

June 12, 2013

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Actual Cash Value Loss Settlement Windstorm or Hail Losses to
Roof Surfacing
Homeowners Policy Program

By Circular Letter To All Member Companies P-12-5 dated August 26, 2012, the Rate Bureau announced the introduction of endorsement HO 04 93 10 00 and corresponding manual rule for the Homeowners Policy Program. With the introduction of this endorsement, the Homeowners Manual Rule 408 stated that this endorsement is available for "All Forms Except HO 00 04". Several companies questioned whether this rule implied that the endorsement is available for use with the HE-7 Policy Program.

It has long been the Rate Bureau's position that the HE-7 Policy Program is a stand-alone policy program and includes its own rating manual. The program was designed as an "enhanced" program with increased limits of liability and a number of enhanced endorsements built into the base contract.

Rate Bureau staff has discussed this question with the Property Committee and it was agreed that this endorsement should not be used with the HE-7 Policy Program. The committee stated that the premium credit that was developed for the HO 04 93 was calculated to be used with the Homeowners Policy Program and that it is not appropriate to apply a restrictive endorsement that further restricts coverage at this time. It was felt that since the HE-7 Policy Program is an "enhanced" policy program, and that restrictive endorsements such as HO 04 93, should not be attached.

The Property Committee however has requested that member companies provide input with respect to the HE-7 Policy Program regarding further restricting the coverage provided by the policy. If possible, please provide your comments on this matter to ftl@ncrb.org.

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

Sincerely,

F. Timothy Lucas

Personal Lines Manager

FTL:dms

P-13-7