

July 20, 2017

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Homeowner Relativities

The Commissioner of Insurance has recently approved revisions to the Amount of Insurance (AOI) and Protection/Construction relativity factors for the Homeowners line of business. In addition, the Protection/Construction relativity factors are now displayed by territory groupings.

In that regard, please find attached the revised AOI relativity factors, Protection/Construction relativity factors, base rates, wind mitigation credits and wind exclusion credits. The base rates have been off-balanced as of a result of the relativity changes (overall revenue-neutral).

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

This revision is effective with respect to all new and renewal policies becoming effective on or after April 1, 2018.

NOTICE REQUIREMENTS

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

"Whenever an insurer changes the coverage other than at the request of the insured or changes the premium rate, it shall give the insured written notice of such coverage change or premium rate change at least 15 days in advance of the effective date of such change or changes with a copy of such notice to the agent. This section shall apply to all policies and coverages subject to the provisions of this Article. . . ."

In the past, some insurers have given notice of premium rate changes by providing to an insured and agent, at least 15 days in advance of the effective date, a renewal policy, renewal certificate, billing or endorsement showing revised rates, together with a written notice substantially as follows:

NOTICE OF RATE CHANGE - NORTH CAROLINA

The premium for this policy reflects changes in rates applicable to North Carolina placed into effect under the provisions of Article 36, Chapter 58 of the North Carolina General Statutes.

The form of this notice has varied at the option of the insurer (printed notice, stamp, stick-on label, etc.). Companies should consult legal counsel with respect to the appropriateness of their own procedures under this statute.

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

Sincerely,

Andy Montano

Personal Lines director

AM:ko

Attachment

P-17-4

**RULE 301.
 BASE PREMIUM COMPUTATION**

Base Class Premium Table

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

Table 301. Base Class Premium

**RULE 301.
BASE PREMIUM COMPUTATION**

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

1. Classification Tables

a. One And Two Family

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

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

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

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

Territory Group 1: 110, 120, 140

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

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

Territory Group 4: 230, 300

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

b. Three And Four Family Factor 1.04

HO-C-1

2. Key Factor Table

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

Table 301.A.2. Key Factors

B.Form HO 00 04 And HO 00 06

1. Classification Tables

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

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

Territory Group 1: 110, 120, 140

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

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

Territory Group 4: 230, 300

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

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

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

Territory Group 1: 110, 120, 140

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

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

Territory Group 4: 230, 300

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

HO-C-3

ADDITIONAL RULE(S)

**RULE A2.
INSTALLMENT PAYMENT PLAN**

C. Charge per installment – \$3

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

	Territory					
	110	120	130	140	150	160
All Forms Except HO 00 04 and HO 00 06	\$ 1320	\$ 1599	\$ 853	\$ 1019	\$ 585	\$ 644
HO 00 04	78	91	38	52	23	29
HO 00 06	56	77	37	44	21	23

Table A3. Wind Or Hail Exclusion Credit

**RULE A4.
WATERBED LIABILITY – FORMS HO 00 04 AND HO 00 06**

B. Premium

Charge per policy – \$14

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

Mitigation Feature	Territory 110	Territory 120	Territory 130	Territory 140	Territory 150	Territory 160
Total Hip Roof	\$ 92	\$ 109	\$ 60	\$ 70	\$ 39	\$ 44
Opening Protection	94	112	60	71	38	45
Total Hip Roof and Opening Protection	185	220	118	141	78	89
IBHS Designation:						
<i>Hurricane Fortified for Safer Living®</i>	300	384	170	233	85	148
<i>Hurricane Fortified for Existing Homes®</i> Bronze Option 1	72	87	47	55	31	35
<i>Hurricane Fortified for Existing Homes®</i> Bronze Option 2	112	137	67	87	38	54
<i>Hurricane Fortified for Existing Homes®</i> Silver Option 1	180	232	96	142	40	89
<i>Hurricane Fortified for Existing Homes®</i> Silver Option 2	216	280	114	174	47	110
<i>Hurricane Fortified for Existing Homes®</i> Gold Option 1	230	295	128	177	61	112
<i>Hurricane Fortified for Existing Homes®</i> Gold Option 2	266	345	146	209	67	132

Table A9. Windstorm Loss Mitigation Credit

**RULE 301.
 BASE PREMIUM COMPUTATION**

Base Class Premium Table

TERRITORY	HO 00 03	HO 00 04	HO 00 06
110	<u>14681589</u>	<u>114115</u>	97
120	<u>17241863</u>	132	118
130	<u>8981011</u>	<u>7474</u>	<u>7475</u>
140	<u>11751298</u>	89	81
150	<u>775853</u>	<u>5556</u>	56
160	<u>846917</u>	<u>7071</u>	60
170	<u>500548</u>	<u>5355</u>	50
180	<u>545599</u>	56	52
190	<u>647708</u>	<u>5859</u>	55
200	<u>742812</u>	<u>6063</u>	<u>5960</u>
210	<u>505554</u>	56	49
220	<u>594652</u>	86	50
230	<u>671731</u>	<u>5657</u>	54
240	<u>497539</u>	<u>5859</u>	<u>4647</u>
250	<u>570616</u>	<u>5455</u>	46
260	<u>368408</u>	<u>5962</u>	<u>4748</u>
270	<u>410456</u>	47	54
280	<u>358405</u>	43	38
290	<u>452502</u>	49	47
300	<u>547595</u>	<u>5455</u>	46
310	<u>369410</u>	50	41
320	<u>425467</u>	48	42
330	<u>357392</u>	<u>4851</u>	<u>4546</u>
340	<u>358400</u>	<u>5555</u>	45
350	<u>407448</u>	<u>5253</u>	44
360	<u>351389</u>	36	41
370	<u>408460</u>	<u>4547</u>	<u>4647</u>
380	<u>392441</u>	<u>4445</u>	<u>4445</u>
390	<u>384441</u>	<u>4245</u>	<u>4345</u>

Table 301. Base Class Premium

**RULE 301.
BASE PREMIUM COMPUTATION**

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

1. Classification Tables

a. One And Two Family

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

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

Protection Construction Factors		
Protection Class	Construction*	
	Frame	Masonry
1-6	1.00	.95
7	1.25	1.00
8	1.40	1.10
9, 9E, 9S	1.50	1.30
10	1.90	1.60

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

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

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

Territory Group 1: 110, 120, 140

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

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

Territory Group 4: 230, 300

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

HO-C-1

b. Three And Four Family Factor 1.04

2. Key Factor Table

Gov. A Amt. (In 000)	Factor	Gov. A Amt. (In 000)	Factor
**\$ 10	.510	\$ 55	.853
** 12	.526	60	.930
** 14	.542	65	.953
** 16	.558	70	.977
** 18	.574	75	1.000
20	.590	80	1.023
22	.606	85	1.040
24	.622	90	1.050
26	.638	95	1.068
28	.654	100	1.100
30	.670	110	1.195
32	.686	120	1.281
34	.702	130	1.367
36	.718	140	1.453
38	.734	150	1.539
40	.750	160	1.609
42	.766	170	1.679
44	.782	180	1.749
46	.798	190	1.819
48	.814	200	1.889
50	.830		
Each Add'l \$1,000			.0070
Minimum Limits Of Liability			
**Section I – Property	HO-00-02, 03 & 05		HO-00-08
Primary Location	\$ 25,000	\$ 15,000	
Secondary Location	\$ 15,000	\$ 10,000	
Section II – Liability		All Forms	
Personal Liability		\$ 25,000	
Medical Payments to Others		1,000	

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

Table 301.A.2. Key Factors

B. Form HO 00 04 And HO 00 06

1. Classification Tables

Protection Construction Factors		
Protection Class	Construction*	
	Frame	Masonry
1-6	1.00	.90
7	1.00	.90
8	1.10	.90
9, 9E, 9S	1.50	1.20
10	1.70	1.30

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

HO-C-3

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

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

Territory Group 1: 110, 120, 140

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

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

Territory Group 4: 230, 300

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

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

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

Territory Group 1: 110, 120, 140

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

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

Territory Group 4: 230, 300

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

HO-C-4

ADDITIONAL RULE(S)

**RULE A2.
INSTALLMENT PAYMENT PLAN**

C. Charge per installment – \$3

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

	Territory					
	110	120	130	140	150	160
All Forms Except HO 00 04 and HO 00 06	\$ 1225 1320	\$ 1485 1599	\$ 801 853	\$ 9491 019	\$ 551 585	\$ 615 644
HO 00 04	78	91	38	52	23	29
HO 00 06	56	77	37	44	21	23

Table A3. Wind Or Hail Exclusion Credit

**RULE A4.
WATERBED LIABILITY – FORMS HO 00 04 AND HO 00 06**

B. Premium

Charge per policy – \$14

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

Mitigation Feature	Territory 110	Territory 120	Territory 130	Territory 140	Territory 150	Territory 160
Total Hip Roof	\$ 8592	\$ 104109	\$ 5660	\$ 6570	\$ 3739	\$ 4244
Opening Protection	8794	104112	5660	6671	3638	4345
Total Hip Roof and Opening Protection	17218 5	204220	111118	13114 1	7378	8589
IBHS Designation:						
<i>Hurricane Fortified for Safer Living®</i>	27830 0	357384	460170	24723 3	8085	441148
<i>Hurricane Fortified for Existing Homes®</i> Bronze Option 1	6772	8187	4447	5155	2931	3335
<i>Hurricane Fortified for Existing Homes®</i> Bronze Option 2	40411 2	127137	6367	8187	3638	5254
<i>Hurricane Fortified for Existing Homes®</i> Silver Option 1	46718 0	245232	9096	13214 2	3840	8589
<i>Hurricane Fortified for Existing Homes®</i> Silver Option 2	20021 6	260280	107114	16217 4	4447	105110
<i>Hurricane Fortified for Existing Homes®</i> Gold Option 1	21323 0	274295	120128	16517 7	5761	107112
<i>Hurricane Fortified for Existing Homes®</i> Gold Option 2	24726 6	320345	137146	19520 9	6367	126132

Table A9. Windstorm Loss Mitigation Credit