



July 28, 2006

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Manual Rule Revision
Homeowners and Dwelling Policy Programs

Commissioner of Insurance has approved a new manual rule for the Homeowners and Dwelling Manual which is designed to provide additional optional rating characteristics for member companies to utilize when developing individual company rates for the Homeowners and Dwelling Policy Programs.

The Homeowners new manual Rule A.9. - Optional Rating Characteristics and the Dwelling new manual rule Additional Rules is designed to allow member companies additional flexibility in rating Homeowners and Dwelling Policies. The intent of this Rule is to allow member companies the option of using these rating characteristics, separately or in combination with the previously approved classification plans, in developing deviations that are filed directly with the Department of Insurance. Please note that the rating factor for any combination of the characteristics included in this rule cannot exceed 1.00 unless the resulting premium by coverage does not exceed the Rate Bureau premium by coverage.

This new manual rule becomes effective immediately.

Please see to it that this circular is brought to the attention of all interested personnel.

Very truly yours,

F. Timothy Lucas

Personal Lines Manager

FTL:dp

Attachments

P-06-10

HOMEOWNERS POLICY PROGRAM MANUAL

ADDITIONAL RULES

RULE A9.

Optional Rating Characteristics – Homeowners

Companies may use the following optional rating characteristics or any combination of such optional rating characteristics and Bureau filed characteristics to determine rates, as long as applicable legal requirements are satisfied. The resulting premium shall not exceed the premium that would have been determined using the rates, rating plans, classifications, schedules, rules and standards promulgated by the Bureau, except as provided by statute. The rating factor for any combination of the following optional risk characteristics cannot exceed 1.00, unless the resulting premium does not exceed the Bureau premium.

- A) Policy characteristics not otherwise recognized in this manual. Examples include: account or multi-policy credit; tiers; continuity of coverage; coverages purchased; intra-agency transfers; payment history; payment options; prior insurance; and new and renewal status.
- B) Policyholder/Insured personal characteristics not otherwise recognized in this manual. Examples include: Smoker/non-smoker status; credit information; loss history; loss prevention training/education; age; work status; marital status; number of years owned; household composition; and good student/education.
- C) Dwelling characteristics not otherwise recognized in this manual. Examples include: Gated community; retirement community; limited access community; revitalized/renovated home; security, safety or loss deterrent systems or devices; age of home; and construction type and quality.
- D) Affinity group or other group not otherwise recognized in this manual.
- E) Any other rating characteristics or combination of characteristics if filed by a company and approved by the Commissioner.

DWELLING POLICY PROGRAM MANUAL

ADDITIONAL RULES

Optional Rating Characteristics – Dwelling

Companies may use the following optional rating characteristics or any combination of such optional rating characteristics and Bureau filed characteristics to determine rates, as long as applicable legal requirements are satisfied. The resulting premium shall not exceed the premium that would have been determined using the rates, rating plans, classifications, schedules, rules and standards promulgated by the Bureau, except as provided by statute. The rating factor for any combination of the following optional risk characteristics cannot exceed 1.00, unless the resulting premium does not exceed the Bureau premium.

- A)** Policy characteristics not otherwise recognized in this manual. Examples include: account or multi-policy credit; tiers; continuity of coverage; coverages purchased; intra-agency transfers; payment history; payment options; prior insurance; and new and renewal status.
- B)** Policyholder/Insured personal characteristics not otherwise recognized in this manual. Examples include: Smoker/non-smoker status; credit information; loss history; loss prevention training/education; age; work status; marital status; number of years owned; household composition; and good student/education.
- C)** Dwelling characteristics not otherwise recognized in this manual. Examples include: Gated community; retirement community; limited access community; revitalized/renovated home; security, safety or loss deterrent systems or devices; age of home; and construction type and quality.
- D)** Affinity group or other group not otherwise recognized in this manual.
- E)** Any other rating characteristics or combination of characteristics if filed by a company and approved by the Commissioner.