 20 Specified Additional Amount Of Insurance For Coverage A – Dwelling – North Carolina

HO 32 50 Functional Replacement Cost Loss Settlement – North Carolina

HO 32 56 Special Loss Settlement – North Carolina

HO 32 78 Multiple Company Insurance – North Carolina

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

Sincerely,

Andy Montano
Personal Lines Director

AM:ko
P-25-3
10/29/25
Attachment

Exhibit A

Form Number		Form Title
HO 00 02 03 22	Revised	Homeowners 2 – Broad Form
HO 00 03 03 22	Revised	Homeowners 3 – Special Form
HO 00 04 03 22	Revised	Homeowners 4 – Contents Broad Form
HO 00 05 03 22	Revised	Homeowners 5 – Comprehensive Form
HO 00 06 03 22	Revised	Homeowners 6 – Unit-Owners Form
HO 00 08 03 22	Revised	Homeowners 8 – Modified Coverage Form
HO 00 22 09 22	Revised	Transition Endorsement For HO 00 02, Homeowners 2 – Broad Form
HO 00 23 09 22	Revised	Transition Endorsement For HO 00 03, Homeowners 3 – Special Form
HO 00 24 09 22	Revised	Transition Endorsement For HO 00 04, Homeowners 4 – Contents Broad Form
HO 00 25 09 22	Revised	Transition Endorsement For HO 00 05, Homeowners 5 – Comprehensive Form
HO 00 26 09 22	Revised	Transition Endorsement For HO 00 06, Homeowners 6 – Unit-Owners Form
HO 00 28 09 22	Revised	Transition Endorsement For HO 00 08, Homeowners 8 – Modified Coverage Form
HO 03 12 03 22	Revised	Windstorm Or Hail Percentage Deductible
HO 03 63 06 27	Revised	Named Storm Percentage Deductible – North Carolina
HO 04 10 03 22	Revised	Additional Interests - Residence Premises
HO 04 12 03 22	Revised	Increased Limits on Business Property
HO 04 13 03 22	New	Computer Related Damage Or Injury Exclusion
HO 04 15 03 22	New	Limited Computer-Related Damage Or Injury Liability Coverage
HO 04 16 03 22	Revised	Premises Alarm, Water Leak Detection Or Fire Protection System
HO 04 18 03 22	Revised	Deferred Premium Payment
HO 04 30 03 22	Revised	Theft Coverage Increase
HO 04 35 03 22	Revised	Supplemental Loss Assessment Coverage
HO 04 40 03 22	Revised	Structures Rented To Others - Residence Premises
HO 04 41 03 22	Revised	Additional Insured - Residence Premises
HO 04 42 03 22	Revised	Permitted Incidental Occupancies - Residence Premises
HO 04 43 03 22	Revised	Replacement Cost Loss Settlement For Certain Non-Building Structures On The Residence Premises
HO 04 46 03 22	Revised	Inflation Guard
HO 04 48 03 22	Revised	Other Structures On The Residence Premises - Increased Limits
HO 04 49 03 22	Revised	Building Additions And Alterations - Other Residence
HO 04 50 03 22	Revised	Increased Amount Of Insurance For Personal Property At Other Residences
HO 04 51 03 22	Revised	Building Additions And Alterations - Increased Limit
HO 04 53 03 22	Revised	Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money Coverage
HO 04 55 03 22	New	Identity Fraud Expense Coverage
HO 04 58 03 22	Revised	Additional Insured - Household Resident

HO 04 59 03 22	Revised	Assisted Living Care Coverage
HO 04 60 03 22	Revised	Scheduled Personal Property Coverage (With Agreed Value Loss Settlement)
HO 04 61 03 22	Revised	Scheduled Personal Property Coverage
HO 04 62 05 11	Withdrawn	Scheduled Personal Property Endorsement
HO 04 77 03 22	Revised	Ordinance Or Law Increased Amount Of Coverage
HO 04 81 03 22	Revised	Actual Cash Value Loss Settlement
HO 04 84 06 27	Revised	Limited Water BackUp And Sump Discharge Or Overflow Coverage – North Carolina
HO 04 90 03 22	Revised	Personal Property Replacement Cost Loss Settlement
HO 04 91 03 22	Revised	Coverage B - Other Structures Away From The Residence Premises - Actual Cash Value Loss Settlement
HO 04 92 03 22	Revised	Specific Structures Away From The Residence Premises - Actual Cash Value Loss Settlement
HO 04 93 05 11	Withdrawn	Actual Cash Value Loss Settlement Windstorm or Hail Losses to Roof Surfacing
HO 04 97 03 22	Revised	Limited Home Day Care Coverage
HO 04 98 03 22	Revised	Refrigerated Property Coverage
HO 04 99 03 22	Revised	Sinkhole Collapse Coverage
HO 05 27 03 22	Revised	Additional Insured - Student Living Away From The Residence Premises
HO 05 28 03 22	Revised	Owned Motorized Golf Cart Physical Loss Coverage
HO 05 41 03 22	Revised	Extended Theft Coverage For Residence Premises Occasionally Rented To Others
HO 06 01 03 22	New	Limited Cannabis Property Coverage
HO 06 14 03 22	Revised	Increased Amount Of Insurance For Personal Property Located In A Self-Storage Facility
HO 06 21 03 22	New	Specified Other Structure(s) Exclusion
HO 06 31 03 22	New	Green Upgrades Coverage
HO 06 48 03 22	New	Residence Premises Definition
HO 06 49 03 22	New	Broadened Residence Premises Definition
HO 06 51 03 22	Revised	Damage To Property Of Others – Increased Limits
HO 06 69 03 22	New	Utility Line Expense Coverage
HO 06 91 03 22	New	Coverage B – Other Structures Away From The Residence Premises – Replacement Cost Loss Settlement For Buildings
HO 06 92 03 22	New	Specific Structures Away From The Residence Premises – Replacement Cost Loss Settlement For Buildings
HO 06 95 03 22	New	Broadened Water Back-Up And Sump Discharge or Overflow Coverage
HO 07 50 03 22	Revised	Additional Insured – Managers Or Lessors Of Premises Leased To An Insured
HO 07 51 03 22	Revised	Additional Insured – Vendors
HO 07 52 03 22	Revised	Loss Payable Provisions
HO 07 53 03 22	Revised	Exclusion - Personal And Advertising Injury
HO 07 54 03 22	Revised	Liquor Liability Exclusion And Exception For Scheduled Activities
HO 07 56 03 22	Revised	Valuable Papers And Records Coverage Increased Limits

HO 07 58 03 22	Revised	Computer-Related Damage Or Injury Exclusion
HO 07 59 03 22	New	Limited Computer-Related Damage Or Injury Liability Coverage
HO 12 45 10 00	Withdrawn	Change Endorsement
HO 17 33 03 22	Revised	Unit-Owners Rental To Others
HO 17 47 03 22	New	Broadened Residence Premises Definition – Unit- Owners
HO 17 48 03 22	New	Residence Premises Definition – Unit-Owners
HO 24 01 03 22	New	Cannabis Liability Coverage
HO 24 02 03 22	New	Other Insured Locations(s)
HO 24 03 03 22	New	Non-Owned Motorized Bicycle And Motorized Scooter Liability Exclusion
HO 24 13 03 22	Revised	Incidental Low Power Recreational Motor Vehicle Liability Coverage
HO 24 43 03 22	Revised	Permitted Incidental Occupancies - Other Residence
HO 24 70 03 22	Revised	Additional Residence Rented To Others 1,2,3 Or 4 Families
HO 24 71 03 22	Revised	Designated Business Pursuits Liability Coverage
HO 24 72 03 22	Revised	Incidental Farming Personal Liability Coverage
HO 24 75 03 22	Revised	Supplemental Watercraft Liability Coverage
HO 32 01 06 27	Revised	Spouse Access – North Carolina
HO 32 02 06 27	Revised	Primary Insurance For Coverage A – Dwelling – North Carolina
HO 32 03 06 27	Revised	Coverage B – Unscheduled Other Structures Increased Limit – North Carolina
HO 32 04 06 27	Revised	Fortified Roof – Hurricane – New Roof Expense Coverages – North Carolina
HO 32 10 06 27	Revised	Personal Injury Coverage (Aggregate Limit Of Liability) – North Carolina
HO 32 11 06 27	Revised	Additional Limits of Liability for Coverages A, B, C and D – North Carolina
HO 32 12 06 27	Revised	Trust Endorsement – North Carolina
HO 32 13 06 27	New	Actual Cash Value Loss Settlement For Windstorm Or Hail Losses To Roof Surfacing – North Carolina
HO 32 18 06 27	Revised	Inflation Guard Endorsement – North Carolina
HO 32 19 06 27	Revised	Inflation Guard Endorsement – North Carolina
HO 32 20 06 27	Revised	Specified Additional Amount Of Insurance For Coverage A– Dwelling – North Carolina
HO 32 21 06 27	Revised	Rented Personal Property – North Carolina
HO 32 25 06 27	Revised	Dwelling Under Construction – Theft Coverage – North Carolina
HO 32 26 06 27	Revised	Theft Endorsement – North Carolina
HO 32 27 06 27	Revised	Additional Coverages – North Carolina
HO 32 28 05 03	Withdrawn	Homeowners Rating Information – North Carolina
HO 32 29 06 27	Revised	Restriction Of Individual Policies – North Carolina
HO 32 30 06 27	New	Mechanical Breakdown Coverage – North Carolina
HO 32 31 06 27	New	Roof Payment Schedule For Windstorm Or Hail Losses To Roof Surfacing – North Carolina
HO 32 32 06 27	Revised	Special Provisions – North Carolina
HO 32 34 06 27	Revised	Unit Owners Coverage A Special Coverage – North Carolina
HO 32 35 06 27	Revised	Unit Owners Coverage C Special Coverage – North Carolina
HO 32 37 01 19	Withdrawn	Special Computer Coverage – North Carolina
HO 32 38 06 27	Revised	Loss Assessment Coverage For Earthquake – North Carolina

HO 32 40 06 27	Revised	Waterbed Liability – North Carolina
HO 32 43 01 19	Withdrawn	Home Sharing Host Activities Amendatory Endorsement – North Carolina
HO 32 44 01 19	Withdrawn	Home Sharing Host Activities Amendatory Endorsement – North Carolina
HO 32 45 01 19	Withdrawn	Home Sharing Host Activities Amendatory Endorsement – North Carolina
HO 32 46 06 27	Revised	Insert – North Carolina
HO 32 48 01 19	Withdrawn	Home Sharing Host Activities Amendatory Endorsement – North Carolina
HO 32 49 01 19	Withdrawn	Home Sharing Host Activities Amendatory Endorsement – North Carolina
HO 32 50 06 27	Revised	Functional Replacement Cost Loss Settlement – North Carolina
HO 32 51 01 19	Withdrawn	Home Sharing Host Activities Amendatory Endorsement – North Carolina
HO 32 52 06 27	Revised	Broadened Home - Sharing Host Activities Coverage Endorsement – North Carolina
HO 32 53 06 27	Revised	Broadened Home - Sharing Host Activities Coverage Endorsement – North Carolina
HO 32 54 06 27	Revised	Earthquake – North Carolina
HO 32 55 06 27	Revised	Special Coverage – Spoilage Of Perishable Stock – North Carolina
HO 32 56 06 27	Revised	Special Loss Settlement – North Carolina
HO 32 57 06 27	Revised	Special Coverage For Valuable Papers And Records – North Carolina
HO 32 58 06 27	Revised	Broadened Home - Sharing Host Activities Coverage Endorsement – North Carolina
HO 32 59 06 27	Revised	Broadened Home - Sharing Host Activities Coverage Endorsement – North Carolina
HO 32 60 06 27	Revised	Broadened Home - Sharing Host Activities Coverage Endorsement – North Carolina
HO 32 61 06 27	Revised	Broadened Home Sharing Host Activities Coverage Endorsement – North Carolina
HO 32 63 06 27	New	Broadened Water Back Up And Sump Discharge Or Overflow Coverage – North Carolina
HO 32 78 06 27	Revised	Multiple Company Insurance – North Carolina
HO 32 82 06 27	Revised	Personal Injury Coverage – North Carolina
HO 32 86 06 27	Revised	Windstorm Exterior Paint And Waterproofing Exclusion – North Carolina
HO 32 88 06 27	Revised	Coverage C Increased Limits of Liability – North Carolina
HO 32 89 06 27	Revised	Coverage C Increased Limits of Liability – North Carolina
HO 32 90 06 27	Revised	Home Business Coverage – North Carolina
HO 32 94 06 27	Revised	Absolute Windstorm Or Hail Exclusion – North Carolina
HO 32 95 06 27	Revised	Special Personal Property Coverage – North Carolina
HO 32 97 06 27	New	Matching Exterior Surfacing Coverage – North Carolina
HO 34 02 03 22	Revised	Model Or Hobby Aircraft Liability Exclusion
HO 34 14 06 27	Revised	Personal Injury For Aircraft Liability Excluded – North Carolina