



February 13, 2026

**CIRCULAR LETTER TO ALL MEMBER COMPANIES**

Re: North Carolina 2027 Homeowners Policy Program Manual  
Modifications and Revisions

**Summary**

- Modifications and editorial revisions to certain rules in the North Carolina 2027 Homeowners Policy Program Manual are **effective June 1, 2027**.
- Changes were made to rules regarding premium calculation and protective devices. Certain policy references were also revised. The overall intent of the program remains unchanged.
- Key changes include:
  - Converting wind exclusion credits and wind mitigation credits from dollars to factors
  - Revising definitions for Protective Devices
- Member companies should review these changes and make any necessary system or process updates prior to the effective date.

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

**Purpose of This Circular**

This circular provides notice of approved modifications and editorial revisions to rules in the North Carolina 2027 Homeowners Policy Program Manual, which was previously published. These changes have been approved by the Commissioner of Insurance and apply to all new and renewal policies becoming effective on or after June 1, 2027.

**Background**

In Circular Letter [P-25-3](#), the North Carolina Rate Bureau announced the approval of the North Carolina 2027 Homeowners Policy Program, which replaces the current North Carolina Homeowners Policy Program and becomes effective June 1, 2027. Following publication, the Rate Bureau identified the need for modifications and editorial revisions in the North Carolina 2027 Homeowners Policy Program Manual. These modifications and editorial revisions do not represent a change in program intent.

**Summary of Revisions and List of Impacted Rules**

**Modifications to Base Premium Calculation**

- Conversion of wind exclusion credits and wind mitigation credits from dollars to factors
  - Rule **301**. Base Premium Computation
  - Rule **302**. Building Loss Settlement Options – Forms HO 00 02, HO 00 03 And HO 00 05
  - Rule **303**. Ordinance or Law Coverage – All Forms Except HO 00 08 And HO 00 14
  - Rule **406**. Deductibles
  - Rule **A3**. Windstorm or Hail Exclusion – Territories 110, 120, 130, 140, 150 And 160 Only (Withdrawn from State Rate Pages and added to North Carolina Exception Pages)
  - Rule **A9**. Windstorm Mitigation Program – All Forms Except HO 00 04, HO 00 06 And HO 00 14 (Withdrawn from State Rate Pages and added to North Carolina Exception Pages)

## References to HO 00 08

- Corrections to manual rule references to form HO 00 08
  - Rule **301**. Base Premium Computation
  - Rule **408**. Roof Settlement Options – All Forms Except HO 00 04 And HO 00 14
  - Rule **515**. Personal Property
  - Rule **531**. Limited Theft Coverage Options For Dwellings Newly Constructed Or Under Construction

## Liability Limit References

- Removal of references to \$25,000 and \$50,000 liability limits under Section II, Coverage E
  - Rule **101**. Limits of Liability And Coverage Relationships
  - Rule **601**. Residence Premises – Basic and Increased Limits/Other Exposures – Basic Limits **(Withdrawn)**

## Protective Devices Definitions

- Definitions for Protective Devices were added
  - Rule **404**. Protective Devices

As noted in Rule **100**. Introduction in the North Carolina Exception Pages, Homeowners 14 – Contents Comprehensive Form HO 00 14 is not available. Disregard all references to it in the manual.

## Enclosures

Revised rules are enclosed with this circular and are redlined to show the approved changes. Member companies should review these materials carefully. Revised manual pages will be distributed in the usual manner. The Rate Bureau Web Portal will be updated with the revised manual pages as soon as possible.

## Company Actions

Each member company should:

- Review the enclosed revised rules
- Identify any required system or programming changes
- Complete implementation prior to the **June 1, 2027** effective date

## Distribution

Please ensure that this letter and enclosures are shared with all relevant personnel within your organization.

Sincerely,

Andy Montano  
Personal Lines Director

AM:ko  
P-26-2  
Attachments

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**101. LIMITS OF LIABILITY AND COVERAGE RELATIONSHIPS**

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Paragraph **A.1.** is replaced by the following:

**A. Limits**

The limits of liability required under the Homeowners Policy are as follows:

**1. Section I – Property Coverages**

<b>Coverage A – Dwelling</b>	
<b>HO 00 02, HO 00 03, HO 00 05 or HO 00 08</b>	Refer to Rule <b>301.</b> in the state classification pages.
<b>HO 00 04 or HO 00 06</b>	For <b>HO 00 06</b> , refer to Rule <b>507.A.</b>
<b>Coverage B – Other Structures</b>	
<b>HO 00 02, HO 00 03, HO 00 05 or HO 00 08</b>	10% of <b>A</b> (One- and two-family dwellings) 5% of <b>A</b> (Three- and four-family dwellings)
<b>Coverage C – Personal Property</b>	
<b>HO 00 02, HO 00 03, HO 00 05 or HO 00 08</b>	50% of <b>A</b> (One- and two-family dwellings) 30% of <b>A</b> (Three-family dwelling) 25% of <b>A</b> (Four-family dwelling)
<b>HO 00 04 or HO 00 06</b>	Refer to Rule <b>301.</b> in the state classification pages.
<b>Coverage D – Loss Of Use</b>	
<b>HO 00 02, HO 00 03 or HO 00 05</b>	20% of <b>A</b>
<b>HO 00 04</b>	20% of <b>C</b>
<b>HO 00 06</b>	40% of <b>C</b>
<b>HO 00 08</b>	10% of <b>A</b>

**Table 101.A.1. Section I – Property Coverage Limits**

The following is added to Rule **101.:**

**E. Form HO 00 08**

Actual Cash Value Loss Settlement Endorsement **HO 04 81** must be used with Form **HO 00 08**. It replaces the Repair Cost Or Market Value Loss Settlement provisions in Form **HO 00 08** with an Actual Cash Value Loss Settlement condition.

**~~F. All Forms~~**

~~The limit of liability for Coverage **E** of Section **II** may be reduced to \$50,000 or \$25,000. Other limits below \$100,000 are not permitted.~~

### **301. BASE PREMIUM COMPUTATION**

Paragraph **A.1.** is replaced by the following:

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

##### **1. One- And Two-family Dwellings**

- a. From the company Base Class Premium table, select the **HO 00 03** premium for the territory that applies.
- b. When the Absolute Windstorm Or Hail Exclusion – North Carolina Endorsement **HO 32 94** is attached to the policy, select the Windstorm Or Hail Exclusion Factor from Rule **A3.** that applies. For policies that include wind coverage, the Windstorm Or Hail Exclusion Factor is 1.000.
- c. Multiply the company Base Class Premium from Paragraph **A.1.a.** by the Windstorm Or Hail Exclusion Factor and round to the nearest whole dollar.
- d. If the policy is eligible for a credit under the Windstorm Mitigation Program, select the Windstorm Mitigation Factor from Rule **A9.** that applies. If the policy is not eligible for a Windstorm Mitigation Credit or if wind coverage has been excluded from the policy, the Windstorm Mitigation Factor is 1.000.
- e. Multiply the result from Paragraph **A.1.c.** by the Windstorm Mitigation Factor and round to the nearest whole dollar.
- f. From the state Classification Tables, select the Form Factor that applies.
- g. Multiply the result from Paragraph **A.1.e.** by the Form Factor and round to the nearest whole dollar.
- h. From the state Classification Tables, select the Protection – Construction Factor that applies.
- i. Multiply the result from Paragraph **A.1.g.** by the Protection – Construction Factor and round to the nearest whole dollar.
- j. From the state Classification Tables, select the Age Of Construction Factor that applies.
- k. Multiply the result from Paragraph **A.1.i.** by the Age Of Construction Factor and round to the nearest whole dollar.
- l. From the state Classification Tables, select the Roof Surfacing Classification Factor that applies. For Form **HO 00 08** or if wind coverage has been excluded from the policy, the Roof Surfacing Classification Factor is 1.000.
- m. Multiply the result from Paragraph **A.1.k.** by the Roof Surfacing Classification Factor and round to the nearest whole dollar to arrive at the All-perils Premium.
- n. From the Amount Of Insurance Factors table in the state Classification Tables, select the Amount Of Insurance Factor for the desired limit of liability that applies. If the limit of liability is not shown in the table, interpolate as illustrated in Paragraph **C.** of Rule **301.**
- o. Multiply the All-perils Premium from Paragraph **A.1.m.** by the Amount Of Insurance Factor and round to the nearest whole dollar to arrive at the Base Premium.

Paragraph **B.** is replaced by the following:

#### **B. Form HO 00 04 Or HO 00 06**

1. From the company Base Class Premium table, select the Form **HO 00 04** or **HO 00 06** premium for the territory that applies.
2. When the Absolute Windstorm Or Hail Exclusion – North Carolina Endorsement **HO 32 94** is attached to the policy, select the Windstorm Or Hail Exclusion Factor from Rule **A3.** that applies. For policies that include wind coverage, the Windstorm Or Hail Exclusion Factor is 1.000.
3. Multiply the company Base Class Premium from Paragraph **B.1.** by the Windstorm Or Hail Exclusion Factor and round to the nearest whole dollar.
4. From the Form **HO 00 04** or **HO 00 06** table in the state Classification Tables, select the Protection – Construction Factor that applies.
5. Multiply the result from Paragraph **B.3.** by the Protection – Construction Factor and round to the nearest whole dollar to arrive at the All-perils Premium.
6. From the Forms **HO 00 04** And **HO 00 06** Amount Of Insurance Factors table in the state Classification Tables, select the Amount Of Insurance Factor for the desired limit of liability. If the limit of liability is not shown in the tables, interpolate as illustrated in Paragraph **C.** of Rule **301.**
7. Multiply the All-perils Premium from Paragraph **B.5.** by the Amount Of Insurance Factor and round to the nearest whole dollar to arrive at the Base Premium.

### 301. BASE PREMIUM COMPUTATION

Form Factors	
Form	Factor
HO 00 02	0.95
HO 00 03	1.00
HO 00 05	1.30
HO 00 08	1.25

Table 301.A.1.bf. Form Factors

Protection*	Territory Group 1		Territory Group 2		Territory Group 3		Territory Group 4	
	Frame	Masonry	Frame	Masonry	Frame	Masonry	Frame	Masonry
1	0.99	0.89	0.97	0.87	0.97	0.87	0.97	0.87
2	0.99	0.89	0.98	0.88	0.98	0.88	0.98	0.88
3	0.99	0.89	0.98	0.88	0.98	0.88	0.98	0.88
4	1.00	0.90	0.99	0.89	0.99	0.89	0.99	0.89
5	1.00	0.90	1.00	0.90	1.00	0.90	1.00	0.90
6	1.01	0.91	1.00	0.90	1.00	0.90	1.00	0.90
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
8B	1.35	1.20	1.40	1.25	1.40	1.25	1.40	1.25
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.dh. Protection – Construction Factors

Age Of Construction	Factor
0 *	0.797
1	0.809
2	0.822
3	0.834
4	0.847
5	0.860
6	0.873
7	0.886
8	0.900
9	0.913
10	0.927
11	0.941
12	0.956
13	0.970
14	0.985

15 †	1.000
* Age "0" applies to homes built within the last year as well as homes still under construction.	
† Applies to dwellings built at least 15 years ago.	

**Table 301.A.1.f. Age Of Construction Factors**

All Territories														
Age Of Roof (In Years)**	Type Of Roof Surfacing Material													
	Asphalt Shingle		Composition Shingle		Tile		Shake/Wood Shingle		Metal		Slate		All Other#	
	Loss Settlement*		Loss Settlement*		Loss Settlement*		Loss Settlement*		Loss Settlement*		Loss Settlement*		Loss Settlement*	
	RPS	RC	RPS	RC	RPS	RC	RPS	RC	RPS	RC	RPS	RC	RPS	RC
Less Than 1	0.896	0.896	0.896	0.896	0.896	0.896	0.896	0.896	0.896	0.896	0.896	0.896	0.896	0.896
1	0.909	0.909	0.909	0.909	0.904	0.904	0.904	0.904	0.904	0.904	0.904	0.904	0.904	0.904
2	0.922	0.922	0.922	0.922	0.912	0.912	0.912	0.912	0.912	0.912	0.912	0.912	0.912	0.912
3	0.935	0.935	0.935	0.935	0.920	0.920	0.920	0.920	0.920	0.920	0.920	0.920	0.920	0.920
4	0.948	0.948	0.948	0.948	0.928	0.928	0.928	0.928	0.928	0.928	0.928	0.928	0.928	0.928
5	0.930	0.961	0.930	0.961	0.912	0.936	0.912	0.936	0.912	0.936	0.912	0.936	0.912	0.936
6	0.936	0.974	0.936	0.974	0.916	0.944	0.916	0.944	0.916	0.944	0.916	0.944	0.916	0.944
7	0.941	0.987	0.941	0.987	0.919	0.952	0.919	0.952	0.919	0.952	0.919	0.952	0.919	0.952
8	0.945	1.000	0.945	1.000	0.922	0.960	0.922	0.960	0.922	0.960	0.922	0.960	0.922	0.960
9	0.945	1.008	0.945	1.008	0.925	0.968	0.925	0.968	0.925	0.968	0.925	0.968	0.925	0.968
10	0.944	1.016	0.944	1.016	0.928	0.976	0.928	0.976	0.928	0.976	0.928	0.976	0.928	0.976
11	0.943	1.024	0.943	1.024	0.930	0.984	0.930	0.984	0.930	0.984	0.930	0.984	0.930	0.984
12	0.942	1.032	0.942	1.032	0.932	0.992	0.932	0.992	0.932	0.992	0.932	0.992	0.932	0.992
13	0.940	1.040	0.940	1.040	0.934	1.000	0.934	1.000	0.934	1.000	0.934	1.000	0.934	1.000
14	0.938	1.048	0.938	1.048	0.934	1.006	0.934	1.006	0.934	1.006	0.934	1.006	0.934	1.006
15	0.936	1.056	0.936	1.056	0.934	1.012	0.934	1.012	0.934	1.012	0.934	1.012	0.934	1.012
16	0.933	1.064	0.933	1.064	0.934	1.018	0.934	1.018	0.934	1.018	0.934	1.018	0.934	1.018
17	0.929	1.072	0.929	1.072	0.933	1.024	0.933	1.024	0.933	1.024	0.933	1.024	0.933	1.024
18	0.926	1.080	0.926	1.080	0.933	1.030	0.933	1.030	0.933	1.030	0.933	1.030	0.933	1.030
19	0.922	1.088	0.922	1.088	0.932	1.036	0.932	1.036	0.932	1.036	0.932	1.036	0.932	1.036
20	0.917	1.096	0.917	1.096	0.931	1.042	0.931	1.042	0.931	1.042	0.931	1.042	0.931	1.042
21	0.912	1.104	0.912	1.104	0.930	1.048	0.930	1.048	0.930	1.048	0.930	1.048	0.930	1.048
22	0.907	1.112	0.907	1.112	0.928	1.054	0.928	1.054	0.928	1.054	0.928	1.054	0.928	1.054
23	0.901	1.120	0.901	1.120	0.927	1.060	0.927	1.060	0.927	1.060	0.927	1.060	0.927	1.060
24	0.895	1.128	0.895	1.128	0.925	1.066	0.925	1.066	0.925	1.066	0.925	1.066	0.925	1.066
25†	0.888	1.136	0.888	1.136	0.923	1.072	0.923	1.072	0.923	1.072	0.923	1.072	0.923	1.072
* The loss settlement options for roof surfacing classification are Replacement Cost Loss Settlement (RC) or Roof Payment Schedule (RPS). Refer to Rule 408. for additional information.														
** If the roof age is Unknown, and age of dwelling is less than 11 years for Asphalt Shingles or Composite Shingles or age of dwelling is less than 16 years for All Other Types of Roof Surfacing Material, use age of construction. The roof age at renewal should subsequently progress through the roof surfacing schedule.														
If the roof age is Unknown, and age of dwelling is more than or equal to 11 years for Asphalt Shingles or Composite Shingles or age of dwelling is more than or equal to 16 years for All Other Roof Surfacing Materials, use Roof Age 11 for Asphalt Shingle or Composite Shingle and Age 16 for All Other Types Of Roof Surfacing Material. The roof age at renewal should subsequently progress through the roof surfacing schedule.														
† Applies to age of roof surfacing material 25 years or older														
# Including but not limited to Built Up/Roll														

**Table 301.A.1.h. Roof Surfacing Classification Factors**

<b>Cov. A Amt. (In 000)</b>	<b>Factor</b>
**\$ 10	0.258
50	0.453
75	0.556
100	0.644
150	0.822
200	1.000
300	1.339
500	1.972
750	2.764
1,000	3.556
1,500	5.111
2,000	6.667
3,000	9.778
4,000	12.889
5,000	16.000
<b>Each Add'l \$1,000</b>	0.003
<b>Minimum Limits Of Liability</b>	
<b>**Section I – Property</b>	<b>HO 00 02, 03 &amp; 05      HO 00 08</b>
Primary Location	\$ 25,000      \$ 15,000
Secondary Location	15,000      10,000
<b>Section II – Liability</b>	<b>All Forms</b>
Personal Liability	\$ <del>25</del> 100,000
Medical Payments To Others	1,000

**Table 301.A.1.jn. Amount Of Insurance Factors**

<b>Type</b>	<b>Factor</b>
Three- and Four-family	1.04

**Table 301.A.2. Three- And Four-family Factor**

<b>Protection*</b>	<b>Territory Group 1</b>		<b>Territory Group 2</b>		<b>Territory Group 3</b>		<b>Territory Group 4</b>	
	<b>Frame</b>	<b>Masonry</b>	<b>Frame</b>	<b>Masonry</b>	<b>Frame</b>	<b>Masonry</b>	<b>Frame</b>	<b>Masonry</b>
1	1.00	0.90	1.00	0.90	1.00	0.90	1.00	0.90
2	1.00	0.90	1.00	0.90	1.00	0.90	1.00	0.90
3	1.00	0.90	1.00	0.90	1.00	0.90	1.00	0.90
4	1.00	0.90	1.00	0.90	1.00	0.90	1.00	0.90
5	1.00	0.90	1.00	0.90	1.00	0.90	1.00	0.90
6	1.00	0.90	1.00	0.90	1.00	0.90	1.00	0.90
7	1.00	0.90	1.00	0.90	1.00	0.90	1.00	0.90
8	1.10	0.90	1.10	0.90	1.10	0.90	1.10	0.90
8B	1.30	1.10	1.30	1.10	1.30	1.10	1.30	1.10
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.4.#1 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	0.90	1.00	0.90	1.00	0.90	1.00	0.90
2	1.00	0.90	1.00	0.90	1.00	0.90	1.00	0.90
3	1.00	0.90	1.00	0.90	1.00	0.90	1.00	0.90
4	1.00	0.90	1.00	0.90	1.00	0.90	1.00	0.90
5	1.00	0.90	1.00	0.90	1.00	0.90	1.00	0.90
6	1.00	0.90	1.00	0.90	1.00	0.90	1.00	0.90
7	1.00	0.90	1.00	0.90	1.00	0.90	1.00	0.90
8	1.10	0.90	1.10	0.90	1.10	0.90	1.10	0.90
8B	1.30	1.10	1.30	1.10	1.30	1.10	1.30	1.10
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.4.#2 Form HO 00 06 Protection – Construction Factors**

Cov. C Amt. (In 000)	Factor	Cov. C Amt. (In 000)	Factor
**\$ 1	0.37	\$ 21	1.98
** 2	0.44	22	2.06
** 3	0.51	23	2.14
** 4	0.58	24	2.22
** 5	0.65	25	2.30
** 6	0.72	26	2.38
** 7	0.79	27	2.46
** 8	0.86	28	2.54
** 9	0.93	29	2.62
** 10	1.00	30	2.70
11	1.10	31	2.78
12	1.20	32	2.86
13	1.30	33	2.94
14	1.40	34	3.02
15	1.50	35	3.10
16	1.58	36	3.18
17	1.66	37	3.26
18	1.74	38	3.34
19	1.82	39	3.42
20	1.90	40	3.50
Each Add'l \$1,000			0.08
Minimum Limits Of Liability			
**Section I – Property			
HO 00 04 – \$ 6,000			



HO 00 06 – \$ 10,000	
HO 00 06 – \$ 5,000 or less available only for Units Regularly Rented To Others	
<b>Section II – Liability</b>	<b>All Forms</b>
Personal Liability	\$ <del>25</del> 100,000
Medical Payments To Others	1,000

**Table 301.B.6. Forms HO 00 04 And HO 00 06 Amount Of Insurance Factors**

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**302. BUILDING LOSS SETTLEMENT OPTIONS – FORMS HO 00 02, HO 00 03 AND HO 00 05**

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Paragraphs ~~A.3. and A.4. are~~ replaced by the following:

**A. Functional Replacement Cost Loss Settlement**

~~3. Premium Computation~~

~~Develop the Base Premium in accordance with Rule 301, for the amount of insurance selected for this option. However, if Absolute Windstorm Or Hail Exclusion – North Carolina Endorsement HO 32 94 is also made a part of the policy then develop the Base Premium in accordance with Rule A3.~~

**4. Endorsement**

Use Functional Replacement Cost Loss Settlement – North Carolina Endorsement **HO 32 50**.

Paragraph **B.3.** is replaced by the following:

**B. Actual Cash Value Loss Settlement**

**3. Premium Computation**

To develop the Base Premium for the Coverage **A** limit of liability shown in the policy Declarations:

- a. Multiply the Coverage **A** limit of liability by the appropriate factor from the following table and round to the nearest \$1,000:

% Of Replacement Value	Factor
20 %	4.00
30	2.67
40	2.00
50	1.60
60	1.33
70	1.14

**Table 302.B.3.a. Factors**

- b. Develop a Base Premium in accordance with Rule **301**, for the amount of insurance computed in Paragraph **B.3.a.**

- c. Multiply the premium determined in Paragraph **B.3.b.** by the appropriate factor from the following table:

% Of Replacement Value	Factor
20 %	0.73
30	0.74
40	0.75
50	0.76
60	0.77
70	0.78
80	0.80

**Table 302.B.3.c. Factors**

- ~~d. If Endorsement HO 32 94 is also made a part of the policy, then develop the Base Premium in accordance with Rule A3, and multiply the Base Premium by the appropriate factor from Table 302.B.3.c.~~

Paragraphs ~~C.3. and C.4. are~~ replaced by the following:

**C. Special Loss Settlement**

~~3. Premium Computation~~

~~To develop the Base Premium for the Coverage A limit of liability shown in the policy Declarations:~~

- ~~a. Approximate the Coverage A limit of liability for 80% of replacement value by multiplying the selected Coverage A limit of liability by the appropriate factor from the following table and rounding to the nearest \$1,000:~~

% Of Replacement Value	Factor
50 %	1.60
60	1.33

70	1.14
----	------

**Table 302.C.3.a. Factors**

~~b. Develop a Base Premium in accordance with Rule 301, for the amount of insurance computed in Paragraph C.3.a. However, if Endorsement HO 32 94 is also made a part of the policy, then develop the Base Premium in accordance with Rule A3, for the Amount Of Insurance computed in Paragraph C.3.a.~~

~~c. Multiply the premium determined in Paragraph C.3.b. by the appropriate factor from the following table:~~

<del>% Of Replacement Value</del>	<del>Factor</del>
<del>50 %</del>	<del>0.96</del>
<del>60</del>	<del>0.97</del>
<del>70</del>	<del>0.98</del>

**Table 302.C.3.c. Factors**

#### 4. Endorsement

Use Special Loss Settlement – North Carolina Endorsement HO 32 56.

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**303. ORDINANCE OR LAW COVERAGE – ALL FORMS EXCEPT HO 00 08 AND HO 00 14**

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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, multiply the premium computed in accordance with Rule 301. by the appropriate factor selected from the following table:

~~(1) If Absolute Windstorm Or Hail Exclusion — North Carolina 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:~~

Percentage Of Coverage A		Factors Coverage A Limit	
Increase In Amount	Total Amount	\$60,000 To \$140,000	All Other
15 %	25 %	1.13	1.05
40	50	1.35	1.14
65	75	1.51	1.20
90	100	1.67	1.27
For each additional 25% increment, add:		0.16	0.07

**Table 303.B.2.a.(1) Factors**

~~(2) If Endorsement HO 32 94 applies, multiply the premium computed in accordance with Rule A3., by the appropriate factor selected from the following table:~~

Percentage Of Coverage A		Factors Coverage A Limit	
Increase In Amount	Total Amount	\$60,000 To \$140,000	All Other
15 %	25 %	1.13	1.05
40	50	1.35	1.14
65	75	1.51	1.20
90	100	1.67	1.27
For each additional 25% increment, add:		0.16	0.07

**Table 303.B.2.a.(2) Factors**

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**RULE 404.**  
**PROTECTIVE DEVICES**

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Rule 404. is replaced by the following:

Approved and properly maintained installations of burglar alarms, fire alarms, water leaks detection systems, and automatic sprinkler systems, and smoke detectors in the dwelling are to be recognized for a reduced premium in accordance with the following:

**A. Definitions**

**1. Professionally Monitored Central Station Systems**

- a. A Professionally Monitored Central Station Reporting Fire Alarm System is one in which the operations of circuits and devices are signaled automatically to, recorded in, maintained, and supervised from an approved central station having competent and experienced observers and operators who shall, upon receipt of a signal, take such action as shall be required.
- b. A Professionally Monitored Central Station Reporting Burglar Alarm System is one in which the operations of electrical protection circuits and devices are signaled automatically to, recorded in, maintained, and supervised from a central station having trained operators and guards in attendance at all times. Guards are dispatched to make immediate investigation of unauthorized entry or opening of protected properties from which signals are received.

Combination Central Station and Local Systems beyond the range of central station service may be classified as Local Burglar Alarm Systems.

Central Stations are listed by name and location by Underwriters Laboratories, Inc. in both the UL Burglary Protection Equipment List and UL Fire Protection Equipment List.

**2. ~~Fire Or Police Station~~ Connected Systems**

- a. ~~Fire Station~~ Connected (Remote Station) Fire Alarm Systems contemplate a system of electrically supervised circuits employing a direct circuit (not house telephone) connection between signaling devices at the protected premises and signal receiving equipment in a remote station, such as a municipal fire alarm headquarters, or fire station.
- b. ~~A Police Station~~ Connected Burglar Alarm Systems ~~contemplate is one in which~~ a Local Alarm System ~~is~~ provided with supplementary transmitting equipment, so that when actuated, a signal is also annunciated at the constantly attended receiver ~~at police headquarters~~.

**3. Self-Monitored Local Systems**

- a. Local Fire Alarm Systems contemplate supervised systems providing fire alarm signals within the protected premises. These systems are primarily for the protection of life by indicating the necessity of evacuation of the building and secondarily for the protection of property.
- b. A Local Burglar Alarm System is one in which the protective circuits and devices are connected to an enclosed and tamper-protected loud sounding device attached to an outside wall of the building in which the property is situated. Disturbance of the protective devices or unauthorized entry through wired portions of the property automatically causes the sounding device to operate until it is stopped by key control in the possession of the owner or by exhaustion of the power supply or by a timing element set for a definite period of operation.

**4. Automatic Sprinkler Systems**

An Automatic Sprinkler System contemplates a system in which water is piped to devices called sprinkler heads that melt with heat and release water to extinguish a fire.

**5. Water Leak Detection Devices**

- a. Local Water Leak Detection Alarm;
- b. Water Leak Detection (Connected); and
- c. Water Leak Detection (Connected) with Water Shut-off Valves.

**B. Evaluation Of Alarm Systems**

The following shall also be considered in evaluating alarm systems for qualification and premium credit:

- 1. All devices, combination of devices and equipment shall be approved by a recognized independent testing firm for the purposes for which they are intended.
- 2. All equipment shall be installed in a workmanlike manner ~~by a qualified firm or person~~.
- 3. Detection devices shall be installed throughout all areas of the dwelling as follows:
  - a. For fire alarm systems:
    - (1) A smoke detector shall be located in the immediate vicinity of, but outside, the bedrooms; and

(2) Heat or smoke detectors shall be provided in all major areas of the house including living room, dining room, bedroom, kitchen, hallway, attics, furnace rooms, utility rooms, basements, and attached garages.

(3) Heat detectors shall be installed within the strict limitation of their listed spacing (see Item 11. of Table 404.C.).

b. For burglar alarm systems:

(1) Completely protecting all accessible windows, doors, transoms, skylights, and other openings leading from the premises; ~~or~~

(2) Protecting with contacts only, all movable accessible openings leading from the premises and providing one or more invisible rays or channels of radiation, with the minimum overall length of the rays or radiation equivalent to the longest dimensions of the area or areas to detect movement through the channel; or

(3) Protecting with contacts only, all doors leading from the premises and providing a system of invisible radiation to all sections of the enclosed area so as to detect four-step movement.

c. For automatic sprinkler systems:

An approved and properly maintained automatic sprinkler system with sprinklers:

(1) In all areas including attics, bathrooms, closets, and attached structures areas; or

(2) In all areas except attics, bathrooms, closets, and attached structure areas that are protected by a fire detector.

d. For water leak detection devices, with or without Water Shut-off Valves, in all areas with pipes connected to sinks, showers, bathtubs, water heaters, refrigerators with ice making and water options, washing machines or radiators.

e. An Automatic Smoke Detector is a fire-sensing device that continuously monitors an environment and automatically detects the presence of smoke particles indicative of combustion, without human intervention.

### C. Premium Development

The premium for a risk having an approved protective device is developed by multiplying the Base Premium (including any premium adjustment to Coverage C limits) by the selected factor from the following table:

#### Protective Devices Factors

Protective Device	Factor*
1. <u>Professionally Monitored Central Station Reporting Burglar Alarm</u>	<u>0.95</u>
2. <u>Professionally Monitored Central Station Reporting Fire Alarm</u> <del>Central Station Fire Alarm</del>	<u>0.95</u>
3. <u>Water Leak Detection (Connected) With Water Shut-off Valve</u> <del>Both 1. and 2.</del>	<u>0.945</u>
4. <u>Both 1. and 2., both 2. and 3., or both 1. and 3.</u> <del>Fire Station Connected Fire Alarm</del>	<u>0.917</u>
5. <u>All of 1., 2., and 3.</u> <del>Police Station Connected Burglar Alarm</del>	<u>0.897</u>
6. <u>Self-monitored (Connected) Fire Alarm</u> <del>Both 4. and 5.</del>	<u>0.976</u>
7. <u>Self-monitored (Connected) Burglar Alarm</u> <del>Local Fire Alarm System</del>	<u>0.987</u>
8. <u>Water Leak Detection (Connected) Without Water Shut-off Valve</u> <del>Local Burglar Alarm System</del>	<u>0.987</u>
9. <u>Both 6. and 7., Both 7. and 8., or both 6. and 8.</u>	<u>0.986</u>

<b>10.</b> <u>All of 6., 7., and 8.</u> Automatic-Smoke Detectors	<u>0.930.99</u>
<b>11.</b> <u>Local Fire Alarm System</u>	<u>0.98</u>
<b>12.</b> <u>Local Burglar Alarm System</u>	<u>0.98</u>
<b>13.</b> <u>Local Water Leak Detection Alarm</u>	<u>0.98</u>
<b>14.</b> <u>Both 11. and 12., both 12. and 13., or both 11. and 13.</u>	<u>0.97</u>
<b>15.</b> <u>All of 11., 12., and 13.</u>	<u>0.96</u>
<b>16.</b> <u>Automatic Smoke Detectors</u>	<u>0.99</u>
<b>14</b> Automatic Sprinkler System	
<b>7.</b>	
<b>a.</b> In all areas including attic, bathroom, closet, and attached structure	<u>0.87</u>
<b>b.</b> In all areas except attic, bathroom, closet, and attached structure areas that are protected by a fire detector	<u>0.93</u>
* For Protection Classifications 1 – 9, 9S, <u>9E</u>	
<b>Note 1</b>	
Premium credit shall not be afforded on any additional or optional coverage, except Coverage <b>C</b> revised limits.	
<b>Note 2</b>	
Refer to the state rate pages for the maximum credit allowed.	
<b>Note 3</b>	
These credits do not apply to multi-family residential properties unless <u>an</u> entire building meets the <u>precedingabove</u> requirements.	

**Table 404.C. Protective Devices Factors**

**D. Endorsement**

Use Premises Alarm, Water Leak Detection Or Fire Protection System~~Premises Alarm Or Fire Protection System~~  
Endorsement **HO 04 16**.

**406. DEDUCTIBLES**

Rule **406**. is replaced by the following:

All policies are subject to a deductible that applies to loss from all Section I perils, except Earthquake. A separate deductible provision applies to Earthquake Coverage as described in Rule **505**.

**A. Base Deductible**

1. A Base Deductible of \$1,000 applies to all forms except **HO 00 04** and **HO 00 06**.
2. A Base Deductible of \$500 applies to Forms **HO 00 04** and **HO 00 06**.

**B. \$100 All Perils Deductible Options**

To compute the premium for this option, multiply the Base Premium by a factor of:

1. 1.39 for all forms except **HO 00 04** and **HO 00 06**; or
2. 1.21 for Form **HO 00 04**; or
3. 1.22 for Form **HO 00 06**.

**C. Other Optional Deductibles****1. All Perils Deductibles (All Forms)**

To compute the premium for this deductible type, multiply the Base Premium by the factor selected from the following table:

All Forms Except HO 00 04 And HO 00 06						
Deductible Amount	Coverage A Limit					
	Up To \$59,999	\$60,000 To \$99,999	\$100,000 To \$200,000	\$200,001 To \$250,000	\$250,001 To \$350,000	\$350,001 And Over
\$ 250	1.27	1.27	1.27	1.27	1.27	1.27
500	1.15	1.15	1.16	1.22	1.22	1.22
1,000	1.00	1.00	1.00	1.13	1.13	1.13
1,500	0.92	0.92	0.92	1.06	1.06	1.06
2,000	0.85	0.85	0.85	1.00	1.00	1.00
2,500	0.78	0.78	0.78	0.95	0.95	0.95
3,000	0.76	0.76	0.76	0.92	0.92	0.92
4,000	0.74	0.74	0.74	0.87	0.87	0.87
5,000	0.72	0.72	0.72	0.82	0.82	0.82
7,500	—	—	—	0.76	0.76	0.76
10,000	—	—	—	0.71	0.71	0.71
1%	1.13	1.05	0.90	0.89	0.89	0.89
Form HO 00 04						
Deductible Amount	Coverage C Limit					
	Up To \$25,000			\$25,001 And Over		
\$ 250	1.10			1.10		
500	1.00			1.02		
1,000	0.85			0.92		
1,500	0.77			0.86		
2,000	0.70			0.80		
2,500	0.65			0.75		
3,000	0.61			0.71		
4,000	0.54			0.64		
5,000	0.48			0.58		
Form HO 00 06						
Deductible Amount	Coverage C Limit					
	Up To \$40,000			\$40,001 And Over		
\$ 250	1.11			1.11		



500	1.00	1.02
1,000	0.84	0.90
1,500	0.76	0.83
2,000	0.69	0.76
2,500	0.62	0.70
3,000	0.58	0.66
4,000	0.51	0.59
5,000	0.46	0.54

**Table 406.C.1. All Perils Deductibles Factors**

**2. Theft Deductible (Forms HO 00 04 And HO 00 06 Only)**

**a. Deductible Amounts**

This option provides for higher Theft Deductible amounts of \$1,000 and \$2,500 to be used in conjunction with the deductible that applies to All Other Section I perils.

**b. Endorsement**

An endorsement is not required.

**c. Declarations Instructions**

Separately enter, on the policy Declarations, the deductible amounts that apply to Theft and All Other Section I perils.

**d. Deductible Application**

In the event of a theft loss to covered property, the dollar amount is deducted from the total of the loss for all coverages.

**e. Use Of Factors**

The factors for Forms **HO 00 04** and **HO 00 06** Theft deductibles incorporate the factors for the All Perils deductibles. Do not use the factors for the All Perils deductibles when rating a policy with a higher Theft deductible.

**f. Deductible Factors**

**(1) Form HO 00 04**

To compute the premium for the deductible amounts selected, multiply the Base Premium by the factor selected from the following table:

Theft Deductible Amount	All Other Perils Deductible Amount	Coverage C Limit	
		Up To \$25,000	\$25,001 And Over
\$ 1,000	\$ 100	1.02	1.04
	250	0.97	1.01
	500	0.92	0.98
2,500	100	0.91	0.97
	250	0.88	0.93
	500	0.82	0.90
	1,000	0.76	0.85

**Table 406.C.2.f.(1) Theft Deductible Factors**

**(2) Form HO 00 06**

To compute the premium for the deductible amounts selected, multiply the Base Premium by the factor selected from the following table:

Theft Deductible Amount	All Other Perils Deductible Amount	Coverage C Limit	
		Up To \$40,000	\$40,001 And Over
\$ 1,000	\$ 100	1.12	1.11

2,500	250	1.06	1.07
	500	0.97	1.00
	100	1.08	1.08
	250	1.01	1.02
	500	0.92	0.96
	1,000	0.80	0.86

**Table 406.C.2.f.(2) Theft Deductible Factors**

### 3. Windstorm Or Hail Deductibles (All Forms Except HO 00 04 And HO 00 06)

When the policy covers the peril of Windstorm Or Hail, the following deductible options may be used in conjunction with the deductible applicable to All Other Section I perils.

#### a. Percentage Deductibles

##### (1) Deductible Amounts

This option provides for higher Windstorm Or Hail percentage deductibles of 1%, 2%, 3%, 4%, 5%, 7.5% and 10% of the Coverage **A** limit of liability when the dollar amount of the percentage deductible selected exceeds the amount of the deductible applicable to All Other Section I perils.

##### (2) Endorsement

Use Windstorm Or Hail Percentage Deductible Endorsement **HO 03 12**.

##### (3) Declarations Instructions

Enter, on the policy Declarations, the percentage amount that applies to Windstorm Or Hail and the dollar amount that applies to All Other Section I perils. For example:

Deductible – Windstorm Or Hail 1% of Coverage **A** limit and \$250 for All Other Perils.

##### (4) Deductible Application

In the event of a Windstorm Or Hail loss to covered property, the dollar amount is deducted from the total of the loss for all coverages.

##### (5) Use Of Factors

The factors displayed in Paragraph **C.3.a.(6)** incorporate the factors for the All Perils deductibles. Do not use the factors for the All Perils deductibles when rating a policy with a higher Windstorm Or Hail deductible.

##### (6) Deductible Factors

In Territories 110, 120, 130, 140, 150 and 160 only, when the property is located in an area serviced by the North Carolina Insurance Underwriting Association (NCIUA), additional calculations must be performed to ensure that the premium credit applied ~~for~~ the deductible is **not** greater than the premium credit that would be applied if the peril of Windstorm Or Hail were excluded from the policy.

##### (a) Property Not Located In Area Serviced By NCIUA

To compute the premium for this provision, multiply the Base Premium by the factor selected from the following tables for the deductible amounts desired.

##### (b) Property Is Located In Area Serviced by NCIUA

To determine if an "adjusted deductible credit" or the calculated deductible credit applies, complete each of the following steps:

Step 1. Multiply the Windstorm-Or Hail-exclusion-credit shown in the state rate pages, under Rule A3, Base Credit, by the Amount-Of Insurance-Factor for the same amount of insurance used to determine the Base Premium-Select the Windstorm Or Hail Exclusion Factor shown in Rule A3, for the applicable territory and subtract that factor from unity (1.000).

Step 2. Multiply the factor determined in Step 1. by the Base Premium.

Step 23. Multiply the result determined in Step 42. by 0.9 to determine the "adjusted deductible credit".

Step 34. Select the factor for the desired windstorm or hail deductible option from the following tables and subtract that factor from unity (1.00).

Step 45. Multiply the factor determined in Step 34. by the Base Premium. The result is the windstorm or hail deductible credit.

Step 56. Compare the results in Steps 23. and 45. If the result in:

Step 23. is less than the result in Step 45., to compute the premium, subtract the "adjusted deductible credit" from the Base Premium.

Step 23. is greater than or equal to the result in Step 45., multiply the Base Premium by the factor for the desired windstorm or hail deductible option.

Windstorm Or Hail Deductible Percentage	All Other Perils Deductible Amount	Coverage A Limit					
		Up To \$59,999	\$60,000 To \$99,999	\$100,000 To \$200,000	\$200,001 To \$250,000	\$250,001 To \$350,000	\$350,001 And Over
1%	\$ 100	1.33	1.32	1.32	1.32	1.32	1.32
	250	1.22	1.22	1.22	1.22	1.22	1.22
	500	1.13	1.13	1.13	1.18	1.18	1.18
	1,000	—	—	0.99	1.11	1.11	1.11
	1,500	—	—	0.92	1.06	1.06	1.06
	2,000	—	—	—	0.99	0.99	0.99
	2,500	—	—	—	—	0.94	0.94
	3,000	—	—	—	—	0.90	0.90
	4,000	—	—	—	—	—	0.85
	5,000	—	—	—	—	—	0.80
	7,500	—	—	—	—	—	0.73
	10,000	—	—	—	—	—	0.68
2%	1%	—	—	—	—	—	—
	\$ 100	1.29	1.29	1.29	1.29	1.29	1.29
	250	1.18	1.18	1.19	1.20	1.20	1.20
	500	1.09	1.09	1.10	1.15	1.15	1.15
	1,000	0.96	0.96	0.96	1.08	1.08	1.08
	1,500	—	0.90	0.90	1.01	1.01	1.01

	2,000	–	–	0.83	0.96	0.96	0.96
	2,500	–	–	0.76	0.91	0.91	0.91
	3,000	–	–	0.75	0.87	0.87	0.87
	4,000	–	–	–	0.82	0.82	0.82
	5,000	–	–	–	–	0.77	0.77
	7,500	–	–	–	–	–	0.71
	10,000	–	–	–	–	–	0.67
	1%	1.10	0.99	0.89	0.85	0.85	0.85
3%	\$ 100	1.27	1.27	1.28	1.28	1.28	1.28
	250	1.16	1.16	1.18	1.19	1.19	1.19
	500	1.07	1.07	1.09	1.14	1.14	1.14
	1,000	0.94	0.94	0.95	1.07	1.07	1.07
	1,500	0.87	0.88	0.89	1.00	1.00	1.00
	2,000	–	0.82	0.82	0.95	0.95	0.95
	2,500	–	0.76	0.76	0.90	0.90	0.90
	3,000	–	–	0.75	0.86	0.86	0.86
	4,000	–	–	0.73	0.81	0.81	0.81
	5,000	–	–	0.71	0.76	0.76	0.76
	7,500	–	–	–	–	0.71	0.71
	10,000	–	–	–	–	0.66	0.66
	1%	1.08	0.97	0.88	0.84	0.84	0.84
4%	\$ 100	1.25	1.25	1.26	1.28	1.28	1.28
	250	1.15	1.15	1.16	1.19	1.19	1.19
	500	1.06	1.06	1.07	1.14	1.14	1.14
	1,000	0.93	0.93	0.93	1.06	1.06	1.06
	1,500	0.86	0.87	0.87	1.00	1.00	1.00
	2,000	0.79	0.81	0.81	0.95	0.95	0.95
	2,500	–	0.75	0.75	0.90	0.90	0.90
	3,000	–	0.74	0.74	0.86	0.86	0.86
	4,000	–	–	0.72	0.81	0.81	0.81
	5,000	–	–	0.70	0.76	0.76	0.76
	7,500	–	–	0.65	0.70	0.70	0.70
	10,000	–	–	–	–	0.66	0.66
	1%	1.07	0.96	0.87	0.83	0.83	0.83
5%	\$ 100	1.23	1.23	1.25	1.27	1.27	1.27
	250	1.13	1.13	1.15	1.18	1.18	1.18
	500	1.04	1.04	1.06	1.13	1.13	1.13
	1,000	0.91	0.91	0.92	1.05	1.05	1.05
	1,500	0.85	0.85	0.86	0.99	0.99	0.99
	2,000	0.80	0.80	0.80	0.94	0.94	0.94
	2,500	0.75	0.75	0.75	0.89	0.89	0.89
	3,000	–	0.74	0.74	0.85	0.85	0.85
	4,000	–	0.72	0.72	0.80	0.80	0.80
	5,000	–	–	0.70	0.75	0.75	0.75
	7,500	–	–	0.65	0.70	0.70	0.70
	10,000	–	–	–	0.65	0.65	0.65
	1%	1.05	0.94	0.86	0.82	0.82	0.82
7.5%	\$ 100	1.20	1.20	1.22	1.25	1.25	1.25
	250	1.11	1.11	1.12	1.16	1.16	1.16
	500	1.02	1.02	1.04	1.11	1.11	1.11
	1,000	0.90	0.90	0.91	1.03	1.03	1.03

	1,500	0.84	0.84	0.85	0.97	0.97	0.97
	2,000	0.79	0.79	0.79	0.92	0.92	0.92
	2,500	0.74	0.74	0.74	0.87	0.87	0.87
	3,000	0.73	0.73	0.73	0.84	0.84	0.84
	4,000	0.71	0.71	0.71	0.79	0.79	0.79
	5,000	—	0.69	0.69	0.74	0.74	0.74
	7,500	—	—	0.64	0.69	0.69	0.69
	10,000	—	—	0.59	0.64	0.64	0.64
	1%	1.03	0.93	0.85	0.81	0.81	0.81
10%	\$ 100	1.18	1.18	1.20	1.23	1.23	1.23
	250	1.09	1.09	1.10	1.14	1.14	1.14
	500	1.00	1.00	1.02	1.09	1.09	1.09
	1,000	0.89	0.89	0.90	1.02	1.02	1.02
	1,500	0.83	0.83	0.84	0.96	0.96	0.96
	2,000	0.78	0.78	0.78	0.91	0.91	0.91
	2,500	0.73	0.73	0.73	0.86	0.86	0.86
	3,000	0.72	0.72	0.72	0.83	0.83	0.83
	4,000	0.70	0.70	0.70	0.78	0.78	0.78
	5,000	0.68	0.68	0.68	0.73	0.73	0.73
	7,500	—	0.63	0.63	0.68	0.68	0.68
	10,000	—	—	0.58	0.63	0.63	0.63
	1%	1.01	0.91	0.84	0.80	0.80	0.80

**Table 406.C.3.a.(6) Windstorm Or Hail Percentage Deductibles**

**b. Higher Fixed-dollar Deductibles**

**(1) Deductible Amounts**

This option provides for higher Windstorm Or Hail fixed-dollar deductible amounts of \$1,000, \$2,000, \$5,000, \$7,500 and \$10,000 when the dollar amount of the higher fixed-dollar deductible selected exceeds the amount of the deductible applicable to All Other Section I perils.

**(2) Endorsement**

An endorsement is not required.

**(3) Declarations Instruction**

Separately enter, on the policy Declarations, the deductible amounts that apply to Windstorm Or Hail and All Other Section I perils. For example: \$1,000 for Windstorm Or Hail and \$250 for All Other perils.

**(4) Deductible Application**

In the event of a Windstorm Or Hail loss to covered property, the dollar amount is deducted from the total of the loss for all coverages.

**(5) Use Of Factors**

The factors displayed in Paragraph **C.3.b.(6)** incorporate the factors for the All Perils deductibles. Do not use the factors for the All Perils deductibles when rating a policy with a higher Windstorm Or Hail deductible.

**(6) Deductible Factors**

In Territories 110, 120, 130, 140, 150 and 160 only, when the property is located in an area serviced by the NCIUA, additional calculations must be performed to ensure that the premium credit applied ~~to~~for the deductible is **not** greater than the premium credit that would be applied if the peril of Windstorm Or Hail were excluded from the policy.

**(a) Property Not Located In Area Serviced By NCIUA**

To compute the premium for this provision, multiply the Base Premium by the factor selected from the following tables for the deductible amounts desired.

**(b) Property Is Located In Area Serviced By NCIUA**

To determine if an "adjusted deductible credit" or the calculated deductible credit applies, complete each of the following steps:

Step 1. ~~Multiply the Windstorm Or Hail exclusion credit shown in the state rate pages, under Rule A3, Base Credit, by the Amount of Insurance Factor for the same amount of insurance used to determine the Base Premium. Select the Windstorm Or Hail Exclusion Factor shown in Rule A3, for the applicable territory and subtract that factor from unity (1.000).~~

~~Step 2. Multiply the factor determined in Step 1. by the Base Premium.~~

Step 23. Multiply the result determined in Step 12. by 0.9 to determine the "adjusted deductible credit".

Step 34. Select the factor for the desired windstorm or hail deductible option from the following tables and subtract that factor from unity (1.00).

Step 45. Multiply the factor determined in Step 34. by the Base Premium. The result is the windstorm or hail deductible credit.

Step 56. Compare the results in Steps 23. and 45. If the result in:

Step 23. is **less** than the result in Step 45., to compute the premium, subtract the "adjusted deductible credit" from the Base Premium.

Step 23. is **greater than or equal to** the result in Step 45., multiply the Base Premium by the factor for the desired windstorm or hail deductible option.

Windstorm Or Hail Deductible Amount	All Other Perils Deductible Amount	Coverage A Limit					
		Up To \$59,999	\$60,000 To \$99,999	\$100,000 To \$200,000	\$200,001 To \$250,000	\$250,001 To \$350,000	\$350,001 And Over
\$1,000	\$ 100	1.29	1.30	1.33	1.34	1.34	1.34
	250	1.20	1.20	1.23	1.24	1.24	1.24
	500	1.11	1.11	1.14	1.20	1.20	1.20
\$2,000	\$ 100	1.24	1.27	1.30	1.32	1.32	1.32

	250	1.15	1.16	1.20	1.22	1.22	1.22
	500	1.08	1.08	1.11	1.18	1.18	1.18
	1,000	0.95	0.95	0.97	1.11	1.11	1.11
	1,500	0.89	0.89	0.91	1.06	1.06	1.06
\$5,000	\$ 100	1.22	1.23	1.28	1.29	1.29	1.29
	250	1.11	1.13	1.16	1.19	1.19	1.19
	500	1.04	1.04	1.08	1.15	1.15	1.15
	1,000	0.91	0.91	0.95	1.09	1.09	1.09
	1,500	0.85	0.85	0.89	1.04	1.04	1.04
	2,000	0.79	0.80	0.83	0.99	0.99	0.99
	2,500	0.73	0.75	0.76	0.94	0.94	0.94
	3,000	0.72	0.74	0.75	0.91	0.91	0.91
	4,000	0.71	0.73	0.73	0.86	0.86	0.86
	\$ 100	1.21	1.22	1.25	1.26	1.26	1.26
\$7,500	250	1.10	1.12	1.15	1.17	1.17	1.17
	500	1.02	1.03	1.06	1.13	1.13	1.13
	1,000	0.90	0.90	0.93	1.06	1.06	1.06
	1,500	0.84	0.84	0.87	1.01	1.01	1.01
	2,000	0.78	0.79	0.81	0.96	0.96	0.96
	2,500	0.72	0.73	0.75	0.92	0.92	0.92
	3,000	0.71	0.72	0.74	0.89	0.89	0.89
	4,000	0.70	0.71	0.72	0.85	0.85	0.85
	5,000	0.69	0.70	0.71	0.81	0.81	0.81
	\$ 100	1.20	1.21	1.23	1.24	1.24	1.24
\$10,000	250	1.09	1.11	1.13	1.15	1.15	1.15
	500	1.01	1.02	1.05	1.11	1.11	1.11
	1,000	0.89	0.89	0.91	1.04	1.04	1.04
	1,500	0.83	0.83	0.85	0.99	0.99	0.99
	2,000	0.77	0.78	0.79	0.95	0.95	0.95
	2,500	0.71	0.72	0.74	0.91	0.91	0.91
	3,000	0.70	0.71	0.73	0.88	0.88	0.88
	4,000	0.69	0.70	0.71	0.84	0.84	0.84
	5,000	0.68	0.69	0.70	0.80	0.80	0.80
	7,500	–	–	–	0.75	0.75	0.75

**Table 406.C.3.b.(6) Windstorm Or Hail Fixed-dollar Deductibles**

**D. Named Storm Percentage Deductible – Territories 110, 120, 130, 140, 150 And 160 Only**

**1. Deductible Amounts**

The Named Storm Percentage Deductible option is used in conjunction with a deductible applicable to All Other Section I perils.

A percentage amount of 1%, 2% or 5% of the Coverage **A** or **C** limit of liability, whichever is greater, is available when the dollar amount of the percentage deductible selected exceeds the amount of the deductible applicable to All Other Section I perils.

**2. Endorsement**

Use Named Storm Percentage Deductible – North Carolina Endorsement **HO 03 63**.

**3. Schedule Instructions**

Enter on Endorsement **HO 03 63** or the policy Declarations the percentage amount that applies to Named Storm.

**4. Loss By Windstorm That Is A Named Storm**

In the event of Named Storm loss to covered property, the dollar amount is deducted from the total of the loss for all coverages.

## 5. Deductible Factors

The factors displayed as follows incorporate the factors for the All Perils deductibles shown in Paragraph C.1. Do **not** use the factors for the All Perils deductibles when rating a policy with a higher Named Storm deductible.

Additional calculations must be performed to ensure that the premium credit applied for the deductible is not greater than the premium credit that would be applied if the peril of Windstorm Or Hail were excluded from the policy.

To determine if an "adjusted deductible credit" or the calculated deductible credit applies, complete each of the following steps:

Step 1. ~~Multiply the Windstorm Or Hail exclusion credit shown in the state rate pages, under Rule A3. Base Credit, by the Amount Of Insurance Factor for the same amount of insurance used to determine the Base Premium. Select the Windstorm Or Hail Exclusion Factor shown in Rule A3. for the applicable territory and subtract that factor from unity (1.000).~~

Step 2. ~~Multiply the factor determined in Step 1. by the Base Premium.~~

Step 23. Multiply the result determined in Step 12. by 0.9 to determine the "adjusted deductible credit".

Step 34. Select the factor for the desired named storm deductible option from the following table and subtract that factor from unity (1.00).

Step 45. Multiply the factor determined in Step 34. by the Base Premium. The result is the named storm deductible credit.

Step 56. Compare the results in Steps 23. and 45. If the result in:

Step 23. is **less** than the result in Step 45., to compute the premium, subtract the "adjusted deductible credit" from the Base Premium.

Step 23. is **greater than or equal to** the result in Step 45., multiply the Base Premium by the factor for the desired named storm deductible option.

Territories 110, 120, 130, 140, 150 And 160				
Named Storm Deductible Percentage	All Other Perils Deductible Amount	HO 00 02, HO 00 03, HO 00 05 And HO 00 08	HO 00 04	HO 00 06
1%	\$ 100	1.34	1.09	1.11
	250	1.23	1.06	1.07
	500	1.19	1.01	1.01
	1,000	1.13	0.91	0.89
	1,500	1.08	0.85	0.82
	2,000	1.01	0.79	0.75
	2,500	0.95	0.74	0.69
	3,000	0.91	0.69	0.63
	4,000	0.86	0.60	0.52
	5,000	0.81	0.52	0.42
	7,500	0.75	—	—



	10,000	0.70	—	—
	1%	—	—	—
2%	100	1.30	1.08	1.10
	250	1.22	1.05	1.06
	500	1.16	1.00	1.00
	1,000	1.09	0.90	0.88
	1,500	1.03	0.84	0.81
	2,000	0.97	0.78	0.74
	2,500	0.92	0.73	0.68
	3,000	0.88	0.68	0.62
	4,000	0.83	0.59	0.51
	5,000	0.78	0.51	0.41
	7,500	0.72	—	—
	10,000	0.68	—	—
	1%	0.86	—	—
5%	100	1.28	1.07	1.09
	250	1.19	1.04	1.05
	500	1.14	0.99	0.99
	1,000	1.06	0.89	0.87
	1,500	1.00	0.83	0.80
	2,000	0.95	0.77	0.73
	2,500	0.90	0.71	0.67
	3,000	0.86	0.66	0.61
	4,000	0.81	0.56	0.50
	5,000	0.76	0.47	0.40
	7,500	0.71	—	—
	10,000	0.66	—	—
	1%	0.83	—	—

**Table 406.D.5. Named Storm Percentage Deductible**

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**408. ROOF LOSS SETTLEMENT OPTIONS – ALL FORMS EXCEPT HO 00 04, HO 00 08 AND HO 00 14**

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The title of Rule 408. Roof Loss Settlement Options – All Forms Except HO 00 04 And HO 00 14 is replaced by the preceding title.

Rule 408. is replaced by the following:

**A. Introduction**

1. Notwithstanding Paragraph **A.2.**, the policy provides settlement for building losses, including roof surfacing, on a repair or replacement cost basis, subject to certain conditions.
2. Policy forms **HO 00 02**, **HO 00 03** and **HO 00 05** provide loss settlement on a specified percentage of replacement cost basis for roof surfacing on buildings covered under Coverage **A** and Coverage **B** when damage is caused by the peril of Windstorm Or Hail. The loss settlement amount shall be determined based on the specified percentage of replacement cost for the age and type of roof surfacing material that is damaged.

**B. Replacement Cost Loss Settlement For Roof Surfacing Windstorm Or Hail Losses – Forms HO 00 02, HO 00 03 And HO 00 05**

The policy may be revised to provide settlement to roof surfacing, caused by the peril of Windstorm Or Hail, on a repair or replacement cost basis, subject to certain conditions by removing Roof Payment Schedule For Windstorm Or Hail Losses To Roof Surfacing – North Carolina Endorsement **HO 32 31** from the policy.

Refer to Rule **301.A.1.h.** for Premium Determination.

**C. Actual Cash Value Loss Settlement For Roof Surfacing Windstorm Or Hail Losses – Form HO 00 06**

**1. 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.

**2. Premium Determination**

To develop a premium for this option, multiply the Base Premium by a factor of 0.99.

**3. Endorsement**

Use Actual Cash Value Loss Settlement For Windstorm Or Hail Losses To Roof Surfacing – North Carolina Endorsement **HO 32 13**.

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

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**515. PERSONAL PROPERTY**

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Paragraph **E.** is replaced by the following:

**E. Increased Special Limits Of Liability – All Forms Except HO 00 08 And HO 00 14**

1. The Special Limits of Liability in the policy form for the categories of property noted in the following table may be increased to the maximum limits shown:

Personal Property	Limit In Form	Maximum Limit Allowed
1. Jewelry, Watches and Furs	\$ 2,000	\$ 10,000*
2. Money	300	2,500
3. Securities	2,000	5,000
4. Silverware, Goldware and Pewterware	25% of Coverage <b>C</b>	10,000**
5. Firearms	10% of Coverage <b>C</b>	10,000
6. Portable Electronic Equipment in or upon a motor vehicle	\$ 2,000	6,000**
7. Watercraft	2,000	5,000
8. Model or Hobby Aircraft	2,000	5,000
* Not exceeding the \$2,000 sublimit for any one article. However, the \$2,000 sublimit for any one article may be increased to \$3,000 in increments of \$500.		
** Increase must be in increments of \$500.		

**Table 515.E.1. Special Limits**

2. Refer to the state rate pages for the additional charges.
3. Use Coverage **C** Increased Special Limits Of Liability – North Carolina Endorsement **HO 32 88** for all forms except as noted in Paragraph **E.4.**
4. Use Coverage **C** Increased Special Limits Of Liability – North Carolina Endorsement **HO 32 89** for Form **HO 00 05**, Form **HO 00 04** with Special Personal Property Coverage – North Carolina Endorsement **HO 32 95**, and Form **HO 00 06** with Unit-owners Coverage **C** Special Coverage – North Carolina Endorsement **HO 32 35**.

The following is added to Rule **515.:**

**H. Additional Coverage – Jewelry And Furs – All Forms Except HO 00 08 And HO 00 14**

1. The policy may be endorsed to provide an increased limit of liability (up to \$10,000) and coverage for additional risks of loss on unscheduled jewelry and furs.
2. The sublimit payable for theft of any one article is \$2,000 and may be increased to \$3,000 in increments of \$500.
3. Refer to the state rate pages for the additional charge.
4. Use Additional Coverages – North Carolina Endorsement **HO 32 27**.
5. If Endorsement **HO 32 88** or **HO 32 89** is also endorsed on the policy, Item **e.** of the endorsement (which pertains to jewelry and furs) should be left blank in deference to the limits provided under Endorsement **HO 32 27**.

**I. Rented Personal Property**

**1. Basic Limit**

**a. Landlord's Furnishings**

Under Forms **HO 00 02**, **HO 00 03** and **HO 00 05**, the policy automatically provides, at no additional charge, \$2,500 of Landlord's Furnishings Coverage, on a named perils basis, except Theft, for property regularly rented or held for rental in an apartment on the residence premises.

**b. Theft (Burglary) Option**

Coverage, as noted in Paragraph **I.1.a.**, may be extended to include loss resulting from burglary.

**c. Premium**

Refer to the state rate pages for the charge per unit.

**2. Increased Limits**

- a. The basic limit noted in Paragraph **I.1.a.** may be increased up to the Coverage **C** limit of liability.
- b. The increased limit applies to the same perils that apply to the basic limit and may vary by rented unit.
- c. Refer to the state rate pages for the additional charge.

**3. Endorsement**

- a. Rented Personal Property – North Carolina Endorsement **HO 32 21** indicates when the Theft option and/or Increased Limits option are selected.
- b. When increased limits are selected, the increased limit and the total limit of liability are designated on the endorsement.
- c. The insured may select one option or both.

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**531. LIMITED THEFT COVERAGE OPTIONS FOR DWELLINGS NEWLY CONSTRUCTED OR UNDER CONSTRUCTION**  
**– ALL FORMS EXCEPT HO 00 08 AND HO 00 14**

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The title of Rule **531. Limited Theft – Dwelling Under Construction – All Forms Except HO 00 08 And HO 00 14** is replaced by the preceding title.

Rule **531.** is replaced by the following:

**A. Theft Coverage – Newly Constructed Dwelling**

**1. Coverage Description**

The policy may be endorsed to provide Theft Coverage in or to a newly constructed, unoccupied dwelling.

**2. Premium**

Charge the rate shown on the state rate pages. This rate will not be refunded if the endorsement is cancelled.

**3. Endorsement**

Use Theft Coverage – North Carolina Endorsement **HO 32 26**.

**B. Theft Coverage – Dwelling Under Construction**

**1. Coverage Description**

The policy may be endorsed to provide Theft Coverage in or to a dwelling under construction.

**2. Premium**

Charge the rate shown on the state rate pages. This rate will not be refunded if the endorsement is cancelled.

**3. Endorsement**

Use Dwelling Under Construction – Theft Coverage – North Carolina Endorsement **HO 32 25**.

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**601. RESIDENCE PREMISES — BASIC AND INCREASED LIMITS/OTHER EXPOSURES — BASIC LIMITS**

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Paragraph **A.** is replaced by the following:

**~~A. Residence Premises~~**

- ~~1. Basic limits of liability for Coverage **E** (Personal Liability) and Coverage **F** (Medical Payments To Others) are \$100,000 and \$1,000, respectively. The premium for these limits is included in the Base Premium.~~
- ~~2. Premium credits are provided for reduced Coverage **E** limits of \$50,000 and \$25,000. No other limits below \$100,000 are available.~~
- ~~3. Refer to Rule **601** in the state rate pages for increased and reduced limits rates.~~
- ~~4. If increased or reduced limits are written, then the same limits must apply to any Other Exposures covered under the policy, unless otherwise stated.~~

Paragraphs **B.3.** and **B.4.** are replaced by the following:

**~~B. Other Exposures~~**

- ~~3. For increased or reduced limits for Other Exposures, refer to Rules **701.** and **702.**~~
  - ~~4. If increased or reduced limits are written, then the same limits must apply to the residence premises, unless otherwise stated.~~
- ~~For examples where different reduced or increased limits may be written, refer to Rules **528.**, **529.** and **616.**~~

**A3. WINDSTORM OR HAIL EXCLUSION – TERRITORIES 110, 120, 130, 140, 150 AND 160 ONLY**

A. The peril of Windstorm Or Hail may be excluded if:

1. The property is located in an area eligible for such coverage from the North Carolina Insurance Underwriting Association; and
2. A Windstorm Or Hail Rejection Form is secured and maintained by the company.

Use Absolute Windstorm Or Hail Exclusion – North Carolina Endorsement **HO 32 94**.

B. To compute the Base Premium when the peril of Windstorm Or Hail is excluded, use the Windstorm Or Hail Exclusion Factor that applies from the following table in conjunction with the instructions found in Rule 301.:

Form	Territory					
	110	120	130	140	150	160
All Forms Except <b>HO 00 04</b> And <b>HO 00 06</b>	0.277	0.139	0.302	0.248	0.349	0.379
<b>HO 00 04</b>	0.441	0.378	0.630	0.562	0.851	0.785
<b>HO 00 06</b>	0.682	0.500	0.791	0.781	0.969	0.935

**Table A3.B. Windstorm Or Hail Exclusion Factors**

1. Determine the appropriate All-perils Premium as described in Rule 301.
  2. Subtract the Windstorm Or Hail Exclusion credit shown on the state rate pages from the All-perils Premium.
  3. Multiply the All-perils Premium excluding Windstorm Or Hail Coverage developed in Step 2, by the Amount Of Insurance for the desired limit of liability.
  4. For example:  
Form **HO 00 02** All-perils Premium = \$1,310  
Windstorm Or Hail Exclusion Credit = \$1,131  
Amount Of Insurance for \$100,000 = 1.109  
Step 1. Determine the All-perils Premium  
All-perils Premium = \$1,310  
Step 2. Subtract Windstorm Or Hail Exclusion Credit from All-perils Premium  
\$1,310 – \$1,131 = \$179  
Step 3. Multiply Amount Of Insurance for desired limit by amount in Step 2.  
\$179 x 1.109 = \$198.51, round to  
\$199 = Base Premium
- C. When Endorsement **HO 32 94** is attached to the policy, enter the following on the Declarations:  
"This policy does not provide coverage for the peril of Windstorm Or Hail."
- ~~D. For Rules 501, 502, 507, 509, 510, 512, 513, 514.A.1, 514.A.3, 514.B, 515.A, 515.B, 515.C, 515.D, 523.C.2, and 532, use the All-perils Premium excluding Windstorm Or Hail Coverage from Paragraph B.2. to determine the premium per \$1,000 for those options.~~

**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 <del>HO-00-04</del> And <del>HO-00-06</del>	\$ 2,315	\$ 3,965	\$ 1,309	\$ 2,200	\$ 972	\$ 1,103
<del>HO-00-04</del>	76	115	34	53	11	20
<del>HO-00-06</del>	34	72	18	23	2	5

**Table A3.#1 Wind Or Hail Exclusion Credit — Frame**

Masonry Construction						
	Territory					
	110	120	130	140	150	160
All Forms Except <del>HO-00-04</del> And <del>HO-00-06</del>	\$ 2,124	\$ 3,607	\$ 1,188	\$ 1,986	\$ 869	\$ 995
<del>HO-00-04</del>	66	102	31	48	10	18
<del>HO-00-06</del>	31	64	16	21	2	4

**Table A3.#2 Wind Or Hail Exclusion Credit — Masonry**



## **A9. WINDSTORM MITIGATION PROGRAM – ALL FORMS EXCEPT HO 00 04, HO 00 06 AND HO 00 14**

### **Effective Prior To March 31, 2019**

#### **A. Introduction**

With respect to risks located in Territories 110, 120, 130, 140, 150 and 160, premium credits shall be made available for insureds who build, rebuild or retrofit certain residential dwellings, in accordance with specified standards, to better resist hurricanes and other catastrophic windstorm events.

#### **B. Eligibility**

1. A dwelling may be eligible for a premium credit if:

- a. The dwelling has been designed and constructed in conformity with, and has been certified as meeting, the Hurricane, Tornado and Hail and High Wind requirements of the Hurricane Fortified for Safer Living® (Fortified) program promulgated by the Institute for Business and Home Safety® (IBHS) prior to March 31, 2019;
- b. The dwelling has been certified as meeting, either the Bronze, Silver or Gold hurricane mitigation measures in the Hurricane Fortified for Existing Homes® program promulgated by the IBHS prior to March 31, 2019;
- c. The dwelling contains Opening Protection in accordance with the qualification requirements set forth in Paragraph D.2.; or
- d. The dwelling contains a Total Hip Roof.

2. The provisions of Rule A9. do not apply:

- a. To condominiums or tenant policies.
- b. If the policy excludes the peril of Windstorm Or Hail.
- c. To dwellings under construction.
- d. To mobilehomes.

3. To be eligible for a premium credit, mitigation features are not required for adjacent structures including, but not limited to, detached garages, storage sheds, barns, apartments, etc. located on the insured premises.

#### **C. Proof Of Compliance**

The named insured must submit proof that the windstorm loss mitigation features and/or construction techniques have been implemented for each of the following:

##### **1. IBHS Hurricane Fortified For Safer Living®**

The named insured shall provide a copy of the proper designation certificate from the IBHS issued for the dwelling.

##### **2. IBHS Hurricane Fortified For Existing Homes®**

The named insured shall provide a copy of the proper designation certificate from the IBHS issued for the dwelling. The credit will apply for five years from the date of designation. In order to continue receiving the mitigation credit after five years, the dwelling must be re-inspected and re-designated by the IBHS. If the IBHS designation expires, the applicable mitigation credit will expire upon renewal.

##### **3. Opening Protection**

The existence of Opening Protection may be verified by proof of installation.

##### **4. Total Hip Roof**

The existence of a hip roof may be verified through photographs of the roof.

#### **D. Description Of Mitigation Credit Tables**

With respect to dwellings to which Rule A9. applies and subject to all other provisions of this Windstorm Mitigation Program, the following approved and properly maintained windstorm mitigation features shall be recognized for a premium credit:

##### **1. IBHS Hurricane Fortified Homes (Designations Prior To March 31, 2019)**

- a. A home designated by the IBHS as Hurricane Fortified for Safer Living®.
- b. A home designated by the IBHS as Hurricane Fortified for Existing Homes®, including:
  - (1) Hurricane Fortified for Existing Homes Bronze, Option 1
  - (2) Hurricane Fortified for Existing Homes Bronze, Option 2
  - (3) Hurricane Fortified for Existing Homes Silver, Option 1
  - (4) Hurricane Fortified for Existing Homes Silver, Option 2
  - (5) Hurricane Fortified for Existing Homes Gold, Option 1
  - (6) Hurricane Fortified for Existing Homes Gold, Option 2

## **2. Opening Protection**

- a. Building opening protective features must have been certified as having met the Large Missile Test (Missile D) of the American Society for Testing and Materials ASTM E 1886 (standard test method) and ASTM E 1996 (standard specification) or other standards that are determined to be equivalent, including the American Architectural Manufacturers Association (AAMA), AAMA 506 or the Florida Building Code Testing Application Standards TAS 201 and 203. Such opening protective features shall be considered qualified.
- b. Qualifying opening protection must be present at all exterior envelope openings (such as windows, garage doors, sliding doors, swinging doors, glass block, door sidelights and skylights) on the dwelling structure. For the credit to apply, the following conditions must be met:
  - (1) In accordance with the qualification requirements set forth in Paragraph D.2.a.:
    - (a) All exterior building envelope openings with glazing (e.g., glass) shall have qualified impact-resistant and wind pressure-resistant opening protection;
    - (b) All exterior building envelope openings without glazing shall have qualified wind pressure-resistant opening protection; and
    - (c) All garage doors (with and without glazing) shall meet or exceed a qualified minimum pressure resistance.
  - (2) Opening protection must be installed by a qualified contractor, according to the manufacturer's specifications.
  - (3) Impact-resistant protective devices must not be made of wood structural panels, such as OSB or plywood, or be homemade.

## **3. Total Hip Roof**

A Total Hip Roof is a roof that slopes in four directions such that the end formed by the intersection of slopes is a triangle.

## **E. Premium Determination**

### **1. To compute the Base Premium:**

- a. Determine the appropriate All-perils Premium as described in Rule 301.
- b. Subtract the Windstorm Loss Mitigation credit shown on the state rate pages from the All-perils Premium.
- c. Multiply the All-perils Premium excluding the Windstorm Loss Mitigation credit developed in Paragraph E.1.b. by the Amount Of Insurance Factor for the desired limit of liability.
- d. **For Example**

Form HO 00 03 All-perils Premium = \$1,379

Windstorm Loss Mitigation Credit = \$78

Amount Of Insurance Factor for \$100,000 = 1.109

Step 1. Determine the All-perils Premium

Step 2. All-perils Premium = \$1,379

Subtract Windstorm Loss Mitigation

Credit from All-perils Premium

\$1,379 - \$78 = \$1,301

Step 3. Multiply Amount Of Insurance  
Factor for desired limit by amount  
in Step 2.

\$1,301 x 1.109 = \$1,442.81, round

to \$1,443 = Base Premium

### **2. Mitigation Feature credits cannot be combined, except for Total Hip Roof and Opening Protection.**

### **3. If mitigation measures are installed midterm, premium adjustment is required on a pro rata basis.**

## **Effective On Or After March 31, 2019**

### **A. Introduction**

With respect to risks located in Territories 110, 120, 130, 140, 150 and 160, premium credits shall be made available for insureds who build, rebuild or retrofit certain residential dwellings, in accordance with specified standards, to better resist~~withstand~~ hurricanes and other catastrophic windstorm events.

### **B. Eligibility**

1. A dwelling may be eligible for a premium credit if:

- a. The dwelling has been designed and constructed in conformity with, and has been certified as meeting, the Hurricane, Tornado and Hail and High Wind requirements of the FORTIFIED for Safer Living™<sup>®</sup> program promulgated by the Institute for Business and Home Safety® (IBHS) ~~for use on or after March 31, 2019;~~
  - b. The dwelling has been certified as meeting, either the Roof, Silver or Gold hurricane mitigation measures in the FORTIFIED Home™ program promulgated by the IBHS ~~for use on or after March 31, 2019;~~
  - c. The dwelling contains Opening Protection in accordance with the qualification requirements set forth in Paragraph D.2.; or
  - d. The dwelling contains a Total Hip Roof.
2. The provisions of ~~Rule A9~~ this rule do not apply:
- a. To condominiums or tenant policies.
  - b. If the policy excludes the peril of Windstorm Or Hail.
  - c. To dwellings under construction.
3. To be eligible for a premium credit, mitigation features are not required for adjacent structures including, but not limited to, detached garages, storage sheds, barns, apartments, etc. located on the insured premises.

#### C. Proof Of Compliance

The named insured must submit proof that the windstorm loss mitigation features and/or construction techniques have been implemented for each of the following:

##### 1. IBHS FORTIFIED For Safer Living™<sup>®</sup>

The named insured shall provide a copy of the proper designation certificate from the IBHS issued for the dwelling.

##### 2. IBHS FORTIFIED Home™

The named insured shall provide a copy of the proper designation certificate from the IBHS issued for the dwelling. The credit will apply for five years from the date of designation. In order to continue receiving the mitigation credit after five years, the dwelling must be re-inspected and re-designated by the IBHS. If the IBHS designation expires, the applicable mitigation credit will expire upon renewal.

##### 3. Opening Protection

The existence of Opening Protection may be verified by proof of installation.

##### 4. Total Hip Roof

The existence of a hip roof may be verified through photographs of the roof.

#### D. Description Of Mitigation Credit Tables

With respect to dwellings to which ~~Rule A9~~ this rule applies and subject to all other provisions of this Windstorm Mitigation Program, the following approved and properly maintained windstorm mitigation features shall be recognized for a premium credit:

##### 1. IBHS FORTIFIED Programs: ~~(Designations On Or After March 31, 2019)~~

- a. A home designated by the IBHS as FORTIFIED for Safer Living™<sup>®</sup>.
- b. A home designated by the IBHS as FORTIFIED Home™, including:
  - (1) FORTIFIED Roof – Hurricane – Existing Roof
  - (2) FORTIFIED Roof – Hurricane – New Roof
  - (3) FORTIFIED Home – Hurricane – Silver – Existing Roof
  - (4) FORTIFIED Home – Hurricane – Silver – New Roof
  - (5) FORTIFIED Home – Hurricane – Gold – Existing Roof
  - (6) FORTIFIED Home – Hurricane – Gold – New Roof

##### 2. Opening Protection

- a. Building opening protective features must have been certified as having met the Large Missile Test (Missile D) of the American Society for Testing and Materials ASTM E 1886 (standard test method) and ASTM E 1996 (standard specification) or other standards that are determined to be equivalent, including the American Architectural Manufacturers Association (AAMA), AAMA 506 or the Florida Building Code Testing Application Standards TAS 201 and 203. Such opening protective features shall be considered qualified.
- b. Qualifying opening protection must be present at all exterior envelope openings (such as windows, garage doors, sliding doors, swinging doors, glass block, door sidelights, and skylights) on the dwelling structure. For the credit to apply, the following conditions must be met:
  - (1) In accordance with the qualification requirements set forth in Paragraph D.2.a.:

- (a) All exterior building envelope openings with glazing (e.g., glass) shall have qualified impact-resistant and wind pressure-resistant opening protection;
  - (b) All exterior building envelope openings without glazing shall have qualified wind pressure-resistant opening protection; and
  - (c) All garage doors (with and without glazing) shall meet or exceed a qualified minimum pressure resistance.
- (2) Opening protection must be installed by a qualified contractor, according to the manufacturer's specifications.
- (3) Impact-resistant protective devices must not be made of wood structural panels, such as OSB or plywood, or be homemade.

### 3. Total Hip Roof

A Total Hip Roof is a roof that slopes in four directions such that the end formed by the intersection of slopes is a triangle.

### E. Premium Determination

1. To compute the Base Premium when a risk is eligible for a Windstorm Loss Mitigation Credit, use the Windstorm Mitigation Factor that applies from the following table in conjunction with the instructions found in Rule 301:

Mitigation Feature	Territory					
	110	120	130	140	150	160
Total Hip Roof	0.949	0.941	0.951	0.949	0.956	0.958
Opening Protection	0.948	0.940	0.951	0.948	0.957	0.957
Total Hip Roof and Opening Protection	0.897	0.882	0.904	0.897	0.914	0.914
IBHS Designation:						
FORTIFIED for Safer Living™	0.834	0.793	0.860	0.828	0.906	0.858
FORTIFIED Roof – Hurricane – Existing Roof	0.960	0.953	0.961	0.959	0.966	0.966
FORTIFIED Roof – Hurricane – New Roof	0.938	0.926	0.946	0.935	0.957	0.947
FORTIFIED Home – Hurricane – Silver – Existing Roof	0.900	0.875	0.922	0.895	0.955	0.914
FORTIFIED Home – Hurricane – Silver – New Roof	0.880	0.849	0.907	0.872	0.948	0.894
FORTIFIED Home – Hurricane – Gold – Existing Roof	0.873	0.841	0.896	0.869	0.933	0.892
FORTIFIED Home – Hurricane – Gold – New Roof	0.852	0.815	0.881	0.845	0.926	0.872

**Table A9.E.1. Windstorm Mitigation Factors**

- a. Determine the appropriate All-perils Premium as described in Rule 301.
- b. Subtract the Windstorm Loss Mitigation credit shown on the state rate pages from the All-perils Premium.
- c. Multiply the All-perils Premium excluding the Windstorm Loss Mitigation credit developed in Paragraph E.4.b. by the Amount-Of Insurance Factor for the desired limit of liability.
- d. **For Example**
  - Form **HO-00-03** All-perils Premium = \$1,379
  - Windstorm Loss Mitigation Credit = \$78
  - Amount-Of Insurance Factor for \$100,000 = 1.109
  - Step 1. Determine the All-perils Premium
  - Step 2. All-perils Premium = \$1,379
    - Subtract Windstorm Loss Mitigation Credit from All-perils Premium
    - \$1,379 – \$78 = \$1,301
  - Step 3. Multiply Amount-Of Insurance Factor for desired limit by amount in Step 2.

$\$1,301 \times 1.109 = \$1,442.81$ , round  
to  $\$1,443 = \text{Base Premium}$

2. Mitigation Feature credits cannot be combined, except for Total Hip Roof and Opening Protection.
3. If mitigation measures are installed midterm, premium adjustment is required on a pro rata basis.

**A9. WINDSTORM MITIGATION PROGRAM—ALL FORMS EXCEPT HO-00-04 AND HO-00-06****Effective prior to March 31, 2019**

<b>Frame Construction</b>						
<b>Mitigation-Feature</b>	<b>Territory 110</b>	<b>Territory 120</b>	<b>Territory 130</b>	<b>Territory 140</b>	<b>Territory 150</b>	<b>Territory 160</b>
Total Hip Roof	\$ 163	\$ 270	\$ 92	\$ 150	\$ 65	\$ 75
Opening Protection	166	277	92	151	64	77
Total Hip Roof and Opening Protection	329	544	181	302	128	152
IBHS Designation prior to March 31, 2019:						
<i>Hurricane Fortified for Safer Living®</i>	532	954	262	504	140	253
<i>Hurricane Fortified for Existing Homes®</i>						
Bronze Option 1	128	216	73	119	51	61
<i>Hurricane Fortified for Existing Homes®</i>						
Bronze Option 2	200	339	102	189	64	94
<i>Hurricane Fortified for Existing Homes®</i>						
Silver Option 1	319	575	147	307	67	152
<i>Hurricane Fortified for Existing Homes®</i>						
Silver Option 2	384	694	175	375	77	188
<i>Hurricane Fortified for Existing Homes®</i>						
Gold Option 1	408	731	196	382	100	192
<i>Hurricane Fortified for Existing Homes®</i>						
Gold Option 2	473	853	223	453	110	227

**Table A9. Windstorm Loss Mitigation Credit—Frame**

<b>Masonry Construction</b>						
<b>Mitigation-Feature</b>	<b>Territory 110</b>	<b>Territory 120</b>	<b>Territory 130</b>	<b>Territory 140</b>	<b>Territory 150</b>	<b>Territory 160</b>
Total Hip Roof	\$ 150	\$ 244	\$ 83	\$ 136	\$ 59	\$ 68
Opening Protection	152	254	83	139	57	69
Total Hip Roof and Opening Protection	301	495	165	275	114	138
IBHS Designation prior to March 31, 2019:						
<i>Hurricane Fortified for Safer Living®</i>	487	866	236	453	126	229
<i>Hurricane Fortified for Existing Homes®</i>						
Bronze Option 1	116	198	65	107	46	53
<i>Hurricane Fortified for Existing Homes®</i>						
Bronze Option 2	182	308	93	170	57	85
<i>Hurricane Fortified for Existing Homes®</i>						
Silver Option 1	292	524	134	278	60	138
<i>Hurricane Fortified for Existing Homes®</i>						
Silver Option 2	351	634	159	338	67	169
<i>Hurricane Fortified for Existing Homes®</i>						
Gold Option 1	372	666	177	344	88	172
<i>Hurricane Fortified for Existing Homes®</i>						
Gold Option 2	430	777	202	408	98	203

**Table A9. Windstorm Loss Mitigation Credit—Masonry****Effective on or after March 31, 2019**

<b>Frame Construction</b>						
<b>Mitigation-Feature</b>	<b>Territory 110</b>	<b>Territory 120</b>	<b>Territory 130</b>	<b>Territory 140</b>	<b>Territory 150</b>	<b>Territory 160</b>
Total Hip Roof	\$ 163	\$ 270	\$ 92	\$ 150	\$ 65	\$ 75
Opening Protection	166	277	92	151	64	77

Total Hip Roof and Opening Protection	329	544	181	302	128	152
IBHS Designation on or after March 31, 2019:						
<i>FORTIFIED for Safer Living®</i>	532	954	262	504	140	253
<del>FORTIFIED Roof—Hurricane—Existing Roof</del>	<del>128</del>	<del>216</del>	<del>73</del>	<del>119</del>	<del>51</del>	<del>61</del>
<del>FORTIFIED Roof—Hurricane—New Roof</del>	<del>200</del>	<del>339</del>	<del>102</del>	<del>189</del>	<del>64</del>	<del>94</del>
<del>FORTIFIED Home—Hurricane—Silver—Existing Roof</del>	<del>319</del>	<del>575</del>	<del>147</del>	<del>307</del>	<del>67</del>	<del>152</del>
<del>FORTIFIED Home—Hurricane—Silver—New Roof</del>	<del>384</del>	<del>694</del>	<del>175</del>	<del>375</del>	<del>77</del>	<del>188</del>
<del>FORTIFIED Home—Hurricane—Gold—Existing Roof</del>	<del>408</del>	<del>731</del>	<del>196</del>	<del>382</del>	<del>100</del>	<del>192</del>
<del>FORTIFIED Home—Hurricane—Gold—New Roof</del>	<del>473</del>	<del>853</del>	<del>223</del>	<del>453</del>	<del>110</del>	<del>227</del>

**Table A9. Windstorm Loss Mitigation Credit—Frame**

Masonry Construction						
Mitigation Feature	Territory 110	Territory 120	Territory 130	Territory 140	Territory 150	Territory 160
Total Hip Roof	\$ 150	\$ 244	\$ 83	\$ 136	\$ 59	\$ 68
Opening Protection	152	251	83	139	57	69
Total Hip Roof and Opening Protection	301	495	165	275	114	138
IBHS Designation on or after March 31, 2019:						
<i>FORTIFIED for Safer Living®</i>	487	866	236	453	126	229
<del>FORTIFIED Roof—Hurricane—Existing Roof</del>	<del>116</del>	<del>198</del>	<del>65</del>	<del>107</del>	<del>46</del>	<del>53</del>
<del>FORTIFIED Roof—Hurricane—New Roof</del>	<del>182</del>	<del>308</del>	<del>93</del>	<del>170</del>	<del>57</del>	<del>85</del>
<del>FORTIFIED Home—Hurricane—Silver—Existing Roof</del>	<del>292</del>	<del>524</del>	<del>134</del>	<del>278</del>	<del>60</del>	<del>138</del>
<del>FORTIFIED Home—Hurricane—Silver—New Roof</del>	<del>351</del>	<del>631</del>	<del>159</del>	<del>338</del>	<del>67</del>	<del>169</del>
<del>FORTIFIED Home—Hurricane—Gold—Existing Roof</del>	<del>372</del>	<del>666</del>	<del>177</del>	<del>344</del>	<del>88</del>	<del>172</del>
<del>FORTIFIED Home—Hurricane—Gold—New Roof</del>	<del>430</del>	<del>777</del>	<del>202</del>	<del>408</del>	<del>98</del>	<del>203</del>

**Table A9. Windstorm Loss Mitigation Credit—Masonry**