

NORTH CAROLINA RATE BUREAU

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December 13, 1999

CIRCULAR LETTER TO ALL MEMBER COMPANIES

**Re: Endorsement HO 32 14 12 98
Hurricane Percentage Deductible - North Carolina Homeowners Policy Program**

By Circular Letter to All Member Companies P-99-1 dated January 13, 1999 the Rate Bureau advised member companies that the Department of Insurance had approved the Rate Bureau's Hurricane Percentage Deductible Endorsement designed for use in connection with the Homeowners Policy Program. Subsequently, by Circular Letter to All Member Companies P-99-3 dated January 20, 1999, the Rate Bureau notified member companies that the Department of Insurance had raised concerns over language in the Endorsement and requested the Rate Bureau to withdraw the Endorsement until the Department's concerns could be addressed. As a result, the Rate Bureau withdrew the Hurricane Percentage Deductible Endorsement.

In an attempt to address the specific concerns of the Department, the Rate Bureau made a number of technical revisions to the proposed Endorsement and submitted the revised Endorsement to the Department for review on an informal basis. The Rate Bureau recently received a letter from a representative of the Department of Insurance stating that at this time the Department of Insurance will not approve a Hurricane Deductible Endorsement of any sort for coverages under the Rate Bureau's jurisdiction. It appears that the Department now objects to the overall concept of a Hurricane Deductible Endorsement for personal lines of insurance rather than to specific language in the current draft of the Endorsement.

As a result of the Department's letter, on December 8, 1999 the Governing Committee adopted the recommendation of the Property Committee that the proposed Endorsement be held in abeyance at this time. It was the opinion of the Committees that the Endorsement should be reconsidered in the future and should be refiled if it appears that the Department will likely approve the filing.

If you have any questions or concerns concerning this matter please feel free to contact me.

Very truly yours,

F. Timothy Lucas

Personal Lines Manager

FTL:dp

P-99-22