

November 17, 2017

Honorable Mike Causey  
Commissioner of Insurance  
North Carolina Department of Insurance  
P. O. Box 26387  
Raleigh, North Carolina 27611

Re: Revision of Homeowners Insurance Rates

Dear Sir:

Enclosed herewith for filing on behalf of all member companies of the North Carolina Rate Bureau are revised premium rates for homeowners insurance subject to the jurisdiction of the Rate Bureau.

The enclosed memoranda and exhibits set forth and explain the calculations for needed rate level changes that have been capped by territory to produce an overall filed statewide average rate level change of +18.7% for homeowners insurance. The filing shows the filed rate levels varying by territory and policy form within the state, the filed windstorm and hail exclusion credits, the filed wind mitigation credits, and the filed wind only rate levels.

This filing includes caps on the rate level changes by territory (as noted above) in order to reduce the impact on policyholders in those territories, with the goal of increasing the rate levels in those territories to adequate levels in a more gradual manner. This filing incorporates a number of changes as compared to previous filings, as is set forth herein. These changes include the use of two hurricane catastrophe models and the incorporation of the costs of reinsurance based on the latest available actual reinsurance market information. This filing also incorporates revisions to the base amount of insurance (for the owners forms only) and to the base deductible amounts; these revisions result in significant changes to the

base rates, but do not themselves cause any rate level change.

The foregoing changes were calculated based on rates currently in force and reflect consideration duly given to data for the experience period set forth herein. Ratios in the filing relating to expense experience were developed from special calls issued by the Rate Bureau. In preparing this filing, due consideration has been given to the factors specified in G.S. 58-36-10(2).

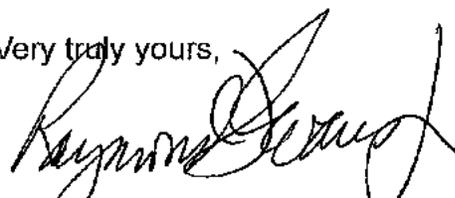
Information and statistical data required pursuant to G.S. 58-36-15 and 11 NCAC 10.1105 are shown and referenced in Sections E and F of Exhibit RB-1. Additionally, the pre-filed testimony of (a) Robert J. Curry, Insurance Services Office, Inc.; (b) Brian Donlan, Allstate Insurance Company, Chairman, Property Rating Subcommittee; (c) Elizabeth Henderson, AON Benfield; (d) Robert C. Fox, AON Benfield; (e) Dr. James Vander Weide, Financial Strategy Associates; (f) Dr. David Appel, Milliman USA; and (g) Paul Anderson, Milliman USA are submitted herewith.

The revised rates have been calculated based on an assumed effective date of June 1, 2018. However, in accordance with the statutory requirements regarding the effective date, the revised rates are proposed to become effective in accordance with the following rule of application:

These changes are applicable to all new and renewal policies becoming effective on or after July 1, 2018.

Your approval of this filing is respectfully requested.

Very truly yours,



Raymond F. Evans, Jr. CPCU

General Manager

Enclosures

NORTH CAROLINA  
HOMEOWNERS INSURANCE

SECTION A - SUMMARY OF REVISION

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NORTH CAROLINA  
HOMEOWNERS INSURANCE  
STATEWIDE RATE LEVEL CHANGES

<u>Form</u>	<u>Premium Weight</u> <sup>*(a)</sup>	<u>Indicated Change</u>	<u>Filed Change</u> <sup>(b)</sup>
Owners	\$2,010,516,565	24.1%	17.9%
Tenants	\$62,551,401	42.0%	36.4%
<u>Condominium Unit Owners</u>	<u>\$24,591,783</u>	<u>44.2%</u>	<u>35.9%</u>
All Forms	\$2,097,659,749	24.9%	18.7%

\* Premium amounts reflect rebasing of deductibles and amounts of insurance. Rebasing does not impact the indicated or filed rate changes in the filing. See explanation of rebasing on page D-48.

<sup>(a)</sup> Year-ended 12/31/2015 Aggregate Premium at Current Level (excluding deviations).  
These values also appear on pages D-30 and D-45-47.

<sup>(b)</sup> The filed statewide changes are the result of weighting the filed territory changes shown on pages C-8, C-9 and C-12.

NORTH CAROLINA

HOMEOWNERS INSURANCE

STATEWIDE AND TERRITORY RATE LEVEL CHANGES

<u>Territory</u>	<u>Indicated Rate Level Change</u>			<u>Filed Rate Level Change<sup>(a)</sup></u>		
	<u>Owners</u>	<u>Tenants</u>	<u>Condominium Unit Owners</u>	<u>Owners<sup>(b)</sup></u>	<u>Tenants<sup>(c)</sup></u>	<u>Condominium Unit Owners<sup>(c)</sup></u>
110	68.7%	37.9%	51.2%	25.0%	37.9%	40.0%
120	80.5%	78.6%	80.9%	25.0%	40.0%	40.0%
130	34.4%	38.1%	48.9%	25.0%	38.1%	40.0%
140	54.2%	68.5%	78.1%	25.0%	40.0%	40.0%
150	8.2%	48.0%	38.0%	8.2%	40.0%	38.0%
160	23.7%	55.2%	60.6%	23.7%	40.0%	40.0%
170	4.2%	25.0%	38.7%	4.2%	25.0%	38.7%
180	40.0%	54.7%	56.6%	25.0%	40.0%	40.0%
190	49.0%	52.4%	57.3%	25.0%	40.0%	40.0%
200	38.7%	44.5%	66.0%	25.0%	40.0%	40.0%
210	37.4%	42.8%	44.4%	25.0%	40.0%	40.0%
220	26.7%	35.9%	63.2%	25.0%	35.9%	40.0%
230	25.2%	49.8%	53.3%	25.0%	40.0%	40.0%
240	22.1%	31.9%	37.0%	22.1%	31.9%	37.0%
250	15.1%	39.8%	43.1%	15.1%	39.8%	40.0%
260	22.0%	24.7%	29.6%	22.0%	24.7%	29.6%
270	21.9%	53.8%	41.6%	21.9%	40.0%	40.0%
280	16.3%	40.9%	49.5%	16.3%	40.0%	40.0%
290	15.3%	31.2%	37.7%	15.3%	31.2%	37.7%
300	-1.1%	24.6%	34.9%	-1.1%	24.6%	34.9%
310	21.5%	40.3%	48.6%	21.5%	40.0%	40.0%
320	8.9%	39.3%	53.4%	8.9%	39.3%	40.0%
330	7.8%	12.8%	27.2%	7.8%	12.8%	27.2%
340	23.5%	33.8%	36.6%	23.5%	33.8%	36.6%
350	4.8%	17.2%	34.6%	4.8%	17.2%	34.6%
360	4.5%	34.1%	15.3%	4.5%	34.1%	15.3%
370	-3.9%	13.8%	23.4%	-3.9%	13.8%	23.4%
380	-7.1%	18.0%	28.1%	-7.1%	18.0%	28.1%
390	-3.6%	16.4%	21.3%	-3.6%	16.4%	21.3%
Statewide	24.1%	42.0%	44.2%	17.9%	36.4%	35.9%

<sup>(a)</sup> The filed statewide change is the result of weighting the filed territory changes. The territory weights are the latest-year earned premiums at current manual rates (excluding deviations). These premium values appear by territory on pages D-45 through D-47.

<sup>(b)</sup> For Owners, the filed changes are capped at 25.0% by territory.

<sup>(c)</sup> For Tenants and Condominium Unit Owners, the filed changes are capped at 40.0% by territory.

NORTH CAROLINA  
HOMEOWNERS INSURANCE

CURRENT MANUAL RATES REBASED<sup>(a)</sup>

Territory	Current Manual Rate			Rebasing Factor			Current Manual Rate @ New Base		
	Owners <sup>(b)</sup>	Tenants <sup>(c)</sup>	Condominium Unit Owners <sup>(c)</sup>	Owners <sup>(d)</sup>	Tenants <sup>(e)</sup>	Condominium Unit Owners <sup>(e)</sup>	Owners <sup>(f)</sup>	Tenants <sup>(g)</sup>	Condominium Unit Owners <sup>(g)</sup>
110	\$1,589	\$115	\$97	1.514	0.918	0.910	\$2,405	\$106	\$88
120	\$1,863	\$132	\$118	1.514	0.918	0.910	\$2,820	\$121	\$107
130	\$1,011	\$74	\$75	1.514	0.918	0.910	\$1,530	\$68	\$68
140	\$1,298	\$89	\$81	1.514	0.918	0.910	\$1,965	\$82	\$74
150	\$853	\$56	\$56	1.514	0.918	0.910	\$1,291	\$51	\$51
160	\$917	\$71	\$60	1.514	0.918	0.910	\$1,388	\$65	\$55
170	\$548	\$55	\$50	1.514	0.918	0.910	\$830	\$50	\$46
180	\$599	\$56	\$52	1.514	0.918	0.910	\$907	\$51	\$47
190	\$708	\$59	\$55	1.514	0.918	0.910	\$1,072	\$54	\$50
200	\$812	\$63	\$60	1.514	0.918	0.910	\$1,229	\$58	\$55
210	\$554	\$56	\$49	1.514	0.918	0.910	\$839	\$51	\$45
220	\$652	\$86	\$50	1.514	0.918	0.910	\$987	\$79	\$46
230	\$731	\$57	\$54	1.514	0.918	0.910	\$1,107	\$52	\$49
240	\$539	\$59	\$47	1.514	0.918	0.910	\$816	\$54	\$43
250	\$616	\$55	\$46	1.514	0.918	0.910	\$933	\$50	\$42
260	\$408	\$62	\$48	1.514	0.918	0.910	\$618	\$57	\$44
270	\$456	\$47	\$54	1.514	0.918	0.910	\$690	\$43	\$49
280	\$405	\$43	\$38	1.514	0.918	0.910	\$613	\$39	\$35
290	\$502	\$49	\$47	1.514	0.918	0.910	\$760	\$45	\$43
300	\$595	\$55	\$46	1.514	0.918	0.910	\$901	\$50	\$42
310	\$410	\$50	\$41	1.514	0.918	0.910	\$621	\$46	\$37
320	\$467	\$48	\$42	1.514	0.918	0.910	\$707	\$44	\$38
330	\$392	\$51	\$46	1.514	0.918	0.910	\$593	\$47	\$42
340	\$400	\$55	\$45	1.514	0.918	0.910	\$606	\$50	\$41
350	\$448	\$53	\$44	1.514	0.918	0.910	\$678	\$49	\$40
360	\$389	\$36	\$41	1.514	0.918	0.910	\$589	\$33	\$37
370	\$460	\$47	\$47	1.514	0.918	0.910	\$696	\$43	\$43
380	\$441	\$45	\$45	1.514	0.918	0.910	\$668	\$41	\$41
390	\$441	\$45	\$45	1.514	0.918	0.910	\$668	\$41	\$41

<sup>(a)</sup> The Base Class is Protection Class 5 with Frame construction.

<sup>(b)</sup> Rates are for \$75,000 Coverage A with a \$250 deductible

<sup>(c)</sup> Rates are for \$10,000 Coverage C with a \$250 deductible

<sup>(d)</sup> Product of: 1.800 (Coverage A rebasing factor from \$75,000 to \$200,000) and 0.841 (Base Deductible rebasing factor from \$250 to \$1,000)

<sup>(e)</sup> Deductible rebasing factor from \$250 to \$500

<sup>(f)</sup> Rates are for \$200,000 Coverage A with a \$1,000 deductible.

<sup>(g)</sup> Rates are for \$10,000 Coverage C with a \$500 deductible.

NORTH CAROLINA  
HOMEOWNERS INSURANCE

CURRENT AND FILED BASE RATES<sup>(a)</sup>

Territory	(1) Current Manual Rate @ New Base			(2) Off-Balance Factor			(3) Filed Rate Level Change <sup>(d)</sup>			(4) =(1)×(2)×(3) Filed Rates		
	Owners <sup>(b)</sup>	Tenants <sup>(c)</sup>	Condominium Unit Owners <sup>(c)</sup>	Owners	Tenants	Condominium Unit Owners	Owners	Tenants	Condominium Unit Owners	Owners <sup>(b)</sup>	Tenants <sup>(c)</sup>	Condominium Unit Owners <sup>(c)</sup>
	110	\$2,405	\$106	\$88	0.939	0.991	0.989	1.250	1.379	1.400	\$2,823	\$145
120	\$2,820	\$121	\$107	0.939	0.991	0.989	1.250	1.400	1.400	\$3,310	\$168	\$148
130	\$1,530	\$68	\$68	0.939	0.991	0.989	1.250	1.381	1.400	\$1,796	\$93	\$94
140	\$1,965	\$82	\$74	0.939	0.991	0.989	1.250	1.400	1.400	\$2,306	\$114	\$102
150	\$1,291	\$51	\$51	0.939	0.991	0.989	1.082	1.400	1.380	\$1,312	\$71	\$70
160	\$1,388	\$65	\$55	0.939	0.991	0.989	1.237	1.400	1.400	\$1,612	\$90	\$76
170	\$830	\$50	\$46	0.939	0.991	0.989	1.042	1.250	1.387	\$812	\$62	\$63
180	\$907	\$51	\$47	0.939	0.991	0.989	1.250	1.400	1.400	\$1,065	\$71	\$65
190	\$1,072	\$54	\$50	0.939	0.991	0.989	1.250	1.400	1.400	\$1,258	\$75	\$69
200	\$1,229	\$58	\$55	0.939	0.991	0.989	1.250	1.400	1.400	\$1,443	\$80	\$76
210	\$839	\$51	\$45	0.939	0.991	0.989	1.250	1.400	1.400	\$985	\$71	\$62
220	\$987	\$79	\$46	0.939	0.991	0.989	1.250	1.359	1.400	\$1,158	\$106	\$64
230	\$1,107	\$52	\$49	0.939	0.991	0.989	1.250	1.400	1.400	\$1,299	\$72	\$68
240	\$816	\$54	\$43	0.939	0.991	0.989	1.221	1.319	1.370	\$936	\$71	\$58
250	\$933	\$50	\$42	0.939	0.991	0.989	1.151	1.398	1.400	\$1,008	\$69	\$58
260	\$618	\$57	\$44	0.939	0.991	0.989	1.220	1.247	1.296	\$708	\$70	\$56
270	\$690	\$43	\$49	0.939	0.991	0.989	1.219	1.400	1.400	\$790	\$60	\$68
280	\$613	\$39	\$35	0.939	0.991	0.989	1.163	1.400	1.400	\$669	\$54	\$48
290	\$760	\$45	\$43	0.939	0.991	0.989	1.153	1.312	1.377	\$823	\$59	\$59
300	\$901	\$50	\$42	0.939	0.991	0.989	0.989	1.246	1.349	\$837	\$62	\$56
310	\$621	\$46	\$37	0.939	0.991	0.989	1.215	1.400	1.400	\$708	\$64	\$51
320	\$707	\$44	\$38	0.939	0.991	0.989	1.089	1.393	1.400	\$723	\$61	\$53
330	\$593	\$47	\$42	0.939	0.991	0.989	1.078	1.128	1.272	\$600	\$53	\$53
340	\$606	\$50	\$41	0.939	0.991	0.989	1.235	1.338	1.366	\$703	\$66	\$55
350	\$678	\$49	\$40	0.939	0.991	0.989	1.048	1.172	1.346	\$667	\$57	\$53
360	\$589	\$33	\$37	0.939	0.991	0.989	1.045	1.341	1.153	\$578	\$44	\$42
370	\$696	\$43	\$43	0.939	0.991	0.989	0.961	1.138	1.234	\$628	\$48	\$52
380	\$668	\$41	\$41	0.939	0.991	0.989	0.929	1.180	1.281	\$583	\$48	\$52
390	\$668	\$41	\$41	0.939	0.991	0.989	0.964	1.164	1.213	\$605	\$47	\$49

<sup>(a)</sup> The Base Class is Protection Class 5 with Frame construction.

<sup>(b)</sup> Rates are for \$200,000 Coverage A with a \$1,000 deductible.

<sup>(c)</sup> Rates are for \$10,000 Coverage C with a \$500 deductible.

<sup>(d)</sup> Capped at 1.250 for Owners and 1.400 for Tenants and Condominium Unit Owners

NORTH CAROLINA

HOMEOWNERS INSURANCE

DETERMINATION OF RATES TO BE CHARGED INDIVIDUAL INSUREDS

The filed base rates by territory are shown on page A-5. These are the filed manual rates for the classification carrying a unity differential. The revised rates for the remaining classifications are determined by applying the established classification rate differentials to the base rates by territory.

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REVISED RULES

1. The Base Class Premium table is revised to reflect the filed rates. See page B-3 for the Base Class Premium table.
2. The Wind Exclusion credits have been revised to reflect the filed rates. See page B-4 for the Windstorm or Hail Exclusion Credit tables.
3. The Wind Mitigation credits have been revised to reflect the filed rates. See page B-5 for the Windstorm Loss Mitigation Credit tables.
4. This filing rebases the Coverage A Amount of Insurance to \$200,000 for the Owners forms. See page B-6 for the revised Key Factor Table.
5. This filing rebases the Deductible to \$1,000 for the Owners forms and \$500 for the Tenants and Condominium Unit Owners forms. See pages B-7-11 for the revised deductible relativity tables.
6. Base Class Premiums for the Windstorm or Hail Manual Supplement are revised to reflect the filed rates. See page B-12 for the manual supplement corresponding to this revision.
7. The Coverage A Amount of Insurance table for the Windstorm or Hail Manual Supplement has been revised to reflect the new base Coverage A Amount of Insurance. See page B-13 for the revised Key Factor Table in the manual supplement.
8. The deductible tables for the Windstorm or Hail Manual Supplement have been revised to reflect the new deductible bases. See pages B-14-16 for the manual supplement rules corresponding to this revision.

NORTH CAROLINA  
 HOMEOWNERS INSURANCE  
**HOMEOWNERS POLICY PROGRAM MANUAL**  
**RATE PAGES**

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**RULE 301.**  
**BASE PREMIUM COMPUTATION**

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**Base Class Premium Table**

<b>TERRITORY</b>	<b>HO 00 03</b>	<b>HO 00 04</b>	<b>HO 00 06</b>
110	2,823	145	122
120	3,310	168	148
130	1,796	93	94
140	2,306	114	102
150	1,312	71	70
160	1,612	90	76
170	812	62	63
180	1,065	71	65
190	1,258	75	69
200	1,443	80	76
210	985	71	62
220	1,158	106	64
230	1,299	72	68
240	936	71	58
250	1,008	69	58
260	708	70	56
270	790	60	68
280	669	54	48
290	823	59	59
300	837	62	56
310	708	64	51
320	723	61	53
330	600	53	53
340	703	66	55
350	667	57	53
360	578	44	42
370	628	48	52
380	583	48	52
390	605	47	49

**Table 301. Base Class Premium**

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RATE PAGES

**RULE 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 HO 00 04 AND HO 00 06	\$2,144	\$2,896	\$1,416	\$1,863	\$913	\$1,164
HO 00 04	98	116	51	62	25	35
HO 00 06	70	102	47	50	28	28

Table A3.#1 Wind or Hail Exclusion Credit - Frame

Masonry Construction						
	Territory					
	110	120	130	140	150	160
All Forms Except HO 00 04 AND HO 00 06	\$1,930	\$2,613	\$1,331	\$1,660	\$811	\$1,045
HO 00 04	87	104	46	56	22	32
HO 00 06	63	90	42	45	24	25

Table A3.#2 Wind or Hail Exclusion Credit - Masonry

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**HOMEOWNERS POLICY PROGRAM MANUAL**  
**RATE PAGES**

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

Frame Construction						
Mitigation Feature	Territory 110	Territory 120	Territory 130	Territory 140	Territory 150	Territory 160
Total Hip Roof	\$149	\$197	\$100	\$127	\$62	\$79
Opening Protection	152	202	100	129	60	81
Total Hip Roof and Opening Protection	300	398	196	256	121	160
IBHS Designation:						
<i>Hurricane Fortified for Safer Living®</i>	486	697	283	426	133	267
<i>Hurricane Fortified for Existing Homes® Bronze</i>						
Option 1	118	158	78	101	48	63
<i>Hurricane Fortified for Existing Homes® Bronze</i>						
Option 2	183	247	111	159	60	99
<i>Hurricane Fortified for Existing Homes® Silver</i>						
Option 1	292	419	159	260	63	160
<i>Hurricane Fortified for Existing Homes® Silver</i>						
Option 2	351	507	190	318	72	199
<i>Hurricane Fortified for Existing Homes® Gold</i>						
Option 1	373	534	213	323	95	202
<i>Hurricane Fortified for Existing Homes® Gold</i>						
Option 2	433	623	242	383	104	239

**Table A9.#1 Windstorm Loss Mitigation Credit - Frame**

Masonry Construction						
Mitigation Feature	Territory 110	Territory 120	Territory 130	Territory 140	Territory 150	Territory 160
Total Hip Roof	\$134	\$177	\$93	\$114	\$55	\$71
Opening Protection	138	182	93	116	54	73
Total Hip Roof and Opening Protection	270	359	184	230	107	145
IBHS Designation:						
<i>Hurricane Fortified for Safer Living®</i>	439	628	265	379	118	240
<i>Hurricane Fortified for Existing Homes® Bronze</i>						
Option 1	105	143	73	89	43	56
<i>Hurricane Fortified for Existing Homes® Bronze</i>						
Option 2	163	223	104	142	54	89
<i>Hurricane Fortified for Existing Homes® Silver</i>						
Option 1	264	379	149	232	57	145
<i>Hurricane Fortified for Existing Homes® Silver</i>						
Option 2	316	458	177	282	64	178
<i>Hurricane Fortified for Existing Homes® Gold</i>						
Option 1	335	483	199	288	83	181
<i>Hurricane Fortified for Existing Homes® Gold</i>						
Option 2	388	563	227	340	92	214

**Table A9.#2 Windstorm Loss Mitigation Credit - Masonry**

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**HOMEOWNERS POLICY PROGRAM MANUAL  
CLASSIFICATION PAGES**

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**RULE 301.  
BASE PREMIUM COMPUTATION**

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**2. Key Factor Table**

<b>Covg. 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
1000	3.556
1500	5.111
2000	6.667
3000	9.778
4000	12.889
5000	16.000
Each Add'l \$1,000	0.003

**Table 301.A.2. Key Factors**

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HOMEOWNERS INSURANCE  
**HOMEOWNERS POLICY PROGRAM MANUAL**  
**EXCEPTION PAGES**

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**RULE 406.**  
**DEDUCTIBLES**

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**C.1. All Perils Deductible**

<b>All Forms Except HO 00 04 And HO 00 06</b>								
<b>Coverage A Limit</b>	<b>Deductible Amounts</b>							
	<b>\$250</b>	<b>\$500</b>	<b>\$1,000</b>	<b>\$1,500</b>	<b>\$2,500</b>	<b>\$5,000</b>	<b>\$7,500</b>	<b>\$10,000</b>
Up to \$59,999	1.27	1.15	1.00	0.92	0.78	0.72	N/A	N/A
\$60,000 to 99,999	1.27	1.15	1.00	0.92	0.78	0.72	N/A	N/A
100,000 to 200,000	1.27	1.16	1.00	0.92	0.78	0.72	N/A	N/A
200,001 and Over	1.27	1.22	1.13	1.06	0.95	0.82	0.76	0.71
<b>HO 00 04</b>								
<b>Coverage C Limit</b>	<b>\$250</b>	<b>\$500</b>	<b>\$1,000</b>	<b>\$1,500</b>	<b>\$2,500</b>			
Up to \$25,000	1.10	1.00	0.85	N/A	0.65			
\$25,001 and Over	1.10	1.02	0.92	N/A	0.75			
<b>HO 00 06</b>								
<b>Coverage C Limit</b>	<b>\$250</b>	<b>\$500</b>	<b>\$1,000</b>	<b>\$1,500</b>	<b>\$2,500</b>			
Up to \$40,000	1.11	1.00	0.84	N/A	0.62			
\$40,001 and Over	1.11	1.02	0.90	N/A	0.70			

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

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**RULE 406.  
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**C.2. Theft Deductible (Forms HO 00 04 and HO 00 06 only)**

**(1) Form HO 00 04**

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**

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
	\$250	1.06	1.07
	\$500	0.97	1.00
\$2,500	\$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**

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**C.3. Windstorm or Hail Deductibles ( All Forms Except HO 00 04 and HO 00 06)**

<b>1% Windstorm Or Hail Deductible</b>				
<b>All Other Perils Ded. Amount</b>	<b>Coverage A Limit (Expressed In \$)</b>			
	<b>Up To 59,999</b>	<b>60,000 To 99,999</b>	<b>100,000 To 200,000</b>	<b>200,001 &amp; Over</b>
\$100	1.33	1.32	1.32	1.32
250	1.22	1.22	1.22	1.22
500	1.13	1.13	1.13	1.18
1,000	-	-	0.99	1.11
1,500	-	-	0.92	1.06
2,500	-	-	-	0.94
5,000	-	-	-	0.80
7,500	-	-	-	0.73
10,000	-	-	-	0.68

**Table 406.C.3.a.(6)(b)#1 1% Windstorm or Hail Deductibles**

<b>2% Windstorm Or Hail Deductible</b>				
<b>All Other Perils Ded. Amount</b>	<b>Coverage A Limit (Expressed In \$)</b>			
	<b>Up To 59,999</b>	<b>60,000 To 99,999</b>	<b>100,000 To 200,000</b>	<b>200,001 &amp; Over</b>
\$100	1.29	1.29	1.29	1.29
250	1.18	1.18	1.19	1.20
500	1.09	1.09	1.10	1.15
1,000	0.96	0.96	0.96	1.08
1,500	-	0.90	0.90	1.01
2,500	-	-	0.76	0.91
5,000	-	-	-	0.77
7,500	-	-	-	0.71
10,000	-	-	-	0.67

**Table 406.C.3.a.(6)(b)#2 2% Windstorm or Hail Deductibles**

<b>5% Windstorm Or Hail Deductible</b>				
<b>All Other Perils Ded. Amount</b>	<b>Coverage A Limit (Expressed In \$)</b>			
	<b>Up To 59,999</b>	<b>60,000 To 99,999</b>	<b>100,000 To 200,000</b>	<b>200,001 &amp; Over</b>
\$100	1.23	1.23	1.25	1.27
250	1.13	1.13	1.15	1.18
500	1.04	1.04	1.06	1.13
1,000	0.91	0.91	0.92	1.05
1,500	0.85	0.85	0.86	0.99
2,500	0.75	0.75	0.75	0.89
5,000	-	-	0.70	0.75
7,500	-	-	-	0.70
10,000	-	-	-	0.65

**Table 406.C.3.a.(6)(b)#3 5% Windstorm or Hail Deductibles**

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**C.3. Windstorm or Hail Deductibles ( All Forms Except HO 00 04 and HO 00 06)**

<b>\$1,000 Windstorm Or Hail Deductible</b>				
<b>All Other Perils Ded. Amount</b>	<b>Coverage A Limit (Expressed In \$)</b>			
	<b>Up To 59,999</b>	<b>60,000 To 99,999</b>	<b>100,000 To 200,000</b>	<b>200,001 &amp; Over</b>
\$100	1.29	1.30	1.33	1.34
250	1.20	1.20	1.23	1.24
500	1.11	1.11	1.14	1.20

**Table 406.C.3.b.(6)#1 \$1,000 Windstorm or Hail Deductible**

<b>\$2,000 Windstorm Or Hail Deductible</b>				
<b>All Other Perils Ded. Amount</b>	<b>Coverage A Limit (Expressed In \$)</b>			
	<b>Up To 59,999</b>	<b>60,000 To 99,999</b>	<b>100,000 To 200,000</b>	<b>200,001 &amp; Over</b>
\$100	1.24	1.27	1.30	1.32
250	1.15	1.16	1.20	1.22
500	1.08	1.08	1.11	1.18
1,000	0.95	0.95	0.97	1.11
1,500	0.89	0.89	0.91	1.06

**Table 406.C.3.b.(6)#2 \$2,000 Windstorm or Hail Deductible**

<b>\$5,000 Windstorm Or Hail Deductible</b>				
<b>All Other Perils Ded. Amount</b>	<b>Coverage A Limit (Expressed In \$)</b>			
	<b>Up To 59,999</b>	<b>60,000 To 99,999</b>	<b>100,000 To 200,000</b>	<b>200,001 &amp; Over</b>
100	1.22	1.23	1.28	1.29
250	1.11	1.13	1.16	1.19
500	1.04	1.04	1.08	1.15
1,000	0.91	0.91	0.95	1.09
1,500	0.85	0.85	0.89	1.04
2,500	0.73	0.75	0.76	0.94

**Table 406.C.3.b.(6)#3 \$5,000 Windstorm or Hail Deductible**

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**D. Named Storm Percentage Deductible - Territories 110, 120, 13, 140, 150 and 160 Only**

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	–	–
	250	1.23	–	–
	500	1.19	1.01	1.01
	1,000	1.13	0.91	0.89
	1,500	1.08	–	–
	2,500	0.95	0.74	0.69
	5,000	0.81	–	–
	7,500	0.75	–	–
	10,000	0.70	–	–
2%	100	1.30	–	–
	250	1.22	–	–
	500	1.16	1.00	1.00
	1,000	1.09	0.90	0.88
	1,500	1.03	–	–
	2,500	0.92	0.73	0.68
	5,000	0.78	–	–
	7,500	0.72	–	–
	10,000	0.68	–	–
5%	100	1.28	–	–
	250	1.19	–	–
	500	1.14	0.99	0.99
	1,000	1.06	0.89	0.87
	1,500	1.00	–	–
	2,500	0.90	0.71	0.67
	5,000	0.76	–	–
	7,500	0.71	–	–
	10,000	0.66	–	–

Table 406.D.5. Named Storm Percentage Deductible

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**WINDSTORM AND HAIL POLICY PROGRAM  
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**RULE 301.  
BASE PREMIUM COMPUTATION**

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**A. All Forms**

	<b>Territory</b>					
	<b>110</b>	<b>120</b>	<b>130</b>	<b>140</b>	<b>150</b>	<b>160</b>
<b>Frame Construction</b>						
<b>HS 00 03</b>	\$2,256	\$3,016	\$1,527	\$1,987	\$1,042	\$1,311
<b>HS 00 04</b>	120	140	71	87	48	61
<b>HS 00 06</b>	84	116	59	64	39	41
<b>Masonry Construction</b>						
<b>HS 00 03</b>	\$2,042	\$2,733	\$1,442	\$1,784	\$940	\$1,192
<b>HS 00 04</b>	109	128	66	81	45	58
<b>HS 00 06</b>	77	104	54	59	35	38

**Table 301.A.1.c.#1 Base Class Premium**

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HOMEOWNERS INSURANCE

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**RULE 301.  
BASE PREMIUM COMPUTATION**

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**Key Factor Table**

<b>Covg. 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
1000	3.556
1500	5.111
2000	6.667
3000	9.778
4000	12.889
5000	16.000
Each Add'l \$1,000	0.003

**Table 301.A.1.c.#2 Key Factors**

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**RULE 406.  
DEDUCTIBLES**

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**B. Optional Higher Deductibles – All Forms Except HS 00 04 And HS 00 06**

Percentage Windstorm Or Hail Deductible				
Deductible Percent Amount	Coverage A Limit (Expressed In \$)			
	Up To 59,999	60,000 To 99,999	100,000 To 200,000	200,001 & Over
1%	0.99	0.99	0.99	1.11
2%	0.96	0.96	0.96	1.08
5%	0.91	0.91	0.92	1.05

Table 406.B.1.d. Percentage Deductible

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**RULE 406.  
DEDUCTIBLES**

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**B. Optional Higher Deductibles – All Forms Except HS 00 04 And HS 00 06**

<b>Fixed-Dollar Windstorm Or Hail Deductible</b>				
<b>Deductible Amount</b>	<b>Coverage A Limit (Expressed In \$)</b>			
	<b>Up To 59,999</b>	<b>60,000 To 99,999</b>	<b>100,000 To 200,000</b>	<b>200,001 &amp; Over</b>
\$500	1.15	1.15	1.16	1.22
1,000	1.00	1.00	1.00	1.13
2,000	0.95	0.95	0.97	1.11
5,000	0.91	0.91	0.95	1.09

**Table 406.B.2.d. Fixed-Dollar Deductible**

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**RULE 406.**  
**DEDUCTIBLES**

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**C. Named Storm Percentage Deductible**

<b>Named Storm Deductible Percentage</b>	<b>HS 00 03</b>	<b>HS 00 04</b>	<b>HS 00 06</b>
1%	1.13	1.01	1.01
2%	1.09	1.00	1.00
5%	1.06	0.99	0.99

**Table 406.C.4. Named Storm Percentage Deductible**

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SECTION C - SUPPORTING MATERIAL

Determination of Indicated Statewide Rate Level Changes .....	C-2-6
Owners .....	C-2
Tenants .....	C-3
Condominium Unit Owners .....	C-4
Determination of Indicated Base Class Loss Cost, Base Class Rate and Rate Level Change by Territory .....	C-7-13
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Calculation of Wind Exclusion Credits .....	C-14-15
Calculation of Wind Mitigation Credits .....	C-16-17
Calculation of Wind-Only Rates .....	C-18-19

NORTH CAROLINA

HOMEOWNERS INSURANCE - OWNERS FORMS

DETERMINATION OF STATEWIDE RATE LEVEL CHANGE

	(1)	(2)	(3)	(4)	(5)
	Incurring	Excess	Incurring Losses	Adjusted	Current
	Losses Excluding	Losses	Adjusted for Excess	Incurring Losses	Cost/Amount
Year	<u>Hurricane</u> <sup>(a)</sup>	<u>Losses</u> <sup>(b)</sup>	<u>[(1)-(2)] ×</u> <u>Excess Factor</u> <sup>(b)</sup>	<u>(3) × LAE</u> <sup>(c)</sup>	<u>Factor</u> <sup>(d)</sup>
2011	1,397,508,072	781,355,970	658,050,445	758,732,163	0.993
2012	828,978,726	248,133,511	620,342,690	715,255,122	0.982
2013	692,457,272	108,805,137	623,340,480	718,711,573	0.979
2014	804,481,653	95,517,515	757,173,699	873,021,275	0.974
2015	775,118,670	42,412,861	782,529,804	902,256,864	0.973

	(6)	(7)	(8)	(9)	(10)
	House-Years	Trended	Average	Trended	Yearly
		Average	Rating	Base Class	Weights
Year	<u>House-Years</u>	<u>(4)×(5)×CPF/(6)</u> <sup>(e)</sup>	<u>Factor</u> <sup>(f)</sup>	<u>Loss Cost</u> <sup>(g)</sup>	
2011	1,931,483	408.02	1.268	321.78	0.10
2012	1,908,757	384.90	1.285	299.53	0.15
2013	1,894,109	388.57	1.300	298.90	0.20
2014	1,899,492	468.25	1.309	357.72	0.25
2015	1,898,456	483.70	1.319	366.72	0.30

(11)	Weighted Trended Non-Hurricane Base Class Loss Cost <sup>(h)</sup>	336.33
(12)	Credibility (9,532,297 House-Years) <sup>(i)</sup>	1.00
(13)	Trended Modeled Hurricane Base Class Loss Cost <sup>(j)</sup>	116.71
(14)	Fixed Expense Per Policy <sup>(k)</sup>	89.12
(15)	Base Class Loss Cost with Fixed Expense, (11) + (13) + (14)	542.16
(16)	1 - (Variable Expense + Profit + Contingencies + Dividends) <sup>(l)</sup>	0.728
(17)	Base Rate Excluding Comp. for Assess. Risk, Net Reins. & Dev., (15) / (16)	744.73
(18)	Compensation for Assessment Risk Per Policy <sup>(m)</sup>	35.57
(19)	Net Reinsurance Cost Per Policy <sup>(n)</sup>	209.62
(20)	Base Rate Excluding Deviation, (17) + (18) + (19)	989.92
(21)	Selected Deviation <sup>(o)</sup>	0.00
(22)	Deviation Amount Per Policy ((20) / (1.0 - (21)) - (20))	0.00
(23)	Required Base Rate per Policy, (20) + (22)	989.92
(24)	Current Average Base Rate	797.42
(25)	Indicated Rate Level Change, (23) / (24)	1.241
(26)	Filed Rate Level Change <sup>(p)</sup>	1.179

NORTH CAROLINA

HOMEOWNERS INSURANCE - TENANTS FORM

DETERMINATION OF STATEWIDE RATE LEVEL CHANGE

<u>Year</u>	(1) Incurred Losses Excluding <u>Hurricane</u> <sup>(a)</sup>	(2) Incurred Losses Including LAE <u>(1) × LAE</u> <sup>(c)</sup>	(3) Current Cost/Amount <u>Factor</u> <sup>(d)</sup>	(4) <u>House-Years</u>
2011	21,403,131	25,277,098	0.947	267,776
2012	19,938,088	23,546,882	0.950	295,202
2013	21,654,996	25,574,550	0.965	312,870
2014	20,486,315	24,194,338	0.977	331,747
2015	22,973,761	27,132,012	0.982	363,894

<u>Year</u>	(5) Trended Average Loss Cost <u>(4)×(5)×CPF/(6)</u> <sup>(e)</sup>	(6) Average Rating <u>Factor</u> <sup>(f)</sup>	(7) Trended Base Class <u>Loss Cost</u> <sup>(g)</sup>	(8) Yearly <u>Weights</u>
2011	85.01	3.714	22.89	0.10
2012	72.06	3.707	19.44	0.15
2013	75.02	3.691	20.33	0.20
2014	67.76	3.643	18.60	0.25
2015	69.63	3.585	19.42	0.30

(9)	Weighted Trended Non-Hurricane Base Class Loss Cost <sup>(h)</sup>	19.75
(10)	Credibility (1,571,489 House-Years) <sup>(i)</sup>	1.00
(11)	Trended Modeled Hurricane Base Class Loss Cost <sup>(i)</sup>	1.96
(12)	Fixed Expense Per Policy <sup>(k)</sup>	17.78
(13)	Base Class Loss Cost with Fixed Expense, (9) + (11) + (12)	39.49
(14)	1 - (Variable Expense + Profit + Contingencies + Dividends) <sup>(l)</sup>	0.728
(15)	Base Rate Excluding Comp. for Assess. Risk, Net Reins. & Dev., (13) / (14)	54.24
(16)	Compensation for Assessment Risk Per Policy <sup>(m)</sup>	2.14
(17)	Net Reinsurance Cost Per Policy <sup>(n)</sup>	11.59
(18)	Base Rate excluding Deviation, (15) + (16) + (17)	67.97
(19)	Selected Deviation <sup>(o)</sup>	0.00
(20)	Deviation Amount Per Policy, ((18) / (1.0 - (19)) - (18)	0.00
(21)	Required Base Rate, (18) + (20)	67.97
(22)	Current Average Base Rate	47.88
(23)	Indicated Rate Level Change, (21) / (22)	1.420
(24)	Filed Rate Level Change <sup>(p)</sup>	1.364

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HOMEOWNERS INSURANCE - CONDOMINIUM UNIT OWNERS FORM

DETERMINATION OF STATEWIDE RATE LEVEL CHANGE

<u>Year</u>	(1) Incurred Losses Excluding <u>Hurricane</u> <sup>(a)</sup>	(2) Incurred Losses Including LAE <u>(1) × LAE</u> <sup>(c)</sup>	(3) Current Cost/Amount <u>Factor</u> <sup>(d)</sup>	(4) <u>House-Years</u>
2011	10,493,392	12,214,308	0.864	74,204
2012	10,314,998	12,006,658	0.887	72,796
2013	9,873,900	11,493,220	0.910	73,831
2014	13,151,301	15,308,114	0.937	75,145
2015	15,189,657	17,680,761	0.948	75,662

<u>Year</u>	(5) Trended Average Loss Cost <u>(4)×(5)×CPF/(6)</u> <sup>(e)</sup>	(6) Average Rating Factor <sup>(f)</sup>	(7) Trended Base Class Loss Cost <sup>(g)</sup>	(8) Yearly <u>Weights</u>
2011	146.63	6.687	21.93	0.10
2012	150.83	6.840	22.05	0.15
2013	146.05	6.989	20.90	0.20
2014	196.80	7.118	27.65	0.25
2015	228.40	7.115	32.10	0.30

(9)	Weighted Trended Non-Hurricane Base Class Loss Cost <sup>(h)</sup>	26.22
(10)	Credibility (371,638 House-Years) <sup>(i)</sup>	1.00
(11)	Trended Modeled Hurricane Base Class Loss Cost <sup>(i)</sup>	2.97
(12)	Fixed Expense Per Policy <sup>(k)</sup>	8.45
(13)	Base Class Loss Cost with Fixed Expense, (9) + (11) + (12)	37.64
(14)	1 - (Variable Expense + Profit + Contingencies + Dividends) <sup>(l)</sup>	0.728
(15)	Base Rate Excluding Comp. for Assess. Risk, Net Reins. & Dev., (13) / (14)	51.70
(16)	Compensation for Assessment Risk Per Policy <sup>(m)</sup>	2.03
(17)	Net Reinsurance Cost Per Policy <sup>(n)</sup>	11.96
(18)	Base Rate excluding Deviation, (15) + (16) + (17)	65.69
(19)	Selected Deviation <sup>(o)</sup>	0.00
(20)	Deviation Amount Per Policy, ((18) / (1.0 - (19)) - (18)	0.00
(21)	Required Base Rate, (18) + (20)	65.69
(22)	Current Average Base Rate	45.57
(23)	Indicated Rate Level Change, (21) / (22)	1.442
(24)	Filed Rate Level Change <sup>(p)</sup>	1.359

NORTH CAROLINA

HOMEOWNERS INSURANCE

DETERMINATION OF STATEWIDE RATE LEVEL CHANGE

Note: Many values on pages C-2, C-3 and C-4 reflect the rebasing of deductible and Coverage A Amount of Insurance (Owners forms only). The Indicated Rate Level Change and the Filed Rate Level Change are not impacted by rebasing. See page D-48 for more details on rebasing.

- (a) Incurred losses exclude hurricane losses and reflect the following loss development factors:

12/31/2011	1.000
12/31/2012	0.999
12/31/2013	0.998
12/31/2014	1.000
12/31/2015	1.020

- (b) A description of the "excess procedure" is provided in the Explanatory Memorandum of Section D and the calculation of both the excess losses and the excess factor is provided on pages D-31-34.
- (c) Trended non-modeled loss adjustment expense (LAE) loadings have been calculated to be 15.3%, 18.1% and 16.4% of incurred losses for the Owners, Tenant and Condominium Unit Owners policy forms, respectively. These factors are developed on page D-29. A separate LAE factor is applied to the modeled losses. (See pre-filed testimony of R. Fox.)
- (d) The derivation of the Current Cost/Amount Factors is shown on page D-19 for Owner Forms, D-21 for Tenant Forms and D-23 for Condominium Unit Owner Forms.
- (e) The derivation of the Composite Projection Factor (CPF) is shown on page D-19 for Owner Forms, D-21 for Tenant Forms and D-23 for Condominium Unit Owner Forms.
- (f) The Average Rating Factor is the ratio of the average rate at current manual level and average current base rate. This factor is used to convert average loss costs to base class loss costs.
- (g) The Trended Base-Class Loss Cost is calculated as column (7) / column (8) for the Owners forms and as column (5) / column (6) in the Tenant and Condominium forms.
- (h) The Weighted Trended Base Class Loss Cost is the sum of the products, by year, of the Trended Base Class Loss Costs and the accident year weights.
- (i) Credibility values are assigned based on the credibility table displayed on page D-24.
- (j) Modeled hurricane losses were provided by Aon Benfield. To obtain an average loss cost value, the modeled loss amounts are divided by 2015 house-years. To convert the average modeled loss cost to a trended base-class level it is divided by the trended average rating factor. The trended average rating factor is calculated as (2015 average rating factor) × (2015 Current Amount Factor) × Premium Projection Factor. The trend factors referenced above are derived on pages D-19, 21 and 23. The derivation of the modeled hurricane base-class loss cost is shown on page D-40.
- (k) The derivation of the Fixed Expense loadings (i.e. general and other acquisition expenses loadings) is shown on page D-30.

NORTH CAROLINA

HOMEOWNERS INSURANCE

DETERMINATION OF STATEWIDE RATE LEVEL CHANGE

- (l) The provisions for profit, contingencies, dividends and variable expenses are shown on page D-27.
- (m) The Compensation for Assessment Risk loading is 3.8% of premium and is based on an analysis done by D. Appel. The provision is calculated as  $(0.038 \times \text{Current Base Rate}) / (1 - \text{Provisions for Commission \& Taxes})$ . The commission and tax provisions are those shown on page D-27.
- (n) The derivations of the net cost of reinsurance provisions are provided on pages D-45-47. These loadings are based on analysis done by Aon Benfield.
- (o) A 0% deviation loading was selected by the North Carolina Rate Bureau.
- (p) The filed rate level change is the weighted average of the filed territory rate level changes weighted by latest-year earned premium at present rates. The filed territory rate level changes have been capped at 25% for Owners and 40% for Tenants and Condominium Unit Owners.

NORTH CAROLINA

HOMEOWNERS INSURANCE - OWNERS FORMS

INDICATED BASE-CLASS LOSS COST BY TERRITORY

Territory	(1) Non-Hurricane Base-Class Loss Cost <sup>(a)</sup>	(2) Five-Year House-Years	(3) Credibility <sup>(b)</sup>	(4) Credibility Weighted Base-Class Loss Cost*	(5) Modeled Hurricane Base-Class Loss Cost <sup>(c)</sup>	(6) Total Loss Cost (4) + (5)	(7) Indicated Relativity Terr (6) / SW (6)	(8) Indicated Statewide Base-Class Loss Cost**	(9) Indicated Base-Class Loss Cost Terr (7) / SW (7) × (8)
110	468.33	40,861	0.80	430.72	1,249.65	1,680.37	4.397	453.04	1,991.82
120	246.36	57,547	0.90	249.75	1,352.34	1,602.09	4.192	453.04	1,898.95
130	299.66	62,188	1.00	299.66	505.17	804.83	2.106	453.04	954.01
140	259.06	407,004	1.00	259.06	717.41	976.47	2.555	453.04	1,157.40
150	242.38	235,190	1.00	242.38	263.40	505.78	1.323	453.04	599.31
160	253.86	182,641	1.00	253.86	313.54	567.40	1.485	453.04	672.70
170	254.65	21,882	0.60	264.90	85.47	350.37	0.917	453.04	415.40
180	303.65	244,229	1.00	303.65	175.16	478.81	1.253	453.04	567.60
190	362.62	68,588	1.00	362.62	233.90	596.52	1.561	453.04	707.12
200	451.42	31,931	0.70	400.08	250.62	650.70	1.702	453.04	771.00
210	318.13	99,178	1.00	318.13	127.30	445.43	1.165	453.04	527.74
220	370.77	278,541	1.00	370.77	123.54	494.31	1.293	453.04	585.72
230	350.87	69,612	1.00	350.87	172.57	523.44	1.370	453.04	620.60
240	308.20	363,749	1.00	308.20	87.28	395.48	1.035	453.04	468.85
250	332.09	153,744	1.00	332.09	92.60	424.69	1.111	453.04	503.28
260	283.70	131,315	1.00	283.70	39.61	323.31	0.846	453.04	383.23
270	265.34	1,336,016	1.00	265.34	63.33	328.67	0.860	453.04	389.58
280	235.10	196,339	1.00	235.10	47.26	282.36	0.739	453.04	334.76
290	274.91	157,088	1.00	274.91	69.51	344.42	0.901	453.04	408.15
300	301.10	69,976	1.00	301.10	55.39	356.49	0.933	453.04	422.64
310	279.15	1,296,219	1.00	279.15	30.67	309.82	0.811	453.04	367.38
320	278.52	669,916	1.00	278.52	32.64	311.16	0.814	453.04	368.74
330	238.15	34,633	0.70	250.79	19.12	269.91	0.706	453.04	319.81
340	271.76	1,514,363	1.00	271.76	33.53	305.29	0.799	453.04	361.94
350	274.11	455,835	1.00	274.11	22.44	296.55	0.776	453.04	351.52
360	247.82	967,554	1.00	247.82	12.53	260.35	0.681	453.04	308.49
370	298.43	45,148	0.80	294.80	8.67	303.47	0.794	453.04	359.68
380	270.10	163,853	1.00	270.10	7.76	277.86	0.727	453.04	329.33
390	292.32	177,157	1.00	292.32	6.76	299.08	0.783	453.04	354.69
Statewide	280.28	9,532,297				382.21	1.0001		

\* Column (4) = (1) × (3) + (1.0-(3)) × Statewide (1)

\*\* Column (8) = Line (11) + Line (13), page C-2

NORTH CAROLINA

HOMEOWNERS INSURANCE - OWNERS FORMS

INDICATED BASE CLASS RATE AND RATE LEVEL CHANGE

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
	Indicated	Trended	Variable	Current	Indicated Net	Comp.	Net Cost of	Indicated	Dollar	Indicated	Indicated	Balanced	Filed	Off-balance	Filed
	Base-Class	Fixed	Expense,	Base-Class	Base-Class	For	Reinsurance <sup>(f)</sup>	Rate	Deviation	Required	Rate Level	Indicated	Rate Level	Factor <sup>(i)</sup>	Rate
	Loss Cost	Expense <sup>(d)</sup>	Dividends,	Rate	Rate	Assessment	Rate	Excluding	Per Exposure <sup>(g)</sup>	Base-Class	Change	Rate Level	Change		
Territory			Profit,		$[(1)+(2)\times(4)]/[1.0-(3)]$	Risk <sup>(e)</sup>		Deviation	$[(8)/(1.0- \text{Dev. \%})] - (8)$	Rate	$(10) / (4)$	Change <sup>(h)</sup>	Capped <sup>(i)</sup>		
			Contingency					$(5) + (6) + (7)$		$(8) + (9)$					
110	1,991.82	0.034	0.272	2,405	2,848.34	107.27	1,101.54	4,057.15	0.00	4,057.15	1.687	1.687	1.250	0.939	2,823
120	1,898.95	0.031	0.272	2,820	2,728.53	125.77	2,234.80	5,089.10	0.00	5,089.10	1.805	1.805	1.250	0.939	3,310
130	954.01	0.053	0.272	1,530	1,421.84	68.24	566.85	2,056.93	0.00	2,056.93	1.344	1.344	1.250	0.939	1,796
140	1,157.40	0.046	0.272	1,965	1,714.00	87.64	1,227.41	3,029.05	0.00	3,029.05	1.542	1.542	1.250	0.939	2,306
150	599.31	0.073	0.272	1,291	952.68	57.58	386.15	1,396.41	0.00	1,396.41	1.082	1.082	1.082	0.939	1,312
160	672.70	0.077	0.272	1,388	1,070.85	61.91	584.15	1,716.91	0.00	1,716.91	1.237	1.237	1.237	0.939	1,612
170	415.40	0.120	0.272	830	707.42	37.02	120.41	864.85	0.00	864.85	1.042	1.042	1.042	0.939	812
180	567.60	0.112	0.272	907	919.21	40.45	310.40	1,270.06	0.00	1,270.06	1.400	1.400	1.250	0.939	1,065
190	707.12	0.098	0.272	1,072	1,115.63	47.81	433.76	1,597.20	0.00	1,597.20	1.490	1.490	1.250	0.939	1,258
200	771.00	0.076	0.272	1,229	1,187.37	54.81	462.37	1,704.55	0.00	1,704.55	1.387	1.387	1.250	0.939	1,443
210	527.74	0.126	0.272	839	870.13	37.42	245.08	1,152.63	0.00	1,152.63	1.374	1.374	1.250	0.939	985
220	585.72	0.108	0.272	987	950.98	44.02	255.15	1,250.15	0.00	1,250.15	1.267	1.267	1.250	0.939	1,158
230	620.60	0.098	0.272	1,107	1,001.49	49.37	335.64	1,386.50	0.00	1,386.50	1.252	1.252	1.250	0.939	1,299
240	468.85	0.120	0.272	816	778.53	36.39	181.77	996.69	0.00	996.69	1.221	1.221	1.221	0.939	936
250	503.28	0.108	0.272	933	829.73	41.61	202.26	1,073.60	0.00	1,073.60	1.151	1.151	1.151	0.939	1,008
260	383.23	0.130	0.272	618	636.77	27.56	89.53	753.86	0.00	753.86	1.220	1.220	1.220	0.939	708
270	389.58	0.117	0.272	690	646.03	30.77	164.11	840.91	0.00	840.91	1.219	1.219	1.219	0.939	790
280	334.76	0.111	0.272	613	553.30	27.34	132.58	713.22	0.00	713.22	1.163	1.163	1.163	0.939	669
290	408.15	0.110	0.272	760	675.48	33.90	166.77	876.15	0.00	876.15	1.153	1.153	1.153	0.939	823
300	422.64	0.113	0.272	901	720.40	40.19	130.11	890.70	0.00	890.70	0.989	0.989	0.989	0.939	837
310	367.38	0.150	0.272	621	632.60	27.70	94.15	754.45	0.00	754.45	1.215	1.215	1.215	0.939	708
320	368.74	0.134	0.272	707	636.65	31.53	101.48	769.66	0.00	769.66	1.089	1.089	1.089	0.939	723
330	319.81	0.145	0.272	593	557.41	26.45	55.21	639.07	0.00	639.07	1.078	1.078	1.078	0.939	600
340	361.94	0.135	0.272	606	609.55	27.03	111.57	748.15	0.00	748.15	1.235	1.235	1.235	0.939	703
350	351.52	0.136	0.272	678	609.52	30.24	70.78	710.54	0.00	710.54	1.048	1.048	1.048	0.939	667
360	308.49	0.140	0.272	589	537.02	26.27	52.09	615.38	0.00	615.38	1.045	1.045	1.045	0.939	578
370	359.68	0.111	0.272	696	600.19	31.04	37.77	669.00	0.00	669.00	0.961	0.961	0.961	0.939	628
380	329.33	0.113	0.272	668	556.06	29.79	34.83	620.68	0.00	620.68	0.929	0.929	0.929	0.939	583
390	354.69	0.103	0.272	668	581.72	29.79	32.38	643.89	0.00	643.89	0.964	0.964	0.964	0.939	605
Statewide											1.241	1.241	1.179		

NORTH CAROLINA

HOMEOWNERS INSURANCE - TENANTS FORM

INDICATED BASE-CLASS LOSS COST BY TERRITORY

Territory	(1) Non-Hurricane Base-Class Loss Cost <sup>(a)</sup>	(2) Five-Year House-Years	(3) Credibility <sup>(b)</sup>	(4) Credibility Weighted Base-Class Loss Cost*	(5) Modeled Hurricane Base-Class Loss Cost <sup>(c)</sup>	(6) Total Loss Cost (4) + (5)	(7) Indicated Relativity Terr (6) / SW (6)	(8) Indicated Statewide Base-Class Loss Cost**	(9) Indicated Base-Class Loss Cost Terr (7) / SW (7) × (8)
110	4.94	1,205	0.10	16.84	28.18	45.02	2.253	21.71	48.91
120	14.28	3,810	0.20	17.38	37.70	55.08	2.756	21.71	59.83
130	3.07	1,777	0.10	16.65	12.70	29.35	1.469	21.71	31.89
140	16.14	46,368	0.70	16.75	19.07	35.82	1.792	21.71	38.90
150	13.06	16,639	0.40	16.12	6.69	22.81	1.141	21.71	24.77
160	19.78	17,996	0.40	18.81	9.68	28.49	1.426	21.71	30.96
170	21.48	1,703	0.10	18.49	2.06	20.55	1.028	21.71	22.32
180	16.49	42,236	0.70	16.99	4.27	21.26	1.064	21.71	23.10
190	17.39	6,682	0.20	18.01	5.26	23.27	1.164	21.71	25.27
200	27.55	1,966	0.10	19.10	5.98	25.08	1.255	21.71	27.25
210	16.72	12,663	0.40	17.58	2.93	20.51	1.026	21.71	22.27
220	41.37	38,789	0.70	34.41	2.69	37.10	1.856	21.71	40.29
230	27.78	6,027	0.20	20.08	3.91	23.99	1.200	21.71	26.05
240	21.70	32,196	0.60	20.28	2.12	22.40	1.121	21.71	24.34
250	23.33	12,621	0.40	20.23	2.33	22.56	1.129	21.71	24.51
260	32.60	12,379	0.40	23.94	0.97	24.91	1.246	21.71	27.05
270	16.70	390,083	1.00	16.70	1.43	18.13	0.907	21.71	19.69
280	10.96	54,333	0.80	12.40	1.09	13.49	0.675	21.71	14.65
290	12.29	14,872	0.40	15.81	1.53	17.34	0.868	21.71	18.84
300	26.57	4,411	0.20	19.84	1.19	21.03	1.052	21.71	22.84
310	19.43	241,166	1.00	19.43	0.72	20.15	1.008	21.71	21.88
320	19.28	72,012	0.90	19.17	0.77	19.94	0.998	21.71	21.67
330	9.38	2,325	0.10	17.28	0.45	17.73	0.887	21.71	19.26
340	19.20	363,009	1.00	19.20	0.74	19.94	0.998	21.71	21.67
350	17.96	42,589	0.70	18.02	0.54	18.56	0.929	21.71	20.17
360	12.41	110,923	1.00	12.41	0.30	12.71	0.636	21.71	13.81
370	7.96	2,023	0.10	17.14	0.21	17.35	0.868	21.71	18.84
380	14.13	10,743	0.30	16.95	0.19	17.14	0.858	21.71	18.63
390	14.30	7,943	0.30	17.00	0.17	17.17	0.859	21.71	18.65
Statewide	18.16	1,571,489				19.99	1.0000		

\* Column (4) = (1) × (3) + (1.0-(3)) × Statewide (1)

\*\* Column (8) = Line (9) + Line (11), page C-3

NORTH CAROLINA

HOMEOWNERS INSURANCE - TENANTS FORM

INDICATED BASE CLASS RATE AND RATE LEVEL CHANGE

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
	Indicated	Trended	Variable	Current	Indicated Net	Compensation	Net Cost of	Indicated	Dollar	Indicated	Indicated	Balanced	Filed		
	Base-Class	Fixed	Expense,	Base-Class	Base-Class	For	Reinsurance <sup>(f)</sup>	Rate	Deviation	Base-Class	Rate Level	Indicated	Rate Level	Off-balance	Filed
	Loss Cost	Expense <sup>(d)</sup>	Profit,	Rate	Rate	Risk <sup>(e)</sup>		Excluding	Per Exposure <sup>(g)</sup>	Rate	Change	Rate Level	Change <sup>(h)</sup>	Factor <sup>(i)</sup>	Rate
Territory			Contingency		$[(1)+(2)\times(4)]/[1.0-(3)]$			$(5) + (6) + (7)$	$[(8)/(1.0 - \text{Dev. \%})] - (8)$	$(8) + (9)$	$(10) / (4)$				
110	48.91	0.148	0.272	106.00	88.73	4.73	52.63	146.09	0.00	146.09	1.378	1.379	1.379	0.991	145
120	59.83	0.147	0.272	121.00	106.62	5.40	103.97	215.99	0.00	215.99	1.785	1.786	1.400	0.991	168
130	31.89	0.211	0.272	68.00	63.51	3.03	27.32	93.86	0.00	93.86	1.380	1.381	1.381	0.991	93
140	38.90	0.226	0.272	82.00	78.89	3.66	55.53	138.08	0.00	138.08	1.684	1.685	1.400	0.991	114
150	24.77	0.323	0.272	51.00	56.65	2.27	16.53	75.45	0.00	75.45	1.479	1.480	1.400	0.991	71
160	30.96	0.288	0.272	65.00	68.24	2.90	29.66	100.80	0.00	100.80	1.551	1.552	1.400	0.991	90
170	22.32	0.316	0.272	50.00	52.36	2.23	7.87	62.46	0.00	62.46	1.249	1.250	1.250	0.991	62
180	23.10	0.370	0.272	51.00	57.65	2.27	18.92	78.84	0.00	78.84	1.546	1.547	1.400	0.991	71
190	25.27	0.289	0.272	54.00	56.15	2.41	23.70	82.26	0.00	82.26	1.523	1.524	1.400	0.991	75
200	27.25	0.252	0.272	58.00	57.51	2.59	23.66	83.76	0.00	83.76	1.444	1.445	1.400	0.991	80
210	22.27	0.339	0.272	51.00	54.34	2.27	16.16	72.77	0.00	72.77	1.427	1.428	1.400	0.991	71
220	40.29	0.242	0.272	79.00	81.60	3.52	22.14	107.26	0.00	107.26	1.358	1.359	1.359	0.991	106
230	26.05	0.317	0.272	52.00	58.43	2.32	17.09	77.84	0.00	77.84	1.497	1.498	1.400	0.991	72
240	24.34	0.300	0.272	54.00	55.69	2.41	13.05	71.15	0.00	71.15	1.318	1.319	1.319	0.991	71
250	24.51	0.323	0.272	50.00	55.85	2.23	11.75	69.83	0.00	69.83	1.397	1.398	1.398	0.991	69
260	27.05	0.286	0.272	57.00	59.55	2.54	8.95	71.04	0.00	71.04	1.246	1.247	1.247	0.991	70
270	19.69	0.441	0.272	43.00	53.09	1.92	11.09	66.10	0.00	66.10	1.537	1.538	1.400	0.991	60
280	14.65	0.446	0.272	39.00	44.02	1.74	9.15	54.91	0.00	54.91	1.408	1.409	1.400	0.991	54
290	18.84	0.330	0.272	45.00	46.28	2.01	10.71	59.00	0.00	59.00	1.311	1.312	1.312	0.991	59
300	22.84	0.303	0.272	50.00	52.18	2.23	7.83	62.24	0.00	62.24	1.245	1.246	1.246	0.991	62
310	21.88	0.393	0.272	46.00	54.89	2.05	7.56	64.50	0.00	64.50	1.402	1.403	1.400	0.991	64
320	21.67	0.375	0.272	44.00	52.43	1.96	6.85	61.24	0.00	61.24	1.392	1.393	1.393	0.991	61
330	19.26	0.305	0.272	47.00	46.15	2.10	4.74	52.99	0.00	52.99	1.127	1.128	1.128	0.991	53
340	21.67	0.362	0.272	50.00	54.63	2.23	9.98	66.84	0.00	66.84	1.337	1.338	1.338	0.991	66
350	20.17	0.326	0.272	49.00	49.65	2.19	5.55	57.39	0.00	57.39	1.171	1.172	1.172	0.991	57
360	13.81	0.455	0.272	33.00	39.59	1.47	3.16	44.22	0.00	44.22	1.340	1.341	1.341	0.991	44
370	18.84	0.314	0.272	43.00	44.43	1.92	2.53	48.88	0.00	48.88	1.137	1.138	1.138	0.991	48
380	18.63	0.330	0.272	41.00	44.18	1.83	2.32	48.33	0.00	48.33	1.179	1.180	1.180	0.991	48
390	18.65	0.321	0.272	41.00	43.70	1.83	2.16	47.69	0.00	47.69	1.163	1.164	1.164	0.991	47
Statewide											1.419	1.420	1.364		

NORTH CAROLINA

HOMEOWNERS INSURANCE - CONDOMINIUM UNIT OWNERS FORM

INDICATED BASE-CLASS LOSS COST BY TERRITORY

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Non-Hurricane Base-Class	Five-Year		Credibility Weighted Base-Class	Modeled Hurricane Base-Class	Total Loss Cost	Indicated Relativity	Indicated Statewide Base-Class	Indicated Base-Class Loss Cost
<u>Territory</u>	<u>Loss Cost</u> <sup>(a)</sup>	<u>House-Years</u>	<u>Credibility</u> <sup>(b)</sup>	<u>Loss Cost</u> <sup>*</sup>	<u>Loss Cost</u> <sup>(c)</sup>	<u>(4) + (5)</u>	<u>Terr (6) / SW (6)</u>	<u>Loss Cost</u> <sup>**</sup>	<u>Terr (7) / SW (7) × (8)</u>
110	26.83	1,245	0.10	22.50	23.03	45.53	1.830	29.19	53.42
120	16.43	8,521	0.40	19.78	34.66	54.44	2.188	29.19	63.87
130	19.70	885	0.10	21.79	15.70	37.49	1.507	29.19	43.99
140	23.21	27,267	0.70	22.85	18.69	41.54	1.669	29.19	48.72
150	8.11	2,999	0.20	19.24	6.24	25.48	1.024	29.19	29.89
160	19.28	5,569	0.30	21.20	9.03	30.23	1.215	29.19	35.47
170	16.36	15	0.00	22.02	2.21	24.23	0.974	29.19	28.43
180	21.55	4,717	0.30	21.88	3.82	25.70	1.033	29.19	30.15
190	14.42	97	0.00	22.02	5.62	27.64	1.111	29.19	32.43
200	108.61	18	0.00	22.02	7.17	29.19	1.173	29.19	34.24
210	20.44	351	0.00	22.02	2.58	24.60	0.989	29.19	28.87
220	44.28	6,438	0.30	28.70	1.95	30.65	1.232	29.19	35.96
230	27.41	340	0.00	22.02	4.06	26.08	1.048	29.19	30.59
240	13.45	1,383	0.10	21.16	1.98	23.14	0.930	29.19	27.15
250	24.97	508	0.10	22.32	1.73	24.05	0.966	29.19	28.20
260	5.21	100	0.00	22.02	0.92	22.94	0.922	29.19	26.91
270	26.18	52,389	1.00	26.18	1.25	27.43	1.102	29.19	32.17
280	16.37	13,383	0.50	19.20	1.01	20.21	0.812	29.19	23.70
290	17.30	4,873	0.30	20.60	1.44	22.04	0.886	29.19	25.86
300	10.25	112	0.00	22.02	1.26	23.28	0.936	29.19	27.32
310	21.58	45,324	0.90	21.62	0.68	22.30	0.896	29.19	26.15
320	26.55	11,617	0.40	23.83	0.66	24.49	0.984	29.19	28.72
330	11.82	151	0.00	22.02	0.52	22.54	0.906	29.19	26.45
340	21.18	126,841	1.00	21.18	0.66	21.84	0.878	29.19	25.63
350	21.69	7,525	0.30	21.92	0.52	22.44	0.902	29.19	26.33
360	15.29	38,936	0.80	16.64	0.25	16.89	0.679	29.19	19.82
370	24.88	3,377	0.20	22.59	0.20	22.79	0.916	29.19	26.74
380	26.06	3,768	0.20	22.83	0.19	23.02	0.925	29.19	27.00
390	23.65	2,889	0.20	22.35	0.17	22.52	0.905	29.19	26.42
Statewide	22.02	371,638				24.88	1.0000		

\* Column (4) = (1) × (3) + (1.0-(3)) × Statewide (1)

\*\* Column (8) = Line (9) + Line (11), page C-4

NORTH CAROLINA

HOMEOWNERS INSURANCE - CONDOMINIUM UNIT OWNERS FORM

INDICATED BASE CLASS RATE AND RATE LEVEL CHANGE

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
	Indicated	Trended	Variable	Current	Indicated Net	Compensation	Reinsurance	Indicated	Dollar	Indicated	Indicated	Balanced	Filed	Off-balance	Filed
	Base-Class	Fixed	Expense,	Base-Class	Base-Class	For	Cost <sup>(f)</sup>	Rate	Deviation	Base-Class	Rate Level	Rate Level	Rate Level	Factor <sup>(i)</sup>	Rate
	Loss Cost	Expense <sup>(d)</sup>	Profit,	Rate	Rate	Risk <sup>(e)</sup>		Excluding	Per Exposure <sup>(g)</sup>	Rate	Change	Change <sup>(h)</sup>	Change <sup>(i)</sup>		
<u>Territory</u>			Contingency		$[(1)+(2)\times(4)]/[1.0-(3)]$			$(5) + (6) + (7)$	$[(8)/(1.0 - \text{Dev. \%})] - (8)$	$(8) + (9)$	$(10) / (4)$		$\text{Capped}^{(i)}$		
110	53.42	0.119	0.272	88.00	87.76	3.92	41.22	132.90	0.00	132.90	1.510	1.512	1.400	0.989	122
120	63.87	0.095	0.272	107.00	101.70	4.77	86.74	193.21	0.00	193.21	1.806	1.809	1.400	0.989	148
130	43.99	0.127	0.272	68.00	72.29	3.03	25.77	101.09	0.00	101.09	1.487	1.489	1.400	0.989	94
140	48.72	0.139	0.272	74.00	81.05	3.30	47.27	131.62	0.00	131.62	1.779	1.781	1.400	0.989	102
150	29.89	0.162	0.272	51.00	52.41	2.27	15.60	70.28	0.00	70.28	1.378	1.380	1.380	0.989	70
160	35.47	0.177	0.272	55.00	62.09	2.45	23.67	88.21	0.00	88.21	1.604	1.606	1.400	0.989	76
170	28.43	0.249	0.272	46.00	54.79	2.05	6.86	63.70	0.00	63.70	1.385	1.387	1.387	0.989	63
180	30.15	0.210	0.272	47.00	54.97	2.10	16.45	73.52	0.00	73.52	1.564	1.566	1.400	0.989	65
190	32.43	0.161	0.272	50.00	55.60	2.23	20.70	78.53	0.00	78.53	1.571	1.573	1.400	0.989	69
200	34.24	0.271	0.272	55.00	67.51	2.45	21.21	91.17	0.00	91.17	1.658	1.660	1.400	0.989	76
210	28.87	0.158	0.272	45.00	49.42	2.01	13.45	64.88	0.00	64.88	1.442	1.444	1.400	0.989	62
220	35.96	0.180	0.272	46.00	60.77	2.05	12.16	74.98	0.00	74.98	1.630	1.632	1.400	0.989	64
230	30.59	0.232	0.272	49.00	57.63	2.19	15.19	75.01	0.00	75.01	1.531	1.533	1.400	0.989	68
240	27.15	0.166	0.272	43.00	47.10	1.92	9.80	58.82	0.00	58.82	1.368	1.370	1.370	0.989	58
250	28.20	0.175	0.272	42.00	48.83	1.87	9.31	60.01	0.00	60.01	1.429	1.431	1.400	0.989	58
260	26.91	0.190	0.272	44.00	48.45	1.96	6.52	56.93	0.00	56.93	1.294	1.296	1.296	0.989	56
270	32.17	0.163	0.272	49.00	55.16	2.19	11.92	69.27	0.00	69.27	1.414	1.416	1.400	0.989	68
280	23.70	0.216	0.272	35.00	42.94	1.56	7.74	52.24	0.00	52.24	1.493	1.495	1.400	0.989	48
290	25.86	0.204	0.272	43.00	47.57	1.92	9.65	59.14	0.00	59.14	1.375	1.377	1.377	0.989	59
300	27.32	0.190	0.272	42.00	48.49	1.87	6.20	56.56	0.00	56.56	1.347	1.349	1.349	0.989	56
310	26.15	0.228	0.272	37.00	47.51	1.65	5.74	54.90	0.00	54.90	1.484	1.486	1.400	0.989	51
320	28.72	0.220	0.272	38.00	50.93	1.69	5.58	58.20	0.00	58.20	1.532	1.534	1.400	0.989	53
330	26.45	0.193	0.272	42.00	47.47	1.87	4.00	53.34	0.00	53.34	1.270	1.272	1.272	0.989	53
340	25.63	0.198	0.272	41.00	46.36	1.83	7.72	55.91	0.00	55.91	1.364	1.366	1.366	0.989	55
350	26.33	0.210	0.272	40.00	47.71	1.78	4.27	53.76	0.00	53.76	1.344	1.346	1.346	0.989	53
360	19.82	0.204	0.272	37.00	37.59	1.65	3.35	42.59	0.00	42.59	1.151	1.153	1.153	0.989	42
370	26.74	0.202	0.272	43.00	48.66	1.92	2.39	52.97	0.00	52.97	1.232	1.234	1.234	0.989	52
380	27.00	0.201	0.272	41.00	48.41	1.83	2.19	52.43	0.00	52.43	1.279	1.281	1.281	0.989	52
390	26.42	0.169	0.272	41.00	45.81	1.83	2.03	49.67	0.00	49.67	1.211	1.213	1.213	0.989	49
Statewide											1.440	1.442	1.359		

## NORTH CAROLINA

### HOMEOWNERS INSURANCE

#### INDICATED BASE-CLASS RATE AND RATE LEVEL CHANGE

- (a) The Non-hurricane Base-Class Loss Cost is based on five-year incurred developed losses (excluding hurricane), five-year house-years, and the five-year average rating factor. Since the rate-level indications by territory will be based on both modeled and non-modeled experience, and since the modeled loss experience is based on latest-year exposures, the non-hurricane losses and corresponding average rating factors used in the calculation of the Non-hurricane Base-Class Loss Cost are trended to the latest year. For a given year, "year i", the trend factor for losses is calculated as  $(\text{Current Cost Factor, year } i) / (\text{Current Cost Factor, latest year})$ . Similarly, the trend factor for the average rating factors is calculated as  $(\text{Current Amount Factor, year } i) / (\text{Current Amount Factor, latest year})$ . The Current Cost Factors and Current Amount Factors used in this calculation are displayed in pages D-19, D-21 and D-23.
- (b) Credibility values are assigned to a given territory based on the partial credibility table shown on page D-24.
- (c) The calculation of the Modeled Hurricane Base-Class Loss-Cost is shown on pages D-37-39.
- (d) The trended fixed expense ratios are calculated as the ratio of the trended fixed expense dollar loadings displayed on page D-30 to trended earned premium at current-manual level.
- (e) The Compensation for Assessment Risk provision is calculated as  $(0.038 \times \text{Current Base Rate}) / (1.0 - (\text{Provision for Commissions} + \text{Provision for Taxes}))$ . The 0.038 value is based on analysis performed by D. Appel. The commission and tax provisions are those shown on page D-27.
- (f) The calculation of the provisions for the Net Cost of Reinsurance is displayed on pages D-44-47.
- (g) A 0% provision was selected by the NCRB.
- (h) Since the statewide indicated rate-level change will not necessarily equal the average formulaically-indicated change by territory (shown in column (11)), an adjustment factor (calculated as  $\text{Statewide Indicated Rate-Level Change} / \text{Statewide column (11)}$ ) is applied to the column (11) values in order to determine the column (12) values.
- (i) The filed rate changes have been capped by the North Carolina Rate Bureau such that no territory's change is greater than 25.0% for Owners and 40.0% for Tenants and Condominium Unit Owners.
- (j) The Off-Balance Factor is the factor necessary to produce unity factors for the new base deductible corresponding to the new base AOI group in the rebased all-perils deductible relativity table. See also page D-48.

NORTH CAROLINA

HOMEOWNERS INSURANCE

DERIVATION OF WIND EXCLUSION CREDIT

OWNERS FORMS																	
Territory	<i>L</i> <sup>(a)</sup>	<i>d</i>	<i>F</i> <sup>(b)</sup>	<i>(I-V)</i> <sup>(c)</sup>	<i>k</i>	<i>B</i> <sup>(d)</sup>	<i>R</i> <sup>(e)</sup>	<i>d'</i>	<i>d'R</i>	<i>D</i>	<i>Off Balance</i>	<i>I</i>	<i>r</i>	<i>p<sub>f</sub></i>	<i>p<sub>m</sub></i>	<i>C<sub>f</sub></i>	<i>C<sub>m</sub></i>
110	1,991.82	0.223	81.77	0.7280	0.254	107.27	1,101.54	0.0003	0.35	0.00	0.939	2,823	1.000	1.012	0.911	2,144	1,930
120	1,898.95	0.120	87.42	0.7280	0.159	125.77	2,234.80	0.0002	0.36	0.00	0.939	3,310	1.001	1.003	0.905	2,896	2,613
130	954.01	0.335	81.09	0.7280	0.387	68.24	566.85	0.0005	0.27	0.00	0.939	1,796	0.999	1.130	1.062	1,416	1,331
140	1,157.40	0.231	90.39	0.7280	0.287	87.64	1,227.41	0.0003	0.35	0.00	0.939	2,306	1.002	1.021	0.910	1,863	1,660
150	599.31	0.411	94.24	0.7280	0.491	57.58	386.15	0.0006	0.22	0.00	0.939	1,312	1.000	1.079	0.959	913	811
160	672.70	0.379	106.88	0.7280	0.464	61.91	584.15	0.0005	0.32	0.00	0.939	1,612	1.001	1.040	0.934	1,164	1,045
TENANTS FORM																	
Territory	<i>L</i> <sup>(a)</sup>	<i>d</i>	<i>F</i> <sup>(b)</sup>	<i>(I-V)</i> <sup>(c)</sup>	<i>k</i>	<i>B</i> <sup>(d)</sup>	<i>R</i> <sup>(e)</sup>	<i>d'</i>	<i>d'R</i>	<i>D</i>	<i>Off Balance</i>	<i>I</i>	<i>r</i>	<i>p<sub>f</sub></i>	<i>p<sub>m</sub></i>	<i>C<sub>f</sub></i>	<i>C<sub>m</sub></i>
110	48.91	0.365	15.69	0.7280	0.519	4.73	52.63	0.0003	0.02	0.00	0.991	145	1.000	1.007	0.903	98	87
120	59.83	0.309	17.79	0.7280	0.467	5.40	103.97	0.0002	0.02	0.00	0.991	168	1.000	1.002	0.900	116	104
130	31.89	0.554	14.35	0.7280	0.692	3.03	27.32	0.0005	0.01	0.00	0.991	93	1.000	1.067	0.969	51	46
140	38.90	0.463	18.53	0.7280	0.636	3.66	55.53	0.0003	0.02	0.00	0.991	114	1.000	1.002	0.901	62	56
150	24.77	0.673	16.47	0.7280	0.804	2.27	16.53	0.0006	0.01	0.00	0.991	71	1.000	1.022	0.914	25	22
160	30.96	0.645	18.72	0.7280	0.779	2.90	29.66	0.0005	0.02	0.00	0.991	90	1.000	1.011	0.905	35	32
CONDOMINIUM UNIT OWNERS FORM																	
Territory	<i>L</i> <sup>(a)</sup>	<i>d</i>	<i>F</i> <sup>(b)</sup>	<i>(I-V)</i> <sup>(c)</sup>	<i>k</i>	<i>B</i> <sup>(d)</sup>	<i>R</i> <sup>(e)</sup>	<i>d'</i>	<i>d'R</i>	<i>D</i>	<i>Off Balance</i>	<i>I</i>	<i>r</i>	<i>p<sub>f</sub></i>	<i>p<sub>m</sub></i>	<i>C<sub>f</sub></i>	<i>C<sub>m</sub></i>
110	53.42	0.486	10.47	0.7280	0.570	3.92	41.22	0.0003	0.01	0.00	0.989	122	1.000	1.000	0.897	70	63
120	63.87	0.351	10.17	0.7280	0.440	4.77	86.74	0.0002	0.01	0.00	0.989	148	1.000	1.002	0.886	102	90
130	43.99	0.570	8.64	0.7280	0.641	3.03	25.77	0.0005	0.01	0.00	0.989	94	1.000	1.024	0.909	47	42
140	48.72	0.543	10.29	0.7280	0.623	3.30	47.27	0.0003	0.01	0.00	0.989	102	1.000	1.001	0.896	50	45
150	29.89	0.742	8.26	0.7280	0.798	2.27	15.60	0.0006	0.01	0.00	0.989	70	1.000	1.027	0.902	28	24
160	35.47	0.691	9.74	0.7280	0.758	2.45	23.67	0.0005	0.01	0.00	0.989	76	1.000	1.003	0.898	28	25

Note: Many values on this page reflect the rebasing of deductible and Coverage A Amount of Insurance (Owners only). See page D-48 for more details.

<sup>(a)</sup> equals column (9) on pages C-7, C-9 and C-11.

<sup>(b)</sup> equals the product of columns (2) and (4) on pages C-8, C-10 and C-12.

<sup>(c)</sup> equals (1.0 - statewide provisions for profit, dividend, contingencies, commission, taxes on page D-27).

<sup>(d)</sup> equals column (6) on pages C-8, C-10 and C-12.

<sup>(e)</sup> equals column (7) on pages C-8, C-10 and C-12.

NORTH CAROLINA  
HOMEOWNERS INSURANCE  
DERIVATION OF WIND EXCLUSION CREDITS

The filed wind exclusion credits are derived using the following formula.

$$C_x = [I - \{ [(Ld+F) / (1.0-V) + kB + d'R] / (1.0-D) \}] \times \text{Off Balance} p_x r, \text{ where}$$

$C_x$  = Filed credit for construction type  $x$  (Frame or Masonry)

$I$  = Filed rate

$L$  = Pure-premium underlying indicated rate-level change

$d$  = The portion of  $L$  that is attributable to non-wind losses

$F$  = Fixed expense provision underlying indicated rate-level change

$V$  = Variable expense provision

$B$  = Provision in indicated rate for the Compensation for Assessment Risk loading

$k$  = An adjustment factor, applied to  $B$ , to reflect exclusion of wind coverage  
= (Indicated non-wind rate without  $B$ ) / (Indicated rate, without  $B$ )  
=  $[(Ld+F) / (1.0-V)] / [(L+F) / (1.0-V)] = (Ld+F) / (L+F)$

$R$  = Reinsurance provision as calculated on pages D-45 through D-47

$d'$  = The portion of the reinsurance cost attributable to non-wind related perils

$D$  = Selected deviation percentage

$p_x$  = Average protection class relativity for construction  $x$  (Frame or Masonry), weighted by latest-year industry earned house years

$r$  = Average policy form relativity weighted by latest-year industry earned house years

The derivation of the filed credits, using the formula defined above, is displayed on page C-14.

The  $d$  value is calculated as

$$\frac{\text{Credibility Weighted Non-Modeled BCLC Excluding Wind}}{\text{Total BCLC}}$$

where the numerator is calculated in the same manner as column (4) on pages C-7, C-9 and C-11 but with all wind losses excluded. The denominator is equal to column (6) on pages C-7, C-9 and C-11.

The  $d'$  value is calculated as

$$\frac{E + W}{E + W + O + H}$$

where each variable represents the reinsurance cost attributable to a particular peril ( $E$  = Earthquake and Fire following,  $W$  = Winter Storm,  $O$  = Other Wind,  $H$  = Hurricane Wind).

NORTH CAROLINA

HOMEOWNERS INSURANCE

DERIVATION OF WIND MITIGATION CREDITS - FRAME CONSTRUCTION

	Territory					
	110	120	130	140	150	160
(1) Current Wind Exclusion Credit - Frame	1,327	1,617	866	1,054	605	662
(2) Rebasing Factor	1.514	1.514	1.514	1.514	1.514	1.514
(3) Rebased Current Wind Exclusion Credit = (1)×(2)	2,009	2,448	1,311	1,596	916	1,002
(4) Filed Wind Exclusion Credit - Frame	2,144	2,896	1,416	1,863	913	1,164
(5) Ratio of Filed and Current Wind Credits = (4)/(3)	1.067	1.183	1.080	1.167	0.997	1.162
<b>(6) Current Wind Mitigation Credits</b>						
Total Hip Roof	92	110	61	72	41	45
Opening Protection	94	113	61	73	40	46
Total Hip Roof and Opening Protection	186	222	120	145	80	91
<u>IBHS Designation:</u>						
Hurricane Fortified for Safer Living®	301	389	173	241	88	152
Hurricane Fortified for Existing Homes® Bronze Option 1	73	88	48	57	32	36
Hurricane Fortified for Existing Homes® Bronze Option 2	113	138	68	90	40	56
Hurricane Fortified for Existing Homes® Silver Option 1	181	234	97	147	42	91
Hurricane Fortified for Existing Homes® Silver Option 2	217	283	116	180	48	113
Hurricane Fortified for Existing Homes® Gold Option 1	231	298	130	183	63	115
Hurricane Fortified for Existing Homes® Gold Option 2	268	348	148	217	69	136
<b>(7) Revised Wind Mitigation Credits = (2)×(5)×(6)</b>						
Total Hip Roof	149	197	100	127	62	79
Opening Protection	152	202	100	129	60	81
Total Hip Roof and Opening Protection	300	398	196	256	121	160
<u>IBHS Designation:</u>						
Hurricane Fortified for Safer Living®	486	697	283	426	133	267
Hurricane Fortified for Existing Homes® Bronze Option 1	118	158	78	101	48	63
Hurricane Fortified for Existing Homes® Bronze Option 2	183	247	111	159	60	99
Hurricane Fortified for Existing Homes® Silver Option 1	292	419	159	260	63	160
Hurricane Fortified for Existing Homes® Silver Option 2	351	507	190	318	72	199
Hurricane Fortified for Existing Homes® Gold Option 1	373	534	213	323	95	202
Hurricane Fortified for Existing Homes® Gold Option 2	433	623	242	383	104	239

NORTH CAROLINA

HOMEOWNERS INSURANCE

DERIVATION OF WIND MITIGATION CREDITS - MASONRY CONSTRUCTION

	Territory					
	110	120	130	140	150	160
(1) Current Wind Exclusion Credit - Masonry	1,192	1,462	802	946	544	600
(2) Rebasing Factor	1.514	1.514	1.514	1.514	1.514	1.514
(3) Rebased Current Wind Exclusion Credit = (1)×(2)	1,805	2,213	1,215	1,432	824	908
(4) Filed Wind Exclusion Credit - Masonry	1,930	2,613	1,331	1,660	811	1,045
(5) Ratio of Filed and Current Wind Credits = (4)/(3)	1.069	1.181	1.095	1.159	0.984	1.151
<b>(6) Current Wind Mitigation Credits</b>						
Total Hip Roof	83	99	56	65	37	41
Opening Protection	85	102	56	66	36	42
Total Hip Roof and Opening Protection	167	201	111	131	72	83
<u>IBHS Designation:</u>						
Hurricane Fortified for Safer Living®	271	351	160	216	79	138
Hurricane Fortified for Existing Homes® Bronze Option 1	65	80	44	51	29	32
Hurricane Fortified for Existing Homes® Bronze Option 2	101	125	63	81	36	51
Hurricane Fortified for Existing Homes® Silver Option 1	163	212	90	132	38	83
Hurricane Fortified for Existing Homes® Silver Option 2	195	256	107	161	43	102
Hurricane Fortified for Existing Homes® Gold Option 1	207	270	120	164	56	104
Hurricane Fortified for Existing Homes® Gold Option 2	240	315	137	194	62	123
<b>(7) Revised Wind Mitigation Credits = (2)×(5)×(6)</b>						
Total Hip Roof	134	177	93	114	55	71
Opening Protection	138	182	93	116	54	73
Total Hip Roof and Opening Protection	270	359	184	230	107	145
<u>IBHS Designation:</u>						
Hurricane Fortified for Safer Living®	439	628	265	379	118	240
Hurricane Fortified for Existing Homes® Bronze Option 1	105	143	73	89	43	56
Hurricane Fortified for Existing Homes® Bronze Option 2	163	223	104	142	54	89
Hurricane Fortified for Existing Homes® Silver Option 1	264	379	149	232	57	145
Hurricane Fortified for Existing Homes® Silver Option 2	316	458	177	282	64	178
Hurricane Fortified for Existing Homes® Gold Option 1	335	483	199	288	83	181
Hurricane Fortified for Existing Homes® Gold Option 2	388	563	227	340	92	214

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DERIVATION OF WIND-ONLY RATES

OWNERS FORMS							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
			=(1)/(2)		=(3)+(4)		=(3)+(6)
	Fixed		Fixed Exp	Revised	Revised	Revised	Revised
	Expense	1-V	loading	Wind Exclusion	Wind Only	Wind Exclusion	Wind Only
<u>Territory</u>	<u>Expense</u>	<u>1-V</u>	<u>loading</u>	<u>Credit - Frame</u>	<u>Base Rate - Frame</u>	<u>Credit - Masonry</u>	<u>Base Rate - Masonry</u>
110	81.77	0.728	112.32	2,144	2,256	1,930	2,042
120	87.42	0.728	120.08	2,896	3,016	2,613	2,733
130	81.09	0.728	111.39	1,416	1,527	1,331	1,442
140	90.39	0.728	124.16	1,863	1,987	1,660	1,784
150	94.24	0.728	129.45	913	1,042	811	940
160	106.88	0.728	146.81	1,164	1,311	1,045	1,192

TENANTS FORM							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
			=(1)/(2)		=(3)+(4)		=(3)+(6)
	Fixed		Fixed Exp	Revised	Revised	Revised	Revised
	Expense	1-V	loading	Wind Exclusion	Wind Only	Wind Exclusion	Wind Only
<u>Territory</u>	<u>Expense</u>	<u>1-V</u>	<u>loading</u>	<u>Credit - Frame</u>	<u>Base Rate - Frame</u>	<u>Credit - Masonry</u>	<u>Base Rate - Masonry</u>
110	15.69	0.728	21.55	98	120	87	109
120	17.79	0.728	24.43	116	140	104	128
130	14.35	0.728	19.71	51	71	46	66
140	18.53	0.728	25.46	62	87	56	81
150	16.47	0.728	22.63	25	48	22	45
160	18.72	0.728	25.71	35	61	32	58

CONDOMINIUM UNIT OWNERS FORM							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
			=(1)/(2)		=(3)+(4)		=(3)+(6)
	Fixed		Fixed Exp	Revised	Revised	Revised	Revised
	Expense	1-V	loading	Wind Exclusion	Wind Only	Wind Exclusion	Wind Only
<u>Territory</u>	<u>Expense</u>	<u>1-V</u>	<u>loading</u>	<u>Credit - Frame</u>	<u>Base Rate - Frame</u>	<u>Credit - Masonry</u>	<u>Base Rate - Masonry</u>
110	10.47	0.728	14.38	70	84	63	77
120	10.17	0.728	13.96	102	116	90	104
130	8.64	0.728	11.86	47	59	42	54
140	10.29	0.728	14.13	50	64	45	59
150	8.26	0.728	11.35	28	39	24	35
160	9.74	0.728	13.37	28	41	25	38

Note: Many of the values on this page reflect the rebasing of deductible and Coverage A Amount of Insurance (Owners forms only). See page D-48.

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DERIVATION OF WIND-ONLY RATES

The filed wind-only rates are a function of the filed wind exclusion credits. Since one full policy provides the same coverage as the combination of one non-wind policy and one wind-only policy (with identical characteristics), the premium between the two scenarios should differ only by the total fixed expense load.

The wind-only rates are calculated as follows.

$$W_x = C_x + \frac{F}{1 - V}$$

$W_x$  = Wind-only rate for construction type  $x$  (Frame or Masonry)

$C_x$  = Filed wind exclusion credit for construction type  $x$  (Frame or Masonry)

$F$  = Fixed expense provision underlying indicated rate-level change

$V$  = Variable expense provision

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### HOMEOWNERS INSURANCE

#### EXPLANATORY MEMORANDUM

This memorandum supplements the filing letter and supporting exhibits setting forth a revision of homeowners insurance rates in the State of North Carolina. It is the purpose of this memorandum to describe the source data used and to set forth in detail the insurance ratemaking procedures reflected in the filing. Certain pages in the filing and accompanying material contain a notation "all carriers" or other similar wording. This indicates that the data are combined ISO, ISS, and NISS data. Data for certain companies are not included, as noted in Section E.

#### Premium and Loss Experience

This revision is based upon the combined premium and loss experience of all entities writing homeowners insurance in this State (licensed companies and residual market entities), except as noted in Section E. In order to have this experience available in all detail necessary for rate review and ratemaking in accordance with accepted standards, all such companies are required to file each year their total homeowners insurance experience with the official statistical agents. Experience is recorded pursuant to the officially approved statistical plans and reported by the companies in accordance with instructions issued by the statistical agents under the Official Calls for Experience.

The Commissioner appointed the following statistical agents for the collection of homeowners insurance experience in North Carolina: Insurance Services Office (ISO), Independent Statistical Services, Inc. (ISS), American Association of Insurance Services (AAIS), and National Independent Statistical Service (NISS).

Experience utilized in the filing was collected under the Personal Lines Statistical Plan and the 2015 Official Statistical Programs of ISO, the Statistical Plan for Homeowners Policies, Mobilehome Policies, and Dwelling Policies and the 2015 Statistical Programs of ISS, the Homeowners Statistical Plan developed by the NISS and the 2015 Statistical Programs of the NISS. In substance, the statistical plans of these statistical agents are similar in North Carolina, and provide for the recording and reporting of the experience in the detail required for ratemaking and in such form that the experience of all companies can be combined. The experience collected by AAIS and in the ISO Stat Agent plan (which totals less than 0.3% of the aggregate experience) is collected in lesser detail and has not been used in this review.

The licensing of an organization and its appointment as a statistical agent in North Carolina is predicated upon demonstration by the organization of its ability to perform this function. Moreover, the performance of the statistical agents is reviewed periodically through examination by personnel of state insurance departments under the convention examinations of the National Association of Insurance Commissioners. From time to time such organizations are called upon by Insurance Department examiners to verify, and do verify the data consolidated by them as statistical agents.

The insurance companies likewise are subject to a variety of checks and controls. Effective controls are maintained within the company over the activities of company employees connected with the company's statistics. Companies are required by statute to submit directly to the Insurance Department statistical and accounting information to be found in the Annual Statement and the Insurance Expense Exhibit. These documents are scrutinized by experienced Insurance Department personnel throughout the country. The insurance companies are also subject to examination by the Insurance Department, which examinations extend into the statistical records of the companies.

Tabulations of experience reported to Independent Statistical Services, Inc. and National Independent Statistical Service are provided to the Insurance Services Office. The Insurance Services Office combines the experience and develops the analysis included in this filing. This work is performed at the direction of the North Carolina Rate Bureau.

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**Statewide Rate Level Exhibits**

1. Experience

Homeowners insurance experience was compiled on a calendar accident year basis for the years ended December 31, 2015, 2014, 2013, 2012, and 2011. For any twelve-month period, the accident year experience brings together the losses resulting from accidents occurring during that period with the average rating factors and number of exposures "earned" during the same period. Since this filing utilizes computer models to estimate the average annual losses attributable to hurricanes, actual hurricane losses have been removed from the ratemaking experience.

2. Average Rating Factors

The earned premiums at present manual rates for the homeowners insurance coverages are calculated by multiplying the number of insured exposures earned during the experience period by the base rates and rating factors in effect at the time of review. Earned premiums at present rates are used to determine average rating factors. The average rating factor is the ratio of the average rate (earned premium at manual level divided by corresponding house-years) and the current manual base rate by territory. The average rating factor is used to convert the pure-premiums incurred during the experience period to the "base-class" level.

3. Losses

Losses compiled for any accident year include paid losses as well as loss reserves. The amounts that will ultimately be required as payments of claims on open cases are carefully determined by the claim departments of the companies, and experience has shown that these determinations are highly accurate in the aggregate. Since, however, there are differences between the total incurred losses so determined and the amounts ultimately paid, the ratemaking procedure provides for a "development" of the incurred losses to a basis which, for all practical purposes, can be considered as the ultimate basis. This development is accomplished as follows:

Each year the experience is compiled for the latest five-years, all valued as of three months after the close of the latest accident year period. Thus, the experience is reported for the latest year as of 15 months, the preceding year as of 27 months, the next preceding year as of 39 months, the third preceding year as of 51 months and the fourth preceding year as of 63 months all measured from the beginning of each accident year respectively.

From reports of prior years, similarly aged experience was obtained so that there are available five successive reports for the earliest year, four successive reports for the next earliest year, three successive reports for the middle year and two successive reports for the second most recent year.

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Homeowners claims generally are settled and are therefore sufficiently matured as of 63 months, by which time nearly all homeowners incurred losses have been paid. From a comparison of the incurred losses for each year at successive valuation dates, it is determined what the rate of development has been in the past in order to calculate the development of less mature losses. This development is reflected in the incurred losses for the less mature years by the application of loss development factors. In this filing, loss development factors have been calculated based on the statewide experience of companies reporting to ISO and three large company-groups reporting to the ISS, and are as follows:

<u>Accident Year Ended</u>	<u>Factor to Develop to 63 Months</u>
December 31, 2015	1.020
December 31, 2014	1.000
December 31, 2013	0.998
December 31, 2012	0.999
December 31, 2011	1.000

The derivation of the factors shown above is presented on page D-12. By applying these factors, the reported incurred losses have been changed to the amounts at which it is believed they will ultimately be settled.

4. "Excess Wind" Losses and Modeled Hurricane Losses

In order to ensure stability in indicated rate levels while maintaining adequacy in the event of wide swings in hurricane and other wind losses, an excess wind procedure (Owners forms only) and hurricane loss models have been utilized. Hence, inordinate shifts in indicated rate levels (both upward and downward), which would result from reflecting large hurricane and other wind loss events only in the year in which they occur will be avoided.

With respect to the excess wind procedure (pages D-31-34), two adjustments to reported (non-hurricane) incurred losses are made. First, excess wind losses, which result from unusually severe non-hurricane wind activity, are removed from the rate-making experience. Second, the excess losses for a given year are replaced with an expected excess wind loss loading, by application of the statewide "excess wind factor". This statewide excess wind factor is based on the long-term (non-hurricane) wind history and, therefore, is not subject to the type of yearly variation inherent in actual wind losses. Note that in order to have a complete history of wind experience, the earliest years used in the calculation of the excess wind factor are based on North Carolina Dwelling Extended Coverage experience. For these years, the total-minus wind losses are calculated as  $P \times B/A$ , where  $P$  = Dwelling Extended Coverage premium for the given year,  $B$  = Dwelling Extended Coverage expected loss and fixed expense ratio and  $A$  = the average wind-to-total-minus-wind ratio for years 1961 through 2015.) The derivation of the excess wind factor is described below.

Statewide excess wind losses by year are calculated by determining a "normal" wind-to-total-minus-wind ratio which represents the long-term expected wind-to-total-minus-wind ratio. All losses above the "normal" ratio are defined as "excess" wind losses.

The "normal" wind-to-total-minus-wind ratio is determined by first capping the historical ratios for unusually large wind loss years at 5 times the median statewide value. (The capped wind-to-total-minus wind ratios are shown in column (5) of the excess wind factor exhibit, pages D-31-33). An excess wind-to-total-minus-wind ratio for a given year is composed of two parts:

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- (1) a capped excess wind-to-total-minus-wind ratio and
- (2) an "excess wind-to-total-minus-wind ratio above the cap".

The excess wind factor is calculated as:

Excess Factor =  $1.0 + [(average\ capped\ excess\ ratio + average\ excess\ ratio\ above\ the\ cap) \div (1.0 + normal\ ratio - average\ capped\ excess\ ratio)]$

Excess loss amounts reflecting the mix of deductibles purchased by insureds are adjusted to the base deductible by taking the ratio of excess losses (at reported deductible level) and wind losses (at reported deductible level) and applying it to wind losses at the base deductible level.

The modeled hurricane losses used in this filing are based on analysis performed by Aon Benfield on behalf of the North Carolina Rate Bureau and are displayed on page D-36.

5. Loss Adjustment Expense

Loss adjustment expenses are determined as an average percentage of the North Carolina incurred losses for the corresponding five calendar accident years, based on a North Carolina expense call. The high and low years are excluded in the average and the effects of loss trend and expense trend are incorporated into the calculated loading. See pages D-28-29 and item 11 below.

A separate Loss Adjustment Expense factor was used for modeled hurricane losses. (See testimony of R. Fox.)

6. Credibility Factor Determination

Credibility considerations enter into the Homeowners ratemaking formula in the calculation of statewide rate level indications which depend, in part, on the determination of the weighted statewide trended base-class pure-premium.

The statewide credibility procedure is based on the 'frequency with severity modification' model discussed in "Credibility of the Pure-Premium" by Mayerson, Bowers and Jones. The full credibility standard is based on a normal distribution with a 90% probability of meeting the test and a 5% maximum departure from the expected value, translated to house year standards. Partial credibility ( $Z_p$ ) is calculated as follows:

$$Z_p = \sqrt{\frac{\text{Five-Year House Years}}{\text{Full Credibility Standard}}} \quad (\text{truncated to one decimal place})$$

The full credibility standard is 240,000 house years for the Owners Forms, 285,000 house years for the Tenants Form, and 190,000 house years for the Condominium Unit Owner Forms. (See page D-24.)

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##### 7. Loss Trend

Loss trends are quantified by using the information provided by external inflation indices and the observed growth in pure-premiums and severities that occurred during the historical experience period. This procedure is displayed on pages D-13-17, D-19, D-21 and D-23.

In order to measure the effect of inflation on losses, in terms of external index information, the Current Cost Index (CCI) is constructed using the Boeckh Residential Index (BRI) for North Carolina and components of the Consumer Price Index ("Modified Consumer Price Index", MCPI).

For Owners, the MCPI is a weighted average of the following subgroups of the Consumer Price Index: House Furnishings (48%), Medical Care (20%), Apparel Commodities (16%) and Entertainment Commodities (16%). The Boeckh Residential and the Modified Consumer Price indices are weighted 80% and 20%, respectively. These weights are based on Homeowners loss distributions.

Since Tenants covers only contents and Condominium Unit Owners covers primarily contents, the Modified Consumer Price Index is used exclusively for the Tenants and Condominium Unit Owner policy forms, and is a weighted average of the following subgroups of the "All-Urban" Consumer Price Index: House furnishings (54%), Apparel Commodities (18%), Entertainment Commodities (18%) and Medical Care (10%).

In this filing the BRI index has been rebased to 2012. Additionally, each component of the CPI index was also rebased to 2012 and then weighed together to form the MCPI. The rebasing of these indices was performed to ensure that the selected weights between the two indices have the intended effect. Prior to the rebasing, the BRI values were comparatively larger than the MCPI values and therefore the BRI index was receiving more weight than intended. Similarly, the Medical Care component of the CPI had also grown at a higher rate than the other components of the MCPI resulting in larger index values. The larger index values for Medical Care effectively caused this component to receive more weight than intended in the MCPI.

The "Current Cost Factors" derived from the external indices trend the rate-making losses from a given historical year to the midpoint of the latest quarter included in the index information (May 15, 2017). To project the ratemaking losses to the level anticipated one year beyond the assumed effective date (June 1, 2018), a projection factor is derived from the least-squares "fitted" annual rate of change of the index values. Since the external indices do not account for the effect of deductibles on underlying loss trends, a "trend-from-first-dollar adjustment factor" is incorporated into the index trend calculations. This factor is used to adjust the index projection factor so as to properly account for deductible effects. Note that, while the historical experience represents the five years ending 2015, the modeled hurricane experience represents only the latest year. Therefore, the first-dollar factor for historical losses and modeled losses are calculated slightly differently.

While the index trend constitutes part of the loss trend methodology, the information provided by the historical experience is not ignored. To incorporate the historical information, pure-premiums and severities are calculated by year in cause-of-loss (i.e., fire-related, water-related, etc) detail and fitted least-squares annual rates of change are computed. Based on a comparison of the external index rates of change and the fitted changes for the historical pure-premiums and severities, "Loss Trend Adjustment" factors of 3%, 0% and 5% were selected for the Owners, Tenant and Condominium forms, respectively, and incorporated into the projection calculations.

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8. Premium Trend

The premium trend procedure is based on the observed growth in yearly average policy amount relativities. (For the Owners forms, these relativities reflect the Coverage A limit selections made by insureds. For the Tenant and Condominium Unit Owners forms, these relativities reflect the Coverage C limit selections made by insureds.) In order to derive the required trend factors, a least-squares fitted annual change is calculated for the historical average relativities. Based on the calculated value, a selection for the annual change is made. (The selected annual changes reflect consideration of the calculated value and the overall pattern in average relativity growth observed during the experience period.) The selected annual changes are 1.1%, -1.0%, and 0.5% in the Owners, Tenant and Condominium forms, respectively.

The selected annual changes are used to derive "Current Amount Factors" and the "Premium Projection Factor". The Current Amount Factor trends the average policy amount relativity (and, therefore, the Average Rating Factor used in the derivation of the statewide and territory rate level indications) from a given historical year to the point in time corresponding to the May 15, 2017 midpoint of the latest quarter of the external index ("CCI") used in the loss trend procedure (described above). The Premium Projection factor accounts for trend that occurs between this midpoint and six months beyond the assumed effective date.

The premium trend calculations are displayed on pages D-18-23.

9. Composite Loss/Premium Trend

Since the base-class pure-premium is the basic quantity underlying the overall rate-making procedure, and since it is in the form: (average pure premium) / (average rating factor), the loss and premium trend factors are applied in a composite form of "Current Cost/Amount" factors and "Composite Projection Factor" (CPF). The Current Cost/Amount Factor for a given year is the ratio of the Current Cost Factor and the Current Amount Factor. The Composite Projection Factor is the ratio of the Loss Projection and Premium Projection factors. These calculations are shown on pages D-19, D-21 and D-23.

10. Expense Trend

The selected annual change to be applied to general expense, other acquisition expense and loss adjustment expense costs is based on the observed growth in the All Items Consumer Price Index and the Compensation Cost Index. The selected annual change is 2.0% based on analysis and review of the index data, which are displayed on pages D-25-26. Item 12 below describes how the selected annual change is used in the derivation of the loadings for general, other acquisition and loss adjustment expenses.

11. Trend Periods

The effective date assumed in this filing is June 1, 2018 for new and renewal policies. Given this effective date, the trend periods for premiums, losses and expenses are as follows:

- premiums, and the corresponding average rating factors, are trended from January 1 of the given year to December 1, 2018.
- losses are trended from July 1 of the given year to June 1, 2019.
- general expense and other acquisition expense loadings, since they are based on 2013-2015 data, are trended from July 1, 2014 to December 1, 2018.

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- loss adjustment expense percentages, since they are based on 2011-2015 data, are trended from July 1, 2013 to June 1, 2019.

12. Expense Loadings

General and Other Acquisition Expenses (Fixed Expenses)- The loadings for these "fixed" expenses are based on the information collected in special "calls" for North Carolina expense experience and reflect the 2013, 2014, and 2015 call results as reported by all companies licensed in North Carolina during those years. Based on the information in these calls, the provisions for these expenses are expressed as percentages of all-policy- forms premium. The percentage provision for these expenses (which, in effect, represents the ratio of a "numerator" of expense dollars and a "denominator" of premium dollars) is trended. The numerator is trended based on the indices shown on page D-25, from which a selection of 2% annual growth was made, and the denominator is trended using (a subset of) the premium trend factors that are needed in the overall ratemaking methodology. Once the percentage provision for general and other acquisition expenses is trended, it is converted to a corresponding dollar value which can be incorporated into the pure-premium ratemaking methodology utilized in this filing. The dollar value is obtained by multiplying the trended percentage by the trended average rate at current-manual level. Distinct dollar values are generated for the Owners, Tenant and Condominium forms. These values by form reflect the judgment that the premium for a single Tenant or Condominium policy requires a dollar loading that is 50% of the dollar loading required by the premium for a single Owners policy.

The calculations described above, and the conversion to the base-class level that is required by the ratemaking methodology utilized in this filing, is shown in detail on page D-30. The underlying experience is shown on page D-27.

Commissions and Taxes (Variable Expenses)- The loadings for these expenses are based on the same special call information, and same years, as described above for general and other acquisition expenses. Since these expenses are "variable", there is no need for trending or conversion to a dollar value. The underlying experience for these expenses is shown on page D-27.

Loss Adjustment Expense- The percentage loading for this expense is based on the same special call information as described above for general and other acquisition expenses. Since loss adjustment expense is measured relative to losses, a longer time period, 2011-2015, is used. The selected LAE factor is based on the average LAE ratio over the five years excluding the highest and lowest ratios. The percentage loading for loss adjustment expense is trended in a manner that is analogous to the trending of the percentage loading for general and other acquisition expenses: the numerator, i.e., dollars of expense, is trended using the indices shown on pages D-25-26 and the denominator, i.e., dollars of loss, is trended using (a subset of) the loss trend factors that are needed in the overall ratemaking methodology. This calculation and the underlying data are displayed in detail on pages D-28-29.

A separate Loss Adjustment Expense factor was used for modeled hurricane losses. (See testimony of R. Fox.)

Net Cost of Reinsurance- The provisions for the net cost of reinsurance are based on an analysis provided by Aon Benfield. This analysis generates the all-forms total dollars required by territory based on latest-year house years. The allocation of these dollars to individual forms by territory is based on the distribution of

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earned premium at manual level. This calculation and the conversion to the required base-class level are shown on pages D-44-47. (See also pre-filed testimony of D. Appel and R. Fox.)

Compensation for Assessment Risk- The Compensation for Assessment Risk provision is calculated as  
 $(0.038 \times \text{Current Average Base Rate}) / (1.0 - (\text{Provision for Commissions} + \text{Provision for Taxes}))$ .

The 0.038 value is based on analysis performed by D. Appel. The commission and tax provisions are those shown on pages D-27. (See also pre-filed testimony of D. Appel.)

Dividends- A dividend provision of 0.4% was selected based on the dividend dollars from companies issuing dividends as a percentage of industry-wide written premium from 2011-2015. See Exhibit (1)(h)(ii-vi) in Section E.

Profit- Statewide provision of 11.0% was selected. (See pre-filed testimony of D. Appel and J. Vander Weide).

Contingencies - Statewide provision of 1.0% was selected. (See pre-filed testimony of B. Donlan, R. Curry and P. Anderson)

**Determination of Base-Class Loss Costs by Territory**

1. Non-Hurricane Base-Class Loss Cost

A five-year non-hurricane base-class loss cost by territory is derived by dividing five-year territory losses excluding actual hurricane losses by the product of the five-year average rating factor and five-year house-years. For the Owners forms, the loss cost also excludes actual wind losses and includes a territory (non-hurricane) "wind provision"(described below). The losses and average rating factors are trended to the latest year in the experience period so as to be compatible with the modeled hurricane losses (which reflect exposures for the latest year).

The territory wind provision is calculated in a two-step process. In the first step, the statewide excess loss amounts and the excess factor are used to determine a statewide "wind provision". The wind provision is the dollar value of the "implicit" wind losses that remain in the rate-making loss experience, after excess wind losses are removed and the excess factor is applied.

The statewide wind provision is defined as

$(T - E) \times F - (T - L)$ , where:

$T$  = statewide incurred non-modeled losses  
 $E$  = statewide non-modeled excess wind losses  
 $F$  = statewide excess wind factor  
 $L$  = non-hurricane wind losses

In the second step, the long-term history of wind losses by territory is used to distribute the statewide wind provision to each territory. This calculation is illustrated on page D-35.

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2. Credibility

The territory credibility procedure is based on the 'frequency with severity modification' model discussed in "Credibility of the Pure-Premium" by Mayerson, Bowers and Jones. The full credibility standard is based on a normal distribution with a 90% probability of meeting the test and a 10% maximum departure from the expected value, translated to house year standards. Partial credibility ( $Z_p$ ) is calculated as follows:

$$Z_p = \sqrt{\frac{\text{Five-Year House Years}}{\text{Full Credibility Standard}}} \quad (\text{truncated to one decimal place})$$

The full credibility standard is 60,000 house years for the Owners Forms, 75,000 house years for the Tenants Form, and 50,000 house years for the Condominium Unit Owner Form (see page D-24). The complement of credibility is assigned to the statewide five-year base-class loss cost excluding hurricane.

3. Modeled Hurricane Base-Class Loss Cost

The modeled hurricane base-class loss cost is derived by dividing untrended modeled hurricane losses by the product of the latest-year average rating factor and latest-year house-years.

4. Total Base-Class Loss Cost

The base-class loss cost for all losses is the sum of the credibility-weighted non-hurricane base-class loss cost and the modeled hurricane base-class loss cost.

5. Indicated Territory Relativity

The total loss costs by territory are made to be relative to the state by taking the ratio of the by-territory loss costs and the statewide loss cost.

6. Indicated Base-Class Loss Costs By Territory

The territory relativities are applied to the statewide base-class loss cost (computed on the statewide indications pages) in order to obtain the indicated base-class loss costs by territory.

**Determination of Base Rates by Territory**

1. Fixed Expenses (i.e., General and Other Acquisition Expenses) By Territory

The statewide (trended) provisions for general and other acquisition expenses are adjusted in order to reflect the varying size of the current rates by territory. This is accomplished by multiplying the statewide provisions (in percentage form) by the ratio of the current statewide average rate and the current average rate for the given territory.

2. Variable Expenses, Dividends, Profit and Contingency Loading

These provisions are shown on page D-27 and do not vary by territory. The variable expense loadings include provisions for commissions and taxes. (See also pre-filed testimony of D. Appel.)

NORTH CAROLINA  
HOMEOWNERS INSURANCE  
EXPLANATORY MEMORANDUM

3. Compensation for Assessment Risk

The Compensation for Assessment Risk provision is calculated as

$(0.038 \times \text{Current Average Base Rate}) / (1.0 - (\text{Provision for Commissions} + \text{Provision for Taxes}))$ .

The 0.038 value is based on analysis performed by D. Appel. The commission and tax provisions are those shown on page D-27. (See also pre-filed testimony of D. Appel.)

4. Net Cost of Reinsurance

The provisions for the net cost of reinsurance are based on analysis provided by Aon Benfield. This analysis generates the total dollars (for all forms) required to cover the cost of the expense and profit components of the reinsurance premium paid by the primary insurers. The allocation of these territory dollars to individual policy forms is based on the distribution of earned premium at manual level. This calculation and the conversion to the base-class level that is required by the ratemaking methodology utilized in this filing are shown on pages D-44-47. (See also pre-filed testimony of D. Appel and R. Fox.)

5. Selected Deviation

A 0% deviation provision was selected by the NCRB.

NORTH CAROLINA

HOMEOWNERS INSURANCE

LOSS DEVELOPMENT (ALL FORMS)

Accident Year	Incurred Losses as of:				
	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
2004	424,228,493	425,399,565	426,599,148	426,729,189	427,475,090
2005	376,642,189	382,698,470	384,738,924	384,422,352	383,753,034
2006	434,656,200	441,549,872	443,499,599	441,836,865	441,586,160
2007	549,176,085	557,840,168	559,236,719	558,055,417	558,985,229
2008	545,920,541	570,614,822	570,206,820	568,245,888	567,840,577
2009	559,777,673	567,859,906	568,030,126	569,214,794	568,375,219
2010	656,321,698	661,986,370	662,133,169	662,202,464	660,151,716
2011	1,705,652,467	1,737,121,714	1,738,966,660	1,738,427,175	1,736,191,756
2012	787,850,017	822,490,033	829,168,625	830,034,578	
2013	670,462,536	683,728,555	684,102,851		
2014	741,149,098	758,031,078			
2015	717,164,931				

Accident Year	Link Ratios			
	<u>27:15</u>	<u>39:27</u>	<u>51:39</u>	<u>63:51</u>
2004	1.003	1.003	1.000	1.002
2005	1.016	1.005	0.999	0.998
2006	1.016	1.004	0.996	0.999
2007	1.016	1.003	0.998	1.002
2008	1.045	0.999	0.997	0.999
2009	1.014	1.000	1.002	0.999
2010	1.009	1.000	1.000	0.997
2011	1.018	1.001	1.000	0.999
2012	1.044	1.008	1.001	
2013	1.020	1.001		
2014	1.023			
Average	<u>27:15</u> 1.020	<u>39:27</u> 1.002	<u>51:39</u> 0.999	<u>63:51</u> 0.999
Selected	1.020	1.002	0.999	0.999

Loss Development Factors

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
1.000	0.999	0.998	1.000	1.020



NORTH CAROLINA

HOMEOWNERS INSURANCE - OWNERS FORMS

DEVELOPMENT OF CURRENT COST FACTORS (CCF) AND LOSS PROJECTION FACTOR  
 QUARTER ENDING JUNE 30, 2017

**PART C: COMPUTATION OF LOSS PROJECTION FACTOR**

Calendar <u>Year</u>	Quarter <u>Ending</u>	Quarterly <u>CCI</u>
2014	Sep. 30	103.2
2014	Dec. 31	103.6
2015	Mar. 31	104.2
2015	Jun. 30	104.7
2015	Sep. 30	104.4
2015	Dec. 31	104.2
2016	Mar. 31	103.7
2016	Jun. 30	103.8
2016	Sep. 30	103.6
2016	Dec. 31	103.5
2017	Mar. 31	103.6
2017	Jun. 30	104.2
Fitted Quarterly Rate of Change <sup>(a)</sup>		0.000
Annual Rate of Change (1.0 + 0.000) <sup>4</sup>		1.000
Loss Projection Factor <sup>(b)</sup> (1.0 + 0.000) <sup>(24.5/3)</sup>		1.000

<sup>(a)</sup> From Least-Squares Fit of Quarterly CCI Values

<sup>(b)</sup> To Project Losses From 05/15/17 to 06/01/19

NORTH CAROLINA

HOMEOWNERS INSURANCE - TENANTS AND CONDOMINIUM UNIT OWNERS FORMS

DEVELOPMENT OF CURRENT COST FACTORS (CCF) AND LOSS PROJECTION FACTOR  
 QUARTER ENDING JUNE 30, 2017

**PART A: MONTHLY CURRENT COST INDEX (CCI) WITH:**

Modified Consumer Price Index Only (Base: 2012 = 100)

<u>Month</u>	<u>MCPI</u> <u>QCCI</u>		<u>MCPI</u> <u>QCCI</u>		<u>MCPI</u> <u>QCCI</u>	
	<u>2014</u>		<u>2015</u>		<u>2016</u>	
7	95.2		92.8		90.5	
8	94.8		92.5		90.4	
9	95.4	95.1	93.4	92.9	90.7	90.5
10	95.7		93.5		91.0	
11	94.7		92.6		90.0	
12	93.6	94.7	91.7	92.6	88.9	90.0
	<u>2015</u>		<u>2016</u>		<u>2017</u>	
1	93.5		91.9		89.7	
2	93.9		92.3		90.3	
3	94.4	93.9	92.3	92.2	90.5	90.2
4	94.7		92.3		90.1	
5	94.2		92.1		89.6	
6	93.6	94.2	91.1	91.8	89.2	89.6

**PART B: CALCULATION OF CURRENT COST FACTORS (CCF)**

<u>Calendar Year Average CCI</u>		Current Cost Factors
<u>YEAR</u>	<u>CCI</u>	Based on Average CCI Value for <u>Quarter Ending 6/30/2017 =89.6</u>
2011	100.6	0.891
2012	100.0	0.896
2013	98.3	0.911
2014	95.7	0.936
2015	93.4	0.959

NORTH CAROLINA

HOMEOWNERS INSURANCE - TENANTS AND CONDOMINIUM UNIT OWNERS FORMS

DEVELOPMENT OF CURRENT COST FACTORS (CCF) AND LOSS PROJECTION FACTOR  
 QUARTER ENDING JUNE 30, 2017

**PART C: COMPUTATION OF LOSS PROJECTION FACTOR**

Calendar <u>Year</u>	Quarter <u>Ending</u>	Quarterly <u>CCI</u>
2014	Sep. 30	95.1
2014	Dec. 31	94.7
2015	Mar. 31	93.9
2015	Jun. 30	94.2
2015	Sep. 30	92.9
2015	Dec. 31	92.6
2016	Mar. 31	92.2
2016	Jun. 30	91.8
2016	Sep. 30	90.5
2016	Dec. 31	90.0
2017	Mar. 31	90.2
2017	Jun. 30	89.6
Fitted Quarterly Rate of Change <sup>(a)</sup>		-0.006
Annual Rate of Change (1.0 + -0.006) <sup>4</sup>		0.976
Loss Projection Factor <sup>(b)</sup> (1.0 + -0.006) <sup>(24.5/3)</sup>		0.952

<sup>(a)</sup> From Least-Squares Fit of Quarterly CCI Values

<sup>(b)</sup> To Project Losses From 05/15/17 to 06/01/19

NORTH CAROLINA

HOMEOWNERS INSURANCE

ANNUAL PURE-PREMIUM AND SEVERITY RATES OF CHANGE

OWNERS FORMS

Year	<u>Excluding Wind</u>		<u>Fire</u>		<u>Theft</u>		<u>Liability</u>		<u>Other Physical Damage</u>		<u>Water</u>	
	<u>Severity</u>	<u>Pure Premium</u>	<u>Severity</u>	<u>Pure Premium</u>	<u>Severity</u>	<u>Pure Premium</u>	<u>Severity</u>	<u>Pure Premium</u>	<u>Severity</u>	<u>Pure Premium</u>	<u>Severity</u>	<u>Pure Premium</u>
2011	9,033	276.58	22,808	138.48	3,304	18.28	5,950	13.14	3,321	21.35	8,224	85.33
2012	10,168	257.14	24,946	124.60	3,345	17.12	6,867	13.29	4,897	14.73	8,540	87.39
2013	10,755	259.18	32,188	126.97	3,404	15.23	7,028	13.36	5,184	16.45	8,220	87.17
2014	10,833	312.98	34,317	131.36	3,461	12.73	8,426	14.11	4,730	28.21	9,208	126.57
2015	12,768	326.26	39,194	148.56	3,824	12.47	6,274	10.85	6,186	21.84	10,009	132.54
Annual Change	7.8%	5.4%	15.0%	2.0%	3.3%	-10.1%	3.2%	-3.2%	12.9%	7.2%	4.8%	13.3%

TENANTS FORM

Year	<u>Excluding Wind</u>		<u>Fire</u>		<u>Theft</u>		<u>Liability</u>		<u>Other Physical Damage</u>		<u>Water</u>	
	<u>Severity</u>	<u>Pure Premium</u>	<u>Severity</u>	<u>Pure Premium</u>	<u>Severity</u>	<u>Pure Premium</u>	<u>Severity</u>	<u>Pure Premium</u>	<u>Severity</u>	<u>Pure Premium</u>	<u>Severity</u>	<u>Pure Premium</u>
2011	3,386	74.51	6,069	20.07	2,345	27.00	8,861	16.03	1,579	5.66	3,213	5.75
2012	3,665	67.94	7,096	18.52	2,431	25.89	7,459	13.63	2,477	4.09	3,231	5.82
2013	4,016	69.15	9,153	19.66	2,450	24.21	8,109	15.49	2,575	4.14	3,380	5.65
2014	3,519	62.30	6,542	13.96	2,343	18.58	8,315	14.80	1,615	5.15	3,677	9.80
2015	4,107	63.80	7,944	17.17	2,391	17.37	8,565	15.12	2,571	4.50	3,720	9.64
Annual Change	3.5%	-3.9%	4.7%	-5.8%	0.0%	-11.4%	0.4%	-0.4%	5.6%	-2.2%	4.3%	16.8%

CONDOMINIUM UNIT OWNERS FORM

Year	<u>Excluding Wind</u>		<u>Fire</u>		<u>Theft</u>		<u>Liability</u>		<u>Other Physical Damage</u>		<u>Water</u>	
	<u>Severity</u>	<u>Pure Premium</u>	<u>Severity</u>	<u>Pure Premium</u>	<u>Severity</u>	<u>Pure Premium</u>	<u>Severity</u>	<u>Pure Premium</u>	<u>Severity</u>	<u>Pure Premium</u>	<u>Severity</u>	<u>Pure Premium</u>
2011	4,528	142.41	8,096	28.38	2,157	10.30	4,203	8.49	3,510	13.71	4,728	81.52
2012	4,736	147.50	7,982	24.58	2,570	11.86	4,939	12.86	3,981	12.04	4,835	86.15
2013	4,620	135.75	8,799	19.85	2,518	10.01	4,266	10.07	3,423	9.11	4,782	86.71
2014	5,227	179.48	8,282	20.96	2,624	7.28	5,396	12.21	3,951	15.03	5,400	124.00
2015	5,922	205.88	9,698	24.09	2,175	5.55	8,148	19.02	4,205	14.86	5,966	142.36
Annual Change	6.6%	9.8%	4.1%	-4.8%	0.4%	-15.9%	15.2%	16.9%	3.6%	3.9%	5.9%	15.9%

NORTH CAROLINA

HOMEOWNERS INSURANCE - OWNERS FORMS

TREND IN AVERAGE POLICY AMOUNT RELATIVITY

<u>Year</u>	<u>X</u>	Y = <u>Avg. Rel.</u>	<u>Z = ln Y</u>	<u>X*Z</u>	Year-to-Year Growth <u>Y</u>
2011	-2.000	1.094	0.090	-0.180	
2012	-1.000	1.105	0.100	-0.100	1.010
2013	0.000	1.119	0.112	0.000	1.013
2014	1.000	1.131	0.123	0.123	1.011
2015	2.000	1.142	0.133	0.266	1.010
			0.558	0.109	
A (mean of fitted line) (Sum Z)/5 = 0.558 / 5					0.112
B (average annual increment) (Sum X*Z)/10 = 0.109 / 10					0.011
Fitted Annual Rate of Change $e^{(0.011)} - 1$					0.011
Selected Average Annual Rate of Change					0.011
Latest Year Relativity trended from 01/01/2015 to 05/15/2017 $1.142 * [1.011 ^ (28.5 / 12)]$					1.172

NORTH CAROLINA

HOMEOWNERS INSURANCE - OWNERS FORMS

DEVELOPMENT OF CURRENT COST / AMOUNT AND PROJECTION FACTORS

<u>Year</u>	(1) <u>Average Relativity</u>	(2) 1.172 <u>/(1)<sup>(a)</sup></u>	(3) Current Amount Factor <u>[(2)-1]x1.0+1</u>	(4) Current Cost Factor	(5) Current Cost/ Amount Factor
2011	1.094	1.071	1.071	1.064	0.993
2012	1.105	1.061	1.061	1.042	0.982
2013	1.119	1.047	1.047	1.025	0.979
2014	1.131	1.036	1.036	1.009	0.974
2015	1.142	1.026	1.026	0.998	0.973
(6) Premium Projection Factor * 1.011 ^ (18.5/12)					1.017
(7) Loss Projection Factor					1.000
(8) Adjustment to Trend from First Dollar of Loss <sup>(b)</sup>					1.002
(9) Annual Loss Trend Correction % (LTA)					1.030
(10) Total Period LTA 1.030 ^ (24.5/12)					1.062
(11) Composite Projection Factor for Loss Ratio [(7) * (8) * (10)] / (6)					1.046

<sup>(a)</sup> 1.172 is the projected average relativity at 05/15/2017

<sup>(b)</sup> Trend From First Dollar is calculated as follows:

$$1 + ( ( X-1 ) Y / ( X Z ) )$$

Where: X = Loss trend (weighted current cost factor \* loss projection factor).

Y = Losses eliminated by \$1,000 deductible.

Z = Five year total adjusted losses.

\* Premium projection factor reflects trend from 05/15/2017 to 12/01/2018

NORTH CAROLINA

HOMEOWNERS INSURANCE - TENANTS FORM

TREND IN AVERAGE POLICY AMOUNT RELATIVITY

<u>Year</u>	<u>X</u>	<u>Y =</u> <u>Avg. Rel.</u>	<u>Z = ln Y</u>	<u>X*Z</u>	<u>Year-to-Year</u> <u>Growth</u> <u>Y</u>
2011	-2.000	2.704	0.995	-1.990	
2012	-1.000	2.699	0.993	-0.993	0.998
2013	0.000	2.695	0.991	0.000	0.999
2014	1.000	2.656	0.977	0.977	0.986
2015	2.000	2.606	0.958	1.916	0.981
			4.914	-0.090	
A (mean of fitted line) (Sum Z)/5 = 4.914 / 5					0.983
B (average annual increment) (Sum X*Z)/10 = -0.090 / 10					-0.009
Fitted Annual Rate of Change $e^{(-0.009)} - 1$					-0.009
Selected Average Annual Rate of Change					-0.010
Latest Year Relativity trended from 01/01/2015 to 05/15/2017 $2.606 * [0.990 ^ (28.5 / 12)]$					2.545

NORTH CAROLINA

HOMEOWNERS INSURANCE - TENANTS FORM

DEVELOPMENT OF CURRENT COST / AMOUNT AND PROJECTION FACTORS

	(1)	(2)	(3)	(4)	(5)
	Average	2.545	Current	Current	Current
	Relativity	$\frac{2.545}{(1)^{(a)}}$	Amount	Cost	Cost/
Year			Factor	Factor	Amount
			$\frac{[(2)-1]*1.0+1}{(1)}$		Factor
2011	2.704	0.941	0.941	0.891	0.947
2012	2.699	0.943	0.943	0.896	0.950
2013	2.695	0.944	0.944	0.911	0.965
2014	2.656	0.958	0.958	0.936	0.977
2015	2.606	0.977	0.977	0.959	0.982
(6) Premium Projection Factor *					0.985
0.990 ^ (18.5/12)					
(7) Loss Projection Factor					0.952
(8) Adjustment to Trend from First Dollar of Loss <sup>(b)</sup>					0.984
(9) Annual Loss Trend Correction % (LTA)					1.000
(10) Total Period LTA					1.000
1.000 ^ (24.5/12)					
(11) Composite Projection Factor for Loss Ratio					0.951
$[(7) * (8) * (10)] / (6)$					

<sup>(a)</sup> 2.545 is the projected average relativity at 05/15/2017

<sup>(b)</sup> Trend From First Dollar is calculated as follows:

$$1 + ( ( X-1 ) Y / ( X Z ) )$$

Where: X = Loss trend (weighted current cost factor \* loss projection factor).

Y = Losses eliminated by \$1,000 deductible.

Z = Five year total adjusted losses.

\* Premium projection factor reflects trend from 05/15/2017 to 12/01/2018

NORTH CAROLINA

HOMEOWNERS INSURANCE - CONDOMINIUM UNIT OWNERS FORM

TREND IN AVERAGE POLICY AMOUNT RELATIVITY

<u>Year</u>	<u>X</u>	Y = <u>Avg. Rel.</u>	<u>Z = ln Y</u>	<u>X*Z</u>	Year-to-Year Growth <u>Y</u>
2011	-2.000	4.432	1.489	-2.978	
2012	-1.000	4.524	1.509	-1.509	1.021
2013	0.000	4.565	1.518	0.000	1.009
2014	1.000	4.575	1.521	1.521	1.002
2015	2.000	4.517	1.508	3.016	0.987
			7.545	0.050	
A (mean of fitted line) (Sum Z)/5 = 7.545 / 5					1.509
B (average annual increment) (Sum X*Z)/10 = 0.050 / 10					0.005
Fitted Annual Rate of Change $e^{(0.005)} - 1$					0.005
Selected Average Annual Rate of Change					0.005
Latest Year Relativity trended from 01/01/2015 to 05/15/2017 $4.517 * [1.005 ^{(28.5 / 12)}]$					4.571

NORTH CAROLINA

HOMEOWNERS INSURANCE - CONDOMINIUM UNIT OWNERS FORM

DEVELOPMENT OF CURRENT COST / AMOUNT AND PROJECTION FACTORS

	(1)	(2)	(3)	(4)	(5)
	Average	4.571	Current Amount Factor	Current Cost Factor	Current Cost/ Amount Factor
<u>Year</u>	<u>Relativity</u>	<u>/(1)<sup>(a)</sup></u>	<u>[(2)-1]*1.0+1</u>	<u>Factor</u>	<u>Factor</u>
2011	4.432	1.031	1.031	0.891	0.864
2012	4.524	1.010	1.010	0.896	0.887
2013	4.565	1.001	1.001	0.911	0.910
2014	4.575	0.999	0.999	0.936	0.937
2015	4.517	1.012	1.012	0.959	0.948
(6) Premium Projection Factor *					1.008
1.005 ^ (18.5/12)					
(7) Loss Projection Factor					0.952
(8) Adjustment to Trend from First Dollar of Loss <sup>(b)</sup>					0.988
(9) Annual Loss Trend Correction % (LTA)					1.050
(10) Total Period LTA					1.105
1.050 ^ (24.5/12)					
(11) Composite Projection Factor for Loss Ratio					1.031
[(7) * (8) * (10)] / (6)					

<sup>(a)</sup> 4.571 is the projected average relativity at 05/15/2017

<sup>(b)</sup> Trend From First Dollar is calculated as follows:

$$1 + ( ( X-1 ) Y / ( X Z ) )$$

Where: X = Loss trend (weighted current cost factor \* loss projection factor).

Y = Losses eliminated by \$1,000 deductible.

Z = Five year total adjusted losses.

\* Premium projection factor reflects trend from 05/15/2017 to 12/01/2018

NORTH CAROLINA

HOMEOWNERS INSURANCE

CREDIBILITY TABLES

STATEWIDE CREDIBILITY

<u>Owners</u>		<u>Tenants</u>		<u>Condominium Unit Owners</u>	
<u>House-Years</u>	<u>Credibility</u>	<u>House-Years</u>	<u>Credibility</u>	<u>House-Years</u>	<u>Credibility</u>
240,000 & Over	1.00	285,000 & Over	1.00	190,000 & Over	1.00
194,400 - 239,999	.90	230,850 - 284,999	.90	153,900 - 189,999	.90
153,600 - 194,399	.80	182,400 - 230,849	.80	121,600 - 153,899	.80
117,600 - 153,599	.70	139,650 - 182,399	.70	93,100 - 121,599	.70
86,400 - 117,599	.60	102,600 - 139,649	.60	68,400 - 93,099	.60
60,000 - 86,399	.50	71,250 - 102,599	.50	47,500 - 68,399	.50
38,400 - 59,999	.40	45,600 - 71,249	.40	30,400 - 47,499	.40
21,600 - 38,399	.30	25,650 - 45,599	.30	17,100 - 30,399	.30
9,600 - 21,599	.20	11,400 - 25,649	.20	7,600 - 17,099	.20
2,400 - 9,599	.10	2,850 - 11,399	.10	1,900 - 7,599	.10
0 - 2,399	.00	0 - 2,849	.00	0 - 1,899	.00

TERRITORY CREDIBILITY

<u>Owners</u>		<u>Tenants</u>		<u>Condominium Unit Owners</u>	
<u>House-Years</u>	<u>Credibility</u>	<u>House-Years</u>	<u>Credibility</u>	<u>House-Years</u>	<u>Credibility</u>
60,000 & Over	1.00	75,000 & Over	1.00	50,000 & Over	1.00
48,600 - 59,999	.90	60,750 - 74,999	.90	40,500 - 49,999	.90
38,400 - 48,599	.80	48,000 - 60,749	.80	32,000 - 40,499	.80
29,400 - 38,399	.70	36,750 - 47,999	.70	24,500 - 31,999	.70
21,600 - 29,399	.60	27,000 - 36,749	.60	18,000 - 24,499	.60
15,000 - 21,599	.50	18,750 - 26,999	.50	12,500 - 17,999	.50
9,600 - 14,999	.40	12,000 - 18,749	.40	8,000 - 12,499	.40
5,400 - 9,599	.30	6,750 - 11,999	.30	4,500 - 7,999	.30
2,400 - 5,399	.20	3,000 - 6,749	.20	2,000 - 4,499	.20
600 - 2,399	.10	750 - 2,999	.10	500 - 1,999	.10
0 - 599	.00	0 - 749	.00	0 - 499	.00

The formula used to obtain the credibility to be assigned is the square root of the quantity (five-year earned house-years/house-years required for full credibility). These tables are based on the 'frequency with severity modification' model discussed in "Credibility of the Pure Premium" by Mayerson, Bowers and Jones. The full credibility standards are based upon a Normal distribution with a 90% probability of meeting the test and a 5.0% and 10.0% maximum departure from the expected value for Statewide and Territories, respectively. The claims standards have been translated to house-year standards.

NORTH CAROLINA

HOMEOWNERS INSURANCE

DETERMINATION OF TREND FOR EXPENSES

<u>Month</u>	<u>All Items CPI Index</u>	<u>All Items (Less Energy) CPI Index</u>	<u>Compensation Cost Index</u>
Apr-13	232.5	233.1	
May-13	232.9	233.3	119.2
Jun-13	233.5	233.5	
Jul-13	233.6	233.6	
Aug-13	233.9	234.1	120.5
Sep-13	234.1	234.5	
Oct-13	233.5	234.9	
Nov-13	233.1	234.9	120.9
Dec-13	233.0	234.8	
Jan-14	233.9	235.2	
Feb-14	234.8	235.9	121.5
Mar-14	236.3	236.8	
Apr-14	237.1	237.4	
May-14	237.9	238.0	122.6
Jun-14	238.3	238.1	
Jul-14	238.3	238.2	
Aug-14	237.9	238.5	122.2
Sep-14	238.0	239.0	
Oct-14	237.4	239.6	
Nov-14	236.2	239.5	122.6
Dec-14	234.8	239.2	
Jan-15	233.7	239.7	
Feb-15	234.7	240.4	123.7
Mar-15	236.1	241.1	
Apr-15	236.6	241.8	
May-15	237.8	242.0	124.7
Jun-15	238.6	242.3	
Jul-15	238.7	242.4	
Aug-15	238.3	242.7	125.0
Sep-15	237.9	243.5	
Oct-15	237.8	244.1	
Nov-15	237.3	244.0	126.1
Dec-15	236.5	243.7	
Jan-16	236.9	244.5	
Feb-16	237.1	245.5	126.9
Mar-16	238.1	245.9	
Apr-16	239.3	246.5	
May-16	240.2	246.9	128.2
Jun-16	241.0	247.1	
Jul-16	240.6	247.0	
Aug-16	240.8	247.5	129.5
Sep-16	241.4	247.9	
Oct-16	241.7	248.4	
Nov-16	241.4	248.3	129.5
Dec-16	241.4	248.2	
Jan-17	242.8	249.1	
Feb-17	243.6	250.1	130.8
Mar-17	243.8	250.3	

NORTH CAROLINA

HOMEOWNERS INSURANCE

DETERMINATION OF TREND FOR EXPENSES

	<u>All Items</u> <sup>(a)</sup>	<u>All Items - Less Energy</u> <sup>(b)</sup>	<u>CCI</u> <sup>(c)</sup>	<u>Combined</u> <sup>(d)</sup>
(1) Annual Change in indices based on exponential curve of best fit for the latest 48 points (or 16 quarters)	0.97%	1.87%	2.40%	1.91%
(2) Annual Change in indices based on exponential curve of best fit for the latest 36 points (or 12 quarters)	0.89%	1.85%	2.63%	2.00%
(3) Annual Change in indices based on exponential curve of best fit for the latest 24 points (or 8 quarters)	1.40%	1.83%	2.90%	2.26%
(4) Annual Change in indices based on exponential curve of best fit for the latest 12 points (or 4 quarters)	1.73%	1.59%	2.44%	2.05%

(5) Average Annual Index<sup>(e)</sup>

<u>Year Ended</u>	<u>All Items</u> <sup>(a)</sup>	<u>All Items - Less Energy</u> <sup>(b)</sup>	<u>CCI</u> <sup>(c)</sup>
09/30/2014	236.0	236.8	121.8
03/31/2015	236.7	239.1	122.8
09/30/2015	236.7	241.2	124.0
03/31/2016	237.6	243.5	125.7
09/30/2016	238.9	245.9	127.7
03/31/2017	241.5	248.1	129.5

(6) Current Cost Factor (Latest Index Value Divided by Average Annual Index)

<u>Year Ended</u>	<u>All Items</u> <sup>(a)</sup>	<u>All Items - Less Energy</u> <sup>(b)</sup>	<u>CCI</u> <sup>(c)</sup>	<u>Combined</u> <sup>(d)</sup>
09/30/2014	1.033	1.057	1.074	1.060
03/31/2015	1.030	1.047	1.065	1.052
09/30/2015	1.030	1.038	1.055	1.044
03/31/2016	1.026	1.028	1.041	1.034
09/30/2016	1.020	1.018	1.024	1.022
03/31/2017	1.010	1.009	1.010	1.010

Selected Annual Change = 2.0% (based on Comp. Cost Index and CPI with and without energy)

<sup>(a)</sup> All Items CPI index (urban). Source: Bureau of Labor Statistics.

<sup>(b)</sup> All Items - Less Energy CPI index (urban). Source: Bureau of Labor Statistics.

<sup>(c)</sup> Total Compensation Cost Index - Insurance Carriers, Agent Brokers, and Service. Source: Bureau of Labor Statistics.

<sup>(d)</sup> Weighted Average determined as .25 (All Items) + .25 (All Items - Less Energy) + .50 (CCI).

NORTH CAROLINA

HOMEOWNERS INSURANCE

EXPENSE, DIVIDEND, PROFIT AND CONTINGENCIES

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Average</u>	<u>Selected</u>
Commission & Brokerage	237,904,453	250,970,245	258,409,202		
Written Premium Including Deviations	1,949,488,519	2,069,935,053	2,145,186,422		
Ratio	0.122	0.121	0.120	0.121	0.121
Other Acquisition Expense	138,838,318	142,563,281	148,445,175		
Earned Premium Excluding Deviations	1,969,119,220	2,097,915,646	2,133,171,858		
Earned Premium at Current Manual Level	2,088,681,601	2,115,212,948	2,133,171,858		
Ratio	0.066	0.067	0.070	0.068	0.068
General Expense	92,628,349	98,790,797	102,023,717		
Earned Premium Excluding Deviations	1,969,119,220	2,097,915,646	2,133,171,858		
Earned Premium at Current Manual Level	2,088,681,601	2,115,212,948	2,133,171,858		
Ratio	0.044	0.047	0.048	0.046	0.046
Taxes, Licenses & Fees	52,437,673	55,800,056	59,273,750		
Written Premium Including Deviations	1,949,488,519	2,069,935,053	2,145,186,422		
Ratio	0.027	0.027	0.028	0.027	0.027

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Average</u>	<u>Selected</u>
Direct Written Premium of Companies w/ Dividends	85,287,729	93,178,022	108,646,018	123,674,110	132,247,663		
Direct Written Premium (Statutory Page 14)	1,937,229,679	1,972,922,956	2,143,382,081	2,275,777,335	2,337,630,079		
Ratio of DWP w/ Dividends to Total DWP	4.4%	4.7%	5.1%	5.4%	5.7%		
Total Dividends	5,440,163	7,621,372	9,201,345	9,525,783	10,331,019		
Ratio of Dividends to Direct Written Premium	0.280%	0.390%	0.430%	0.420%	0.440%	0.392%	0.40%

	<u>Statewide</u>
Profit	11.0%
Contingencies	1.0%
Dividends	0.4%
1.0 - (Commission, Tax, Profit, Contingencies, Dividends)	0.728
Compensation for Assessment Risk	3.8%
Selected Deviation	0.0%

NORTH CAROLINA

HOMEOWNERS INSURANCE

NON MODELED LOSS ADJUSTMENT EXPENSE EXHIBIT

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Average</u> <sup>(a)</sup>
Allocated LAE	19,320,048	17,087,993	17,981,277	13,885,848	16,933,304	
Unallocated LAE	177,078,413	111,683,503	114,329,679	121,493,274	128,311,454	
Total LAE	196,398,461	128,771,496	132,310,956	135,379,122	145,244,758	
Incurred Losses	2,079,995,588	946,129,758	859,182,857	942,888,109	928,864,039	
Ratio: LAE/I.L.	0.094	0.136	0.154	0.144	0.156	0.145

<sup>(a)</sup> A selection of 0.145 was made by excluding the high and low years (2011 and 2015)

NORTH CAROLINA

HOMEOWNERS INSURANCE

DERIVATION OF LOADINGS FOR NON MODELED LOSS ADJUSTMENT EXPENSE (LAE)

A. Selected Annual Expense Trend Factor	1.020
B. Midpoint of Historical LAE Experience (2011 - 2015)	July 1, 2013
C. LAE Projected to	June 1, 2019 *
D. Number of months between midpoint and projection dates	71
E. Trend Factor for LAE dollars, $A^{(D/12)}$	1.124

\* one year past assumed effective date

	<u>Owners</u>	<u>Tenants</u>	Condominium Unit <u>Owners</u>
F. 2015 Current Cost Factor	0.998	0.959	0.959
G. Loss Projection Factor **	1.064	0.937	1.039
H. Trend Factor for losses, $F \times G$	1.062	0.899	0.996
I. Historical Average LAE ratio (2011 - 2015, excluding high/low)	0.145	0.145	0.145
J. Trended LAE Factor, $1.000 + (I \times E / H)$	1.153	1.181	1.164

\*\* CCI Projection Factor  $\times$  Total Period Loss Trend Adjustment factor

NORTH CAROLINA

HOMEOWNERS INSURANCE

DERIVATION OF LOADINGS FOR GENERAL AND OTHER ACQUISITION EXPENSES (GE, OA)

Calculation of Trend factor for GE, OA Dollars

A. Selected Annual Expense Trend Factor	1.020
B. Midpoint of Historical GE, OA Experience (2013 - 2015)	July 1, 2014
C. GE, OA Expenses Projected to	December 1, 2018 *
D. Number of months between midpoint and projection dates	53
E. Trend Factor for GE, OA expense dollars = $A^{(D/12)}$	1.091

\* six months past assumed effective date

Calculation of Trend Factor for Premiums and Average All-Forms GE, OA Dollar Loading

	(1) 2015 Earned <u>Premium</u>	(2) 2015 Current <u>Amount Factor</u>	(3) Premium Projection <u>Factor</u>	(4) Trended Premium <u>(1) × (2) × (3)</u>	(5) 2015 House- <u>Years</u>	(6) Trended Avg. Rate <u>(4) / (5)</u>
Owners	2,010,516,565	1.026	1.017	2,097,857,426	1,898,456	1,105.03
Tenant	62,551,401	0.977	0.985	60,196,028	363,894	165.42
<u>Condominium</u>	<u>24,591,783</u>	<u>1.012</u>	<u>1.008</u>	<u>25,085,979</u>	<u>75,662</u>	<u>331.55</u>
Total	2,097,659,749	0.000	0.000	2,183,139,433	2,338,012	933.76

F. All-Forms Premium Trend Factor (Total (4) / Total (1))	1.041
G. Historical Average GE OA ratio (2013-2015)	0.114
H. Trended GE OA ratio (G × E / F)	0.119
I. All-Forms Dollar loading for GE, OA (H × Total (6))	\$111.12

Calculation of Base-Class GE, OA Dollar Loading by Form

	(7) 2015 House- <u>Years</u>	(8) Selected Relativity for GE, OA Dollars <u>Per Policy **</u>	(9) Average GE, OA Loading (8) × I / <u>Total (8)</u>	(10) 2015 Average <u>Rating Factor</u>	(11) 2015 Current Amount <u>Factor</u>	(12) Premium Projection <u>Factor</u>	(13) GE, OA Loading at Base-Class Level <u>(9) / ((10) × (11) × (12))</u>
Owners	1,898,456	1.00	\$122.65	1.319	1.026	1.017	\$89.12
Tenant	363,894	0.50	\$61.33	3.585	0.977	0.985	\$17.78
<u>Condominium</u>	<u>75,662</u>	<u>0.50</u>	<u>\$61.33</u>	<u>7.115</u>	<u>1.012</u>	<u>1.008</u>	<u>\$8.45</u>
Total	2,338,012	0.906					

\*\* Total (8) calculated as weighted average of the column (8) relativities by form using column (7) as weights

NORTH CAROLINA

HOMEOWNERS INSURANCE

DERIVATION OF EXCESS FACTOR (EXCLUDES HURRICANE LOSSES) - OWNERS FORMS

<u>Year</u>	(1) Reported Wind Losses	(2) Reported Total Losses	(3) Reported Non-Wind Losses (2) - (1)	(4) Wind Ratio (1) / (3)	(5) Capped Wind Ratio < (5 × Med)	(6) Capped Excess Wind Ratio (5) - Avg(5)	(7) Capped Excess Wind Losses (3) × (6)	(8) Excess Wind Ratio Above The Cap (5) - (6)	(9) Excess Wind Losses Above The Cap (8) × (3)	(10) Total Excess Wind Losses (7) + (9)
1950 <sup>(a)</sup>	312,200	1,388,467	4,652,907	0.067	0.067	0.000	0	0.000	0	0
1951 <sup>(a)</sup>	290,780	1,422,207	4,765,974	0.061	0.061	0.000	0	0.000	0	0
1952 <sup>(a)</sup>	792,365	1,440,159	4,826,133	0.164	0.164	0.000	0	0.000	0	0
1956 <sup>(a)</sup>	1,928,925	2,297,877	7,700,441	0.250	0.250	0.052	400,423	0.000	0	400,423
1957 <sup>(a)</sup>	839,255	2,117,102	7,094,644	0.118	0.118	0.000	0	0.000	0	0
1961	301,538	2,663,173	2,361,635	0.128	0.128	0.000	0	0.000	0	0
1962	272,921	3,126,852	2,853,931	0.096	0.096	0.000	0	0.000	0	0
1963	694,065	5,638,155	4,944,090	0.140	0.140	0.000	0	0.000	0	0
1964	607,512	6,064,576	5,457,064	0.111	0.111	0.000	0	0.000	0	0
1965	671,048	6,901,947	6,230,899	0.108	0.108	0.000	0	0.000	0	0
1966	719,568	8,005,594	7,286,026	0.099	0.099	0.000	0	0.000	0	0
1967	915,862	8,050,817	7,134,955	0.128	0.128	0.000	0	0.000	0	0
1968	498,227	10,627,905	10,129,678	0.049	0.049	0.000	0	0.000	0	0
1969	563,307	13,143,012	12,579,705	0.045	0.045	0.000	0	0.000	0	0
1970	2,479,513	17,038,702	14,559,189	0.170	0.170	0.000	0	0.000	0	0
1971	2,627,662	21,885,664	19,258,002	0.136	0.136	0.000	0	0.000	0	0
1972	1,260,381	21,914,689	20,654,308	0.061	0.061	0.000	0	0.000	0	0
1973	2,266,976	30,436,168	28,169,192	0.080	0.080	0.000	0	0.000	0	0
1974	9,401,408	43,362,415	33,961,007	0.277	0.277	0.079	2,682,920	0.000	0	2,682,920
1975	5,485,456	53,538,527	48,053,071	0.114	0.114	0.000	0	0.000	0	0
1976	2,972,442	52,540,898	49,568,456	0.060	0.060	0.000	0	0.000	0	0
1977	3,476,744	60,315,936	56,839,192	0.061	0.061	0.000	0	0.000	0	0
1978	10,628,669	70,467,546	59,838,877	0.178	0.178	0.000	0	0.000	0	0
1979	3,105,986	71,072,268	67,966,282	0.046	0.046	0.000	0	0.000	0	0
1980	6,474,397	106,691,350	100,216,953	0.065	0.065	0.000	0	0.000	0	0
1981	4,950,144	109,000,823	104,050,679	0.048	0.048	0.000	0	0.000	0	0
1982	9,654,141	118,487,782	108,833,641	0.089	0.089	0.000	0	0.000	0	0
1983	9,722,115	123,552,849	113,830,734	0.085	0.085	0.000	0	0.000	0	0

NORTH CAROLINA

HOMEOWNERS INSURANCE

DERIVATION OF EXCESS FACTOR (EXCLUDES HURRICANE LOSSES) - OWNERS FORMS

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Reported Wind Losses	Reported Total Losses	Reported Non-Wind Losses (2) - (1)	Wind Ratio (1) / (3)	Capped Wind Ratio < (5 × Med)	Capped Excess Wind Ratio (5) - Avg(5)	Capped Excess Wind Losses (3) × (6)	Excess Wind Ratio Above The Cap (5) - (6)	Excess Wind Losses Above The Cap (8) × (3)	Total Excess Wind Losses (7) + (9)
<u>Year</u>	<u>Losses</u>	<u>Losses</u>								
1984	21,436,988	140,713,231	119,276,243	0.180	0.180	0.000	0	0.000	0	0
1985	30,960,043	179,473,338	148,513,295	0.208	0.208	0.010	1,485,133	0.000	0	1,485,133
1986	16,262,975	157,609,675	141,346,700	0.115	0.115	0.000	0	0.000	0	0
1987	23,190,753	185,616,181	162,425,428	0.143	0.143	0.000	0	0.000	0	0
1988	66,411,702	243,501,978	177,090,276	0.375	0.375	0.177	31,344,979	0.000	0	31,344,979
1989	83,498,398	278,467,229	194,968,831	0.428	0.428	0.230	44,842,831	0.000	0	44,842,831
1990	37,671,988	220,252,894	182,580,906	0.206	0.206	0.008	1,460,647	0.000	0	1,460,647
1991	18,151,400	219,353,728	201,202,328	0.090	0.090	0.000	0	0.000	0	0
1992	26,654,935	222,532,035	195,877,100	0.136	0.136	0.000	0	0.000	0	0
1993	97,830,965	321,921,890	224,090,925	0.437	0.437	0.239	53,557,731	0.000	0	53,557,731
1994	28,862,821	278,066,775	249,203,954	0.116	0.116	0.000	0	0.000	0	0
1995	52,370,482	291,974,195	239,603,713	0.219	0.219	0.021	5,031,678	0.000	0	5,031,678
1996	40,901,941	332,747,529	291,845,588	0.140	0.140	0.000	0	0.000	0	0
1997	37,382,138	303,669,980	266,287,842	0.140	0.140	0.000	0	0.000	0	0
1998	120,075,356	394,840,091	274,764,735	0.437	0.437	0.239	65,668,772	0.000	0	65,668,772
1999	58,232,430	350,186,938	291,954,508	0.199	0.199	0.001	291,955	0.000	0	291,955
2000	86,652,848	447,040,839	360,387,991	0.240	0.240	0.042	15,136,296	0.000	0	15,136,296
2001	29,726,203	371,449,659	341,723,456	0.087	0.087	0.000	0	0.000	0	0
2002	46,670,010	511,786,136	465,116,126	0.100	0.100	0.000	0	0.000	0	0
2003	112,051,939	466,385,684	354,333,745	0.316	0.316	0.118	41,811,382	0.000	0	41,811,382
2004	61,608,200	394,284,296	332,676,096	0.185	0.185	0.000	0	0.000	0	0
2005	48,759,994	427,428,940	378,668,946	0.129	0.129	0.000	0	0.000	0	0
2006	94,077,678	496,085,897	402,008,219	0.234	0.234	0.036	14,472,296	0.000	0	14,472,296
2007	90,893,907	552,598,571	461,704,664	0.197	0.197	0.000	0	0.000	0	0
2008	256,744,968	756,562,303	499,817,335	0.514	0.514	0.316	157,942,278	0.000	0	157,942,278
2009	208,763,352	761,630,203	552,866,851	0.378	0.378	0.180	99,516,033	0.000	0	99,516,033
2010	289,187,399	909,495,277	620,307,878	0.466	0.466	0.268	166,242,511	0.000	0	166,242,511
2011	988,749,951	1,541,428,800	552,678,849	1.789	0.700	0.502	277,444,782	1.089	601,867,267	879,312,049

NORTH CAROLINA

HOMEOWNERS INSURANCE

DERIVATION OF EXCESS FACTOR (EXCLUDES HURRICANE LOSSES) - OWNERS FORMS

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Reported Wind Losses	Reported Total Losses	Reported Non-Wind Losses (2) - (1)	Wind Ratio (1) / (3)	Capped Wind Ratio < (5 × Med)	Capped Excess Wind Ratio (5) - Avg(5)	Capped Excess Wind Losses (3) × (6)	Excess Wind Ratio Above The Cap (5) - (6)	Excess Wind Losses Above The Cap (8) × (3)	Total Excess Wind Losses (7) + (9)
Year										
2012	370,583,510	883,595,977	513,012,467	0.722	0.700	0.502	257,532,258	0.022	11,286,274	268,818,532
2013	217,668,435	725,320,851	507,652,416	0.429	0.429	0.231	117,267,708	0.000	0	117,267,708
2014	216,301,440	819,382,295	603,080,855	0.359	0.359	0.161	97,096,018	0.000	0	97,096,018
2015	160,655,320	759,855,549	599,200,229	0.268	0.268	0.070	41,944,016	0.000	0	41,944,016
Total	4,122,904,076	15,918,452,424	11,820,086,160	13.016	11.905	3.482	1,493,172,647	1.111	613,153,541	2,106,326,188
Average				0.217	0.198	0.058		0.019		

Average of Column (5) 0.198  
 Median value of Column (4) 0.140  
 Median × 5 0.700  
 Excess Factor 1.068  
 $1.0 + [(Avg(6) + Avg(8)) / (1.0 + Avg(5) - Avg(6))]$

<sup>(a)</sup> Col (1) Reported Wind Losses are Dwelling E.C. Losses  
 Col (2) Reported Total Losses are Dwelling E.C. Premiums  
 Col (3) Reported Non-Wind Losses are calculated as:  
 Dwelling E.C. Premiums × (Balance Point from last Dwelling E.C. filing / Average Wind Ratio for Years 1961-2015)

NORTH CAROLINA

HOMEOWNERS INSURANCE

DEVELOPMENT OF EXCESS LOSSES ON \$1,000 DEDUCTIBLE LEVEL - OWNERS FORMS

<u>Year</u>	(1) <u>Excess Ratio*</u>	(2) <u>Adjusted Wind Losses At \$1,000 Deductible</u>	(3) <u>(1)×(2) Adjusted Excess Losses At \$1,000 Deductible</u>
2011	0.889	878,915,602	781,355,970
2012	0.725	342,253,118	248,133,511
2013	0.539	201,864,818	108,805,137
2014	0.449	212,733,886	95,517,515
2015	0.261	162,501,385	42,412,861

\* From calculation of excess factor; ratio of excess losses to reported wind losses.

NORTH CAROLINA

HOMEOWNERS INSURANCE

METHODOLOGY FOR CALCULATING WIND PROVISIONS BY TERRITORY - OWNER FORMS

In order to develop wind provisions by territory\*, the statewide provision is distributed using each territory's "expected" wind losses. This procedure is illustrated in the following example. (All hurricane losses accounted for by the model have been removed. Modeled hurricane losses are not included in this procedure):

	(1)	(2)	(3)	(4)
	Long-Term** Ratio of Wind to Non-Wind Losses	Non-Wind Losses for Latest Five Years	"Expected" Wind Losses for Latest Five Years <u>(1) × (2)</u>	"Expected" Wind Distribution <u>(3) / Total (3)</u>
<u>Territory</u>		<u>Latest Five Years</u>		
A	.250	\$16,000,000	\$4,000,000	.400
B	.200	6,000,000	1,200,000	.120
C	.600	8,000,000	4,800,000	.480
			Total 10,000,000	1.000

	(5)	(6) (7) (8) "Expected" Wind Distribution			(9) (10) (11) Territory Wind Provision		
	Statewide Wind Provision***	Territory A	Territory B	Territory C	Territory A <u>(5) × (6)</u>	Territory B <u>(5) × (7)</u>	Territory C <u>(5) × (8)</u>
<u>Year</u>							
x	\$4,000,000	.400	.120	.480	\$1,600,000	\$480,000	\$1,920,000
x+1	1,000,000	.400	.120	.480	400,000	120,000	480,000
x+2	2,000,000	.400	.120	.480	800,000	240,000	960,000
x+3	3,000,000	.400	.120	.480	1,200,000	360,000	1,440,000
x+4	2,000,000	.400	.120	.480	800,000	240,000	960,000

\* In calculating the five-year non-hurricane loss costs by territory shown in Column (1) on page C-7, actual non-modeled wind losses are replaced with the wind provisions by territory.

\*\* Average of yearly ratios of non-modeled wind to non-wind losses based on territory experience for all available years.

\*\*\* Statewide Wind Provision = (Non Hurricane Incurred Losses - Excess Losses) × Excess Factor  
- (Non Hurricane Losses - Non Hurricane Wind Losses)

NORTH CAROLINA

HOMEOWNERS INSURANCE

MODELED HURRICANE LOSSES <sup>(a)</sup>

<u>Territory</u>	<u>Owners</u>	<u>Tenants</u>	<u>Condominium Unit Owners</u>
110	22,013,410	28,818	31,246
120	24,896,402	133,899	341,946
130	10,132,633	23,980	20,082
140	73,356,555	713,373	614,969
150	13,702,955	100,536	26,075
160	12,825,629	147,026	77,574
170	417,455	3,246	18
180	9,743,407	137,237	19,991
190	3,387,260	28,489	820
200	1,905,634	10,899	29
210	2,737,312	29,681	1,442
220	7,305,595	81,175	16,948
230	2,438,754	19,560	1,350
240	7,551,487	61,139	4,409
250	3,342,674	26,322	1,362
260	1,536,758	9,789	164
270	25,087,443	452,168	102,663
280	3,195,003	48,467	21,285
290	3,059,358	21,233	10,047
300	858,028	4,773	179
310	9,776,590	138,051	43,973
320	5,245,442	48,355	11,322
330	179,121	980	110
340	14,243,654	222,946	124,622
350	2,551,951	21,023	5,561
360	3,443,449	31,076	16,036
370	127,243	447	1,206
380	393,019	2,243	1,062
390	416,555	1,498	891
Statewide	265,870,779	2,548,432	1,497,380

<sup>(a)</sup> As provided by Aon Benfield (without trend and LAE)

NORTH CAROLINA

HOMEOWNERS INSURANCE - OWNERS FORMS

DERIVATION OF MODELED BASE-CLASS LOSS COST

<u>Territory</u>	(1) Untrended Modeled <u>Losses</u>	(2) Latest-Year House- <u>Years</u>	(3) Latest-Year Average <u>Rating Factor</u>	(4) Modeled Base Class <u>Loss Cost</u>
110	22,013,410	11,959	1.473	1,249.65
120	24,896,402	14,118	1.304	1,352.34
130	10,132,633	13,710	1.463	505.17
140	73,356,555	80,768	1.266	717.41
150	13,702,955	43,498	1.196	263.40
160	12,825,629	37,120	1.102	313.54
170	417,455	4,077	1.198	85.47
180	9,743,407	48,078	1.157	175.16
190	3,387,260	12,988	1.115	233.90
200	1,905,634	5,973	1.273	250.62
210	2,737,312	19,442	1.106	127.30
220	7,305,595	53,275	1.110	123.54
230	2,438,754	13,073	1.081	172.57
240	7,551,487	72,587	1.192	87.28
250	3,342,674	30,826	1.171	92.60
260	1,536,758	26,576	1.460	39.61
270	25,087,443	272,629	1.453	63.33
280	3,195,003	40,125	1.685	47.26
290	3,059,358	31,575	1.394	69.51
300	858,028	13,434	1.153	55.39
310	9,776,590	253,972	1.255	30.67
320	5,245,442	131,069	1.226	32.64
330	179,121	6,853	1.367	19.12
340	14,243,654	296,445	1.433	33.53
350	2,551,951	91,130	1.248	22.44
360	3,443,449	193,740	1.419	12.53
370	127,243	9,613	1.527	8.67
380	393,019	33,201	1.525	7.76
390	416,555	36,602	1.684	6.76

NORTH CAROLINA

HOMEOWNERS INSURANCE - TENANTS FORM

DERIVATION OF MODELED BASE-CLASS LOSS COST

<u>Territory</u>	(1) Untrended Modeled <u>Losses</u>	(2) Latest-Year House <u>Years</u>	(3) Latest-Year Average <u>Rating Factor</u>	(4) Modeled Base Class <u>Loss Cost</u>
110	28,818	259	3.948	28.18
120	133,899	994	3.573	37.70
130	23,980	416	4.538	12.70
140	713,373	10,853	3.446	19.07
150	100,536	3,819	3.934	6.69
160	147,026	4,451	3.411	9.68
170	3,246	387	4.077	2.06
180	137,237	9,432	3.411	4.27
190	28,489	1,330	4.076	5.26
200	10,899	409	4.455	5.98
210	29,681	2,808	3.605	2.93
220	81,175	9,177	3.292	2.69
230	19,560	1,299	3.847	3.91
240	61,139	7,376	3.902	2.12
250	26,322	2,940	3.837	2.33
260	9,789	2,466	4.074	0.97
270	452,168	93,203	3.387	1.43
280	48,467	12,000	3.704	1.09
290	21,233	3,299	4.194	1.53
300	4,773	934	4.278	1.19
310	138,051	54,192	3.514	0.72
320	48,355	16,540	3.820	0.77
330	980	481	4.499	0.45
340	222,946	85,296	3.523	0.74
350	21,023	9,939	3.915	0.54
360	31,076	24,829	4.216	0.30
370	447	447	4.855	0.21
380	2,243	2,447	4.736	0.19
390	1,498	1,871	4.780	0.17

NORTH CAROLINA

HOMEOWNERS INSURANCE - CONDOMINIUM UNIT OWNERS FORM

DERIVATION OF MODELED BASE-CLASS LOSS COST

<u>Territory</u>	(1) Untrended Modeled <u>Losses</u>	(2) Latest-Year House <u>Years</u>	(3) Latest-Year Average <u>Rating Factor</u>	(4) Modeled Base Class <u>Loss Cost</u>
110	31,246	242	5.607	23.03
120	341,946	1,738	5.677	34.66
130	20,082	190	6.732	15.70
140	614,969	5,707	5.764	18.69
150	26,075	566	7.378	6.24
160	77,574	1,340	6.408	9.03
170	18	1	8.239	2.21
180	19,991	861	6.074	3.82
190	820	16	9.115	5.62
200	29	1	4.000	7.17
210	1,442	64	8.727	2.58
220	16,948	1,205	7.203	1.95
230	1,350	65	5.111	4.06
240	4,409	270	8.251	1.98
250	1,362	95	8.262	1.73
260	164	21	8.458	0.92
270	102,663	10,752	7.633	1.25
280	21,285	2,661	7.940	1.01
290	10,047	998	6.983	1.44
300	179	20	7.088	1.26
310	43,973	9,060	7.174	0.68
320	11,322	2,375	7.192	0.66
330	110	27	7.833	0.52
340	124,622	25,547	7.360	0.66
350	5,561	1,520	7.070	0.52
360	16,036	8,008	8.124	0.25
370	1,206	940	6.315	0.20
380	1,062	780	7.205	0.19
390	891	592	9.002	0.17

NORTH CAROLINA

HOMEOWNERS INSURANCE

DERIVATION OF STATEWIDE MODELED HURRICANE BASE-CLASS LOSS COST

	<u>Owners</u>	<u>Tenants</u>	<u>Condominium Unit Owners</u>
A. Trended Modeled Hurricane Losses (including LAE)	304,932,514	2,466,322	1,631,665
B. Latest-Year House-Years	1,898,456	363,894	75,662
C. Latest-Year Average Rating Factor	1.319	3.585	7.115
D. Latest-Year Current Amount Factor	1.026	0.977	1.012
E. Premium Projection Factor	1.017	0.985	1.008
F. Modeled Base-Class Loss Cost (A) / (B × C × D × E)	116.71	1.96	2.97

NORTH CAROLINA

HOMEOWNERS INSURANCE

ACTUAL HURRICANE LOSSES (Excluded from Experience)\*

<u>Territory</u>	<u>Year</u>	<u>Owners</u>	<u>Tenants</u>	<u>Condominium Unit Owners</u>
110	2011	8,287,584	12,544	16,307
	2012	780,334	0	320
	2014	1,473,553	0	0
	2015	106,599	0	0
120	2011	5,675,161	500	42,601
	2012	156,477	0	0
	2014	222,532	0	0
	2015	416,124	0	8,826
130	2011	15,114,020	15,083	10,073
	2012	325,633	0	0
	2014	150,854	0	0
	2015	60,277	0	0
140	2011	21,452,719	23,649	41,835
	2012	419,965	4,547	0
	2014	2,167,464	0	12,060
	2015	2,089,974	2,602	12,326
150	2011	76,281,328	111,399	262,170
	2012	328,568	0	0
	2014	221,811	0	3,181
	2015	297,437	1,610	0
160	2011	24,417,781	48,720	8,868
	2012	149,353	258	0
	2014	126,577	0	0
	2015	650,635	0	1,295
170	2011	4,272,421	15,286	860
	2012	49,105	0	0
	2014	8,979	0	0
	2015	74,424	0	0
180	2011	91,296,163	307,155	71,025
	2012	277,402	1,127	2,152
	2014	204,450	453	0
	2015	478,720	9,139	0
190	2011	30,491,814	94,549	7,832
	2012	94,102	0	0
	2014	51,225	0	0
	2015	94,076	0	0
200	2011	616,914	0	0
	2012	25,680	0	0
	2014	13,562	0	0
	2015	225,562	0	0

NORTH CAROLINA

HOMEOWNERS INSURANCE

ACTUAL HURRICANE LOSSES (Excluded from Experience)\*

<u>Territory</u>	<u>Year</u>	<u>Owners</u>	<u>Tenants</u>	<u>Condominium Unit Owners</u>
210	2011	24,526,853	113,973	1,568
	2012	87,831	0	0
	2014	54,705	127	
	2015	204,745	0	0
220	2011	2,174,135	4,812	971
	2012	326,756	9,106	2,088
	2014	143,123	0	0
	2015	781,858	1,570	3,695
230	2011	577,969	10,727	0
	2012	34,923	0	0
	2014	11,714	0	0
	2015	135,934	0	0
240	2011	35,548,963	155,350	12,929
	2012	332,165	1,349	0
	2014	286,794	0	0
	2015	459,030	0	0
250	2011	901,446	14,590	1,482
	2012	113,958	0	0
	2014	67,671	7,377	
	2015	359,993	0	0
260	2011	1,742,087	29,676	0
	2012	39,667	1,499	0
	2014	18,161	0	0
	2015	150,152	154	0
270	2011	5,024,683	24,925	46,900
	2012	909,069	42,494	54,676
	2014	913,162	9,651	39,652
	2015	2,414,862	25,493	12,877
280	2011	584,650	2,645	3,418
	2012	78,689	1,885	45,939
	2014	15,360	0	11,423
	2015	420,524	0	0
290	2011	400,901	16,315	4,291
	2012	84,484	0	0
	2014	54,118	16,575	0
	2015	240,353	0	11,883
300	2011	153,276	0	0
	2012	61,048	0	0
	2014	49,867	0	0
	2015	92,601	0	0

NORTH CAROLINA

HOMEOWNERS INSURANCE

ACTUAL HURRICANE LOSSES (Excluded from Experience)\*

<u>Territory</u>	<u>Year</u>	<u>Owners</u>	<u>Tenants</u>	<u>Condominium Unit Owners</u>
310	2011	3,172,682	13,653	44,909
	2012	1,022,438	2,952	45,134
	2014	326,706	7,506	0
	2015	2,647,123	42,688	41,065
320	2011	1,358,926	6,147	1,302
	2012	447,457	0	3,645
	2014	305,338	3,737	0
	2015	1,340,009	1,194	0
330	2011	32,852	0	0
	2012	29,822	0	0
	2014	7,575	0	0
	2015	91,112	0	0
340	2011	6,002,092	58,729	127,476
	2012	1,273,653	2,421	14,324
	2014	1,032,326	6,743	25,053
	2015	5,000,224	26,710	19,229
350	2011	1,440,273	1,701	4,811
	2012	370,305	5,731	6,829
	2014	152,439	0	0
	2015	1,075,801	537	0
360	2011	1,412,938	2,119	10,037
	2012	1,419,347	4,224	6,497
	2014	168,805	21,803	0
	2015	1,770,815	61,246	8,848
370	2011	46,177	55	3,345
	2012	26,884	0	0
	2014	8,642	0	0
	2015	49,849	0	1,918
380	2011	115,012	38	0
	2012	119,971	6,598	0
	2014	47,595	0	0
	2015	189,574	0	0
390	2011	232,862	55	0
	2012	116,935	0	0
	2014	45,562	0	0
	2015	221,650	0	0

\* There were no Hurricane Losses in year 2013. Loss amounts reflect adjustment to base deductible level and application of loss development factors.

NORTH CAROLINA

HOMEOWNERS INSURANCE

DERIVATION OF REINSURANCE COST BY POLICY FORM

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
				Condominium		=(1)×(2)/(5)	=(1)×(3)/(5)	=(1)×(4)/(5)
	All-Forms	Owners	Tenants	Unit Owners	All-Forms	Owners	Tenants	Condominium
	Reinsurance	Latest-Year	Latest-Year	Latest-Year	Latest-Year	Reinsurance	Reinsurance	Unit Owners
<u>Territory</u>	<u>Cost</u>	<u>Earned Premium</u>	<u>Earned Premium</u>	<u>Earned Premium</u>	<u>Earned Premium</u>	<u>Cost</u>	<u>Cost</u>	<u>Cost</u>
110	14,819,302	42,375,586	108,399	119,408	42,603,393	14,740,061	37,706	41,535
120	32,147,011	51,913,315	429,728	1,055,666	53,398,709	31,252,776	258,704	635,530
130	8,697,396	30,687,829	128,364	86,975	30,903,168	8,636,791	36,127	24,478
140	97,946,716	200,976,863	3,066,976	2,434,309	206,478,148	95,337,080	1,454,877	1,154,759
150	15,482,313	67,189,493	766,255	212,978	68,168,726	15,259,912	174,030	48,371
160	18,617,826	56,788,301	986,954	472,303	58,247,558	18,151,400	315,463	150,963
170	455,486	4,053,405	78,893	379	4,132,677	446,749	8,695	42
180	13,606,279	50,457,429	1,640,566	245,815	52,343,810	13,115,932	426,450	63,897
190	4,863,834	15,520,615	292,738	7,292	15,820,645	4,771,594	89,998	2,242
200	2,700,865	9,343,757	105,680	220	9,449,657	2,670,597	30,205	63
210	4,123,385	18,038,729	516,271	25,133	18,580,133	4,003,234	114,573	5,578
220	12,008,256	58,380,071	2,386,746	399,283	61,166,100	11,461,297	468,571	78,388
230	3,666,659	15,645,966	259,869	16,277	15,922,112	3,603,066	59,845	3,748
240	12,226,117	70,597,634	1,554,372	95,794	72,247,800	11,946,868	263,038	16,211
250	5,644,369	33,685,075	564,063	32,966	34,282,104	5,546,071	92,870	5,428
260	2,702,845	23,980,759	572,679	7,815	24,561,253	2,638,964	63,021	860
270	52,562,698	273,317,653	13,573,326	4,021,222	290,912,201	49,383,674	2,452,460	726,564
280	7,215,287	41,448,406	1,733,551	739,477	43,921,434	6,809,025	284,783	121,479
290	5,729,734	33,439,999	622,569	299,670	34,362,238	5,575,955	103,810	49,968
300	1,553,408	13,961,148	199,798	5,954	14,166,900	1,530,847	21,908	653
310	24,080,980	197,861,108	8,760,250	2,404,830	209,026,188	22,794,701	1,009,230	277,050
320	12,760,914	113,588,444	2,780,344	649,101	117,017,889	12,386,930	303,199	70,785
330	400,736	5,555,723	101,708	8,883	5,666,314	392,915	7,193	628
340	39,182,790	257,483,928	15,024,633	7,708,847	280,217,408	36,003,968	2,100,894	1,077,928
350	6,300,056	77,090,100	1,906,671	429,843	79,426,614	6,114,726	151,236	34,095
360	11,271,730	161,936,260	3,454,805	2,407,177	167,798,242	10,877,955	232,074	161,700
370	435,493	10,213,813	93,314	255,260	10,562,387	421,121	3,847	10,525
380	1,367,578	33,816,038	475,168	230,403	34,521,609	1,339,627	18,824	9,127
390	1,537,861	41,169,118	366,711	218,503	41,754,332	1,516,307	13,506	8,048

NORTH CAROLINA

HOMEOWNERS INSURANCE - OWNERS FORMS

DERIVATION OF NET REINSURANCE COST AT BASE-CLASS LEVEL

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Total	Latest-Year	Latest-Year	Latest-Year	Latest-Year	Premium	Variable	Reinsurance
Territory	Reinsurance Cost	Earned Premium	House Years	Average Rating Factor	Current Amount Factor	Projection Factor	Expense <sup>(a)</sup>	Cost at Base Class Level <sup>(b)</sup>
110	14,740,061	42,375,586	11,959	1.473	1.026	1.017	0.272	1,101.54
120	31,252,776	51,913,315	14,118	1.304	1.026	1.017	0.272	2,234.80
130	8,636,791	30,687,829	13,710	1.463	1.026	1.017	0.272	566.85
140	95,337,080	200,976,863	80,768	1.266	1.026	1.017	0.272	1,227.41
150	15,259,912	67,189,493	43,498	1.196	1.026	1.017	0.272	386.15
160	18,151,400	56,788,301	37,120	1.102	1.026	1.017	0.272	584.15
170	446,749	4,053,405	4,077	1.198	1.026	1.017	0.272	120.41
180	13,115,932	50,457,429	48,078	1.157	1.026	1.017	0.272	310.40
190	4,771,594	15,520,615	12,988	1.115	1.026	1.017	0.272	433.76
200	2,670,597	9,343,757	5,973	1.273	1.026	1.017	0.272	462.37
210	4,003,234	18,038,729	19,442	1.106	1.026	1.017	0.272	245.08
220	11,461,297	58,380,071	53,275	1.110	1.026	1.017	0.272	255.15
230	3,603,066	15,645,966	13,073	1.081	1.026	1.017	0.272	335.64
240	11,946,868	70,597,634	72,587	1.192	1.026	1.017	0.272	181.77
250	5,546,071	33,685,075	30,826	1.171	1.026	1.017	0.272	202.26
260	2,638,964	23,980,759	26,576	1.460	1.026	1.017	0.272	89.53
270	49,383,674	273,317,653	272,629	1.453	1.026	1.017	0.272	164.11
280	6,809,025	41,448,406	40,125	1.685	1.026	1.017	0.272	132.58
290	5,575,955	33,439,999	31,575	1.394	1.026	1.017	0.272	166.77
300	1,530,847	13,961,148	13,434	1.153	1.026	1.017	0.272	130.11
310	22,794,701	197,861,108	253,972	1.255	1.026	1.017	0.272	94.15
320	12,386,930	113,588,444	131,069	1.226	1.026	1.017	0.272	101.48
330	392,915	5,555,723	6,853	1.367	1.026	1.017	0.272	55.21
340	36,003,968	257,483,928	296,445	1.433	1.026	1.017	0.272	111.57
350	6,114,726	77,090,100	91,130	1.248	1.026	1.017	0.272	70.78
360	10,877,955	161,936,260	193,740	1.419	1.026	1.017	0.272	52.09
370	421,121	10,213,813	9,613	1.527	1.026	1.017	0.272	37.77
380	1,339,627	33,816,038	33,201	1.525	1.026	1.017	0.272	34.83
390	1,516,307	41,169,118	36,602	1.684	1.026	1.017	0.272	32.38
SW	398,730,143	2,010,516,565	1,898,456	1.319	1.026	1.017	0.272	209.62

<sup>(a)</sup> Variable Expense represents the combined loading for Taxes, Commissions, Dividends, Profit and Contingencies

<sup>(b)</sup> Reinsurance Base Class Loss Cost = (1) / [(3) × (4) × (5) × (6)] / [(1- (7))]

NORTH CAROLINA

HOMEOWNERS INSURANCE - TENANTS FORM

DERIVATION OF NET REINSURANCE COST AT BASE-CLASS LEVEL

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Total	Latest-Year	Latest-Year	Latest-Year	Latest-Year	Premium	Variable	Reinsurance
Territory	Reinsurance	Earned Premium	House Years	Average	Current Amount	Projection	Expense <sup>(a)</sup>	Cost at Base
	Cost			Rating Factor	Factor	Factor		Class Level <sup>(b)</sup>
110	37,706	108,399	259	3.948	0.977	0.985	0.272	52.63
120	258,704	429,728	994	3.573	0.977	0.985	0.272	103.97
130	36,127	128,364	416	4.538	0.977	0.985	0.272	27.32
140	1,454,877	3,066,976	10,853	3.446	0.977	0.985	0.272	55.53
150	174,030	766,255	3,819	3.934	0.977	0.985	0.272	16.53
160	315,463	986,954	4,451	3.411	0.977	0.985	0.272	29.66
170	8,695	78,893	387	4.077	0.977	0.985	0.272	7.87
180	426,450	1,640,566	9,432	3.411	0.977	0.985	0.272	18.92
190	89,998	292,738	1,330	4.076	0.977	0.985	0.272	23.70
200	30,205	105,680	409	4.455	0.977	0.985	0.272	23.66
210	114,573	516,271	2,808	3.605	0.977	0.985	0.272	16.16
220	468,571	2,386,746	9,177	3.292	0.977	0.985	0.272	22.14
230	59,845	259,869	1,299	3.847	0.977	0.985	0.272	17.09
240	263,038	1,554,372	7,376	3.902	0.977	0.985	0.272	13.05
250	92,870	564,063	2,940	3.837	0.977	0.985	0.272	11.75
260	63,021	572,679	2,466	4.074	0.977	0.985	0.272	8.95
270	2,452,460	13,573,326	93,203	3.387	0.977	0.985	0.272	11.09
280	284,783	1,733,551	12,000	3.704	0.977	0.985	0.272	9.15
290	103,810	622,569	3,299	4.194	0.977	0.985	0.272	10.71
300	21,908	199,798	934	4.278	0.977	0.985	0.272	7.83
310	1,009,230	8,760,250	54,192	3.514	0.977	0.985	0.272	7.56
320	303,199	2,780,344	16,540	3.820	0.977	0.985	0.272	6.85
330	7,193	101,708	481	4.499	0.977	0.985	0.272	4.74
340	2,100,894	15,024,633	85,296	3.523	0.977	0.985	0.272	9.98
350	151,236	1,906,671	9,939	3.915	0.977	0.985	0.272	5.55
360	232,074	3,454,805	24,829	4.216	0.977	0.985	0.272	3.16
370	3,847	93,314	447	4.855	0.977	0.985	0.272	2.53
380	18,824	475,168	2,447	4.736	0.977	0.985	0.272	2.32
390	13,506	366,711	1,871	4.780	0.977	0.985	0.272	2.16
SW	10,597,137	62,551,401	363,894	3.585	0.977	0.985	0.272	11.59

<sup>(a)</sup> Variable Expense represents the combined loading for Taxes, Commissions, Dividends, Profit and Contingencies

<sup>(b)</sup> Reinsurance Base Class Loss Cost = (1) / [(3) × (4) × (5) × (6)] / [(1 - (7))]

NORTH CAROLINA

HOMEOWNERS INSURANCE - CONDOMINIUM UNIT OWNERS FORM

DERIVATION OF NET REINSURANCE COST AT BASE-CLASS LEVEL

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Total	Latest-Year	Latest-Year	Latest-Year	Latest-Year	Premium	Variable	Reinsurance
Territory	Reinsurance	Earned Premium	House Years	Average	Current Amount	Projection	Expense <sup>(a)</sup>	Cost at Base
	Cost			Rating Factor	Factor	Factor		Class Level <sup>(b)</sup>
110	41,535	119,408	242	5.607	1.012	1.008	0.272	41.22
120	635,530	1,055,666	1,738	5.677	1.012	1.008	0.272	86.74
130	24,478	86,975	190	6.732	1.012	1.008	0.272	25.77
140	1,154,759	2,434,309	5,707	5.764	1.012	1.008	0.272	47.27
150	48,371	212,978	566	7.378	1.012	1.008	0.272	15.60
160	150,963	472,303	1,340	6.408	1.012	1.008	0.272	23.67
170	42	379	1	8.239	1.012	1.008	0.272	6.86
180	63,897	245,815	861	6.074	1.012	1.008	0.272	16.45
190	2,242	7,292	16	9.115	1.012	1.008	0.272	20.70
200	63	220	1	4.000	1.012	1.008	0.272	21.21
210	5,578	25,133	64	8.727	1.012	1.008	0.272	13.45
220	78,388	399,283	1,205	7.203	1.012	1.008	0.272	12.16
230	3,748	16,277	65	5.111	1.012	1.008	0.272	15.19
240	16,211	95,794	270	8.251	1.012	1.008	0.272	9.80
250	5,428	32,966	95	8.262	1.012	1.008	0.272	9.31
260	860	7,815	21	8.458	1.012	1.008	0.272	6.52
270	726,564	4,021,222	10,752	7.633	1.012	1.008	0.272	11.92
280	121,479	739,477	2,661	7.940	1.012	1.008	0.272	7.74
290	49,968	299,670	998	6.983	1.012	1.008	0.272	9.65
300	653	5,954	20	7.088	1.012	1.008	0.272	6.20
310	277,050	2,404,830	9,060	7.174	1.012	1.008	0.272	5.74
320	70,785	649,101	2,375	7.192	1.012	1.008	0.272	5.58
330	628	8,883	27	7.833	1.012	1.008	0.272	4.00
340	1,077,928	7,708,847	25,547	7.360	1.012	1.008	0.272	7.72
350	34,095	429,843	1,520	7.070	1.012	1.008	0.272	4.27
360	161,700	2,407,177	8,008	8.124	1.012	1.008	0.272	3.35
370	10,525	255,260	940	6.315	1.012	1.008	0.272	2.39
380	9,127	230,403	780	7.205	1.012	1.008	0.272	2.19
390	8,048	218,503	592	9.002	1.012	1.008	0.272	2.03
SW	4,780,643	24,591,783	75,662	7.115	1.012	1.008	0.272	11.96

<sup>(a)</sup> Variable Expense represents the combined loading for Taxes, Commissions, Dividends, Profit and Contingencies

<sup>(b)</sup> Reinsurance Base Class Loss Cost = (1) / [(3) × (4) × (5) × (6)] / [(1- (7))]

## NORTH CAROLINA

### HOMEOWNERS INSURANCE

#### DEDUCTIBLE AND AMOUNT OF INSURANCE REBASING

This filing is adjusting the base deductible to \$1,000 for Owners forms and \$500 for the Tenant and Condominium Unit Owners forms. Additionally, the base Coverage A amount of insurance is being adjusted to \$200,000 for the Owners forms. Changing these base characteristics simply restates the base rates and the corresponding relativity tables but does not impact the indicated rate changes in this filing. To adjust the current manual rates for the change in the deductible base, the current deductible relativities at the new base deductible were used to determine a weighted average relativity across all of the amount of insurance (AOI) groups with five-year earned house years as the weight. The weighted average relativities used were 0.841 for Owners forms, 0.918 for the Tenant form and 0.910 for the Condominium Unit Owners form.

For the Tenant and Condominium Unit Owners forms these weighted average relativities are the rebasing factors used to rebase the current manual rates. For Owners forms, the relativity corresponding to \$200,000 Coverage A amount of insurance (1.800) was also applied to the base rate and the key factor table was rebased by dividing all of the values by the same relativity (1.800). For Owners forms, the rebasing factor of 1.514 is the product of the Coverage A amount of insurance relativity at \$200,000 (1.800) and the weighted average deductible relativity (0.841). These rebasing factors appear on page A-4 to restate the current manual rates to the new base characteristics.

Using a weighted average deductible relativity by policy form was necessary due to the fact that the ratemaking systems used to produce the rate indications in this filing reflect deductible pricing in the loss amounts rather than the premium amounts via Loss Elimination Ratios (LERs) and these LERs represent the averages across all AOI groups. However, while the use of weighted average deductible relativities was appropriate to produce the rate indications in this filing, they do not produce factors of unity, which is desired, for the base deductible for any of the AOI groups in the rebased all-perils deductible table. Therefore, the filed rates reflect an additional off balance factor in order to produce unity factors for the new base deductible corresponding to the new base AOI group. The off balance factors are equal to the ratio of the current relativity at the new base deductible to the weighted average relativity used to produce the rate indications. The off balance factors are 0.939 ( $=.79/0.841$ ) for Owners forms, 0.991 for Tenants ( $=0.91/0.918$ ) and 0.989 for Condominium Unit Owners ( $=0.90/0.910$ ). These off balance factors appear on page A-5 to restate the filed rates to a basis appropriate for use with the rebased deductible tables.

NORTH CAROLINA  
HOMEOWNERS INSURANCE  
SUPPLEMENTAL MATERIAL

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North Carolina G.S. 58-36-15(h) specifies that the following information must be included in all policy form, rule and rate filings filed under Article 36. 11 NCAC 10.1105 specifies that additional detail be provided under each of these items. These materials are contained on the pages indicated.

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NORTH CAROLINA  
HOMEOWNERS INSURANCE  
SUPPLEMENTAL MATERIAL

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NORTH CAROLINA

HOMEOWNERS INSURANCE

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA  
REQUIREMENTS FOR A HOMEOWNERS RATE FILING  
AS PER 11 NCAC 10.1105

EARNED PREMIUMS AT ACTUAL AND CURRENT RATE LEVEL

I. Earned Premium at Collected Level

<u>Year</u>	<u>Owners Forms</u>	<u>Tenants Form</u>	<u>Condominium Unit Owners Form</u>
2011	1,702,810,689	36,677,459	19,842,430
2012	1,742,442,828	41,397,687	21,344,319
2013	1,844,340,352	46,073,692	23,520,968
2014	1,987,791,109	52,796,391	26,786,076
2015	2,052,313,776	58,860,319	29,054,900

II. Earned Premium at Current Level

<u>Year</u>	<u>Owners Forms</u>	<u>Tenants Form</u>	<u>Condominium Unit Owners Form</u>
2011	1,948,127,067	47,617,200	22,529,188
2012	1,949,554,485	52,378,906	22,686,849
2013	1,959,759,221	55,237,280	23,530,167
2014	1,985,264,211	57,853,563	24,395,272
2015	2,010,516,565	62,551,401	24,591,783

NORTH CAROLINA

HOMEOWNERS INSURANCE

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA  
REQUIREMENTS FOR A HOMEOWNERS RATE FILING  
AS PER 11 NCAC 10.1105

PAID/INCURRED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSE

I. Paid Losses

The Rate Bureau is advised by ISO that paid loss and loss adjustment expenses are not available for the experience period of this filing.

II. Incurred Losses <sup>(a)(b)</sup>

<u>Year</u>	<u>Owners Forms</u>	<u>Tenants Form</u>	<u>Condominium Unit Owners Form</u>
2011	1,397,508,072	21,403,131	10,493,392
2012	828,978,726	19,938,088	10,314,998
2013	692,457,272	21,654,996	9,873,900
2014	804,481,653	20,486,315	13,151,301
2015	775,118,670	22,973,761	15,189,657

(a) Incurred losses are developed, include actual wind losses and do not include loss adjustment expenses. These expenses are reflected via a factor. For the Owners, Tenant and Condominium-Unit Owners forms these factors are 15.3%, 18.1% and 16.4%, respectively. These losses are adjusted to the \$1,000 base deductible for Owners and \$500 base deductible for Tenants and Condominium Unit Owners.

(b) Hurricane Losses have been removed.

NORTH CAROLINA

HOMEOWNERS INSURANCE

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA  
REQUIREMENTS FOR A HOMEOWNERS RATE FILING  
AS PER 11 NCAC 10.1105

ANTICIPATED LOSS AND LOSS ADJUSTMENT EXPENSE RATIOS

The anticipated loss and LAE ratio included in the 2014 filing was 0.279. The anticipated loss and LAE ratio included in the 2012 filing was 0.288.

## NORTH CAROLINA

### HOMEOWNERS INSURANCE

#### STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA REQUIREMENTS FOR A HOMEOWNERS RATE FILING AS PER 11 NCAC 10.1105

#### EXCLUDED COMPANIES

The market shares shown are based on 2015 Statutory Page 14 Homeowners premium for licensed companies and residual market Homeowners premium reported to ISO.

The historical experience used to develop the statewide rate-level indications, territory rate-level indications, premium trend factors, loss trend factors and wind exclusion credits is based on the experience of companies and residual market entities reporting to the Insurance Services Office (full statistical plan), the Independent Statistical Service, and the National Insurance Statistical Service. The historical premium and loss experience utilized in this filing, after accounting for the premium and loss experience of reporting companies whose data were not included (as described below) accounts for 94.43% of the total North Carolina Homeowners market. The experience reported to the American Association of Insurance Services and to Insurance Services Office under the Statistical Agent Plan is excluded because it is not available in sufficient detail. This experience accounts for approximately 0.22% of the total North Carolina Homeowners market.

Premium/loss and trend experience for the following insurers is not included in the filed experience: Ace Insurance Company of the Midwest, AIG Property Casualty Company, American Automobile Insurance Company, American Fire & Casualty Company, American Home Assurance Company, Associated Indemnity Corporation, Balboa Insurance Company, Bankers Standard Insurance Company, Chubb Insurance Company, Cincinnati Insurance Company, Firemans Fund Insurance Company, Grain Dealers Mutual Insurance Company, Graphic Arts Mutual Insurance Company, Lighthouse Property Insurance Company, Lititz Mutual Insurance Company, Merastar Insurance Company, Meritplan Insurance Company, National Surety Corporation, Newport Insurance Company, Ohio Casualty Insurance Company, Praetorian Insurance Company, QBE Insurance Company, Republic-Franklin Insurance Company, Southern Fire & Casualty Company, Southern Pilot Insurance, State Auto Mutual Insurance Company, State Auto P&C Insurance Company, Unitrin Direct P&C Company, Universal North America Insurance Company, Utica Mutual Insurance Company and West American Insurance Company. The experience for these companies (excluding Chubb Insurance) was not included pending resolution of data anomalies. Experience for Chubb Insurance Company was not included because sufficient detail was not available. Based on 2015 written premium, the premium/loss data for these companies represents 5.35% of the total North Carolina Homeowners market.

NORTH CAROLINA

HOMEOWNERS INSURANCE

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA  
REQUIREMENTS FOR A HOMEOWNERS RATE FILING  
AS PER 11 NCAC 10.1105

EXCLUDED COMPANIES

The loss development factors used in the calculation of the rate level indications are based on ISO North Carolina experience and on the North Carolina experience of three major company-groups reporting to the ISS. Based on 2015 written premium, this combined experience represents 80.04% of the total North Carolina Homeowners market.

See also the prefiled testimony of P. Anderson, R. Curry and B. Donlan.

House-years by year are as follows:

<u>Year</u>	<u>Owners Forms</u>	<u>Tenants Form</u>	<u>Condominium Unit Owners Form</u>
2011	1,931,483	267,776	74,204
2012	1,908,757	295,202	72,796
2013	1,894,109	312,870	73,831
2014	1,899,492	331,747	75,145
2015	1,898,456	363,894	75,662

NORTH CAROLINA

HOMEOWNERS INSURANCE

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA  
REQUIREMENTS FOR A HOMEOWNERS RATE FILING  
AS PER 11 NCAC 10.1105

ADJUSTMENTS TO PREMIUMS, LOSSES, LOSS ADJUSTMENT EXPENSES,  
EXPENSES AND EXPOSURES

Adjustments made to premiums, losses, loss adjustment expenses, and expenses are set forth below and in the prefiled testimony of P. Anderson, R. Curry, B. Donlan, R. Fox and E. Henderson.

Losses reported to ISO, ISS, and NISS are adjusted to the \$1,000 base deductible level for Owners Forms and \$500 base deductible level for Tenants and Condominium Unit Owners Forms by application of loss elimination ratios. These factors are applied on a record-by-record basis and vary by cause of loss and policy form.

Losses were developed to an ultimate basis through the application of loss development factors. The derivation and application of loss development factors is described in the response to 11 NCAC 10.1105(3).

Non-hurricane wind losses for the owners forms have been smoothed using an "excess wind" procedure.

Additionally, due to the volatile nature and the catastrophic potential of hurricane losses, they have been removed from the actual data and replaced with a hurricane loss provision based on modeled hurricane losses developed by Aon Benfield.

## NORTH CAROLINA

## HOMEOWNERS INSURANCE

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA  
 REQUIREMENTS FOR A HOMEOWNERS RATE FILING  
 AS PER 11 NCAC 10.1105

EARNED PREMIUM AT PRESENT RATES CALCULATION

The earned premium at present rates for data reported to ISO, ISS, and NISS is calculated in the following manner for each premium record in the database:

Premium = [(Territory Base Rate × Form Factor × Amount of Insurance Factor × Protection-Construction Factor × Age Of Dwelling Factor) + Additional Coverage C charge] × Earned Exposure

The results are then summed over all territories to generate the statewide earned premium at present rates used to calculate the average rating factors shown on pages C-2-4.

A sample calculation for a single premium record is shown below. This sample record is for Territory 150, Form HO-5, \$200,000 Coverage A, protection class 8, masonry construction, Age of Dwelling = 4 years, Additional Coverage C = \$12,000:

(1)	Base rate (at new base)	\$1,291
(2)	Form factor	1.30
(3)	Coverage A factor	1.000
(4)	Protection-construction factor	1.10
(5)	Age Of Dwelling Factor	0.91
(6)	Additional Coverage C charge	\$36
(7)	Earned Exposure	0.55
(8)	Earned Premium at present rates $(((1) \times (2) \times (3) \times (4) \times (5)) + (6)) \times (7)$	\$943.79

## NORTH CAROLINA

## HOMEOWNERS INSURANCE

## TOP TEN HOMEOWNERS INSURANCE WRITERS

<u>Company Name</u>	<u>2016 Written Premium<sup>(a)</sup></u>	<u>2016 Written Premium Market Share</u>	<u>2016 Earned Premium<sup>(a)</sup></u>	<u>2016 Earned Premium Market Share</u>
State Farm Fire and Casualty Company	462,736,000	18.80%	458,115,000	18.94%
North Carolina Farm Bureau Mutual Insurance Company	311,082,000	12.64%	305,013,000	12.61%
Allstate Indemnity Company	113,079,000	4.59%	110,330,000	4.56%
Nationwide Mutual Insurance Company	112,833,000	4.58%	120,262,000	4.97%
Nationwide Mutual Fire Insurance Company	102,353,000	4.16%	105,999,000	4.38%
United Services Automobile Association	95,856,000	3.89%	93,920,000	3.88%
Erie Insurance Exchange	95,277,000	3.87%	101,959,000	4.21%
Liberty Mutual Fire Insurance Company	69,394,000	2.82%	67,616,000	2.79%
Nationwide General Insurance Company	58,933,000	2.39%	50,460,000	2.09%
Allstate Insurance Company	58,265,000	2.37%	59,079,000	2.44%
Total	1,479,808,000	60.12%	1,472,753,000	60.87%
Grand Total	2,461,554,000		2,419,341,000	

<sup>(a)</sup> 2016 Annual Statement, Statutory Page 14, Line 4.0 (Homeowners).

## Notes:

The Beach and Fair plans are not included in this report.

NORTH CAROLINA  
HOMEOWNERS MULTIPLE PERIL  
2015 AGGREGATE ANNUAL STATEMENT DATA  
2015 TOP 50 HOMEOWNERS INSURERS

2015 UNDERWRITING AND INVESTMENT EXHIBIT  
PART 1 - PREMIUMS EARNED

Line of Business		Net Premiums Written	Unearned Premiums Prior Year	Unearned Premiums Current Year	Net Earned Premiums
1	Fire	1,377,991,000	753,060,000	686,596,000	1,444,456,000
2	Allied lines	1,258,035,000	626,993,000	622,329,000	1,262,697,000
3	Farmowners multiple peril	769,062,000	351,843,000	378,222,000	742,685,000
4	Homeowners multiple peril	37,179,876,000	18,661,249,000	19,607,965,000	36,233,155,000
5	Commercial multiple peril	7,728,310,000	3,699,456,000	3,729,736,000	7,698,028,000
6	Mortgage guaranty	19,468,000	1,535,000	13,124,000	7,879,000
8	Ocean marine	113,563,000	49,788,000	50,348,000	113,000,000
9	Inland marine	1,956,864,000	1,027,012,000	1,052,775,000	1,931,099,000
10	Financial guaranty	0	0	0	0
11.1	Medical professional liability - occurrence	52,707,000	21,172,000	22,222,000	51,655,000
11.2	Medical professional liability - claims-made	25,401,000	13,552,000	12,057,000	26,896,000
12	Earthquake	410,281,000	184,960,000	200,011,000	395,227,000
13	Group accident and health	279,136,000	13,623,000	16,306,000	276,451,000
14	Credit accident and health (group and individual)	10,207,000	24,000	28,000	10,203,000
15	Other accident and health	55,964,000	17,653,000	20,041,000	53,579,000
16	Workers' compensation	3,047,154,000	1,099,634,000	1,122,256,000	3,024,531,000
17.1	Other liability - occurrence	4,255,267,000	2,060,569,000	2,175,096,000	4,140,747,000
17.2	Other liability - claims-made	811,209,000	341,801,000	363,884,000	789,129,000
17.3	Excess Workers' Compensation	12,459,000	7,533,000	7,628,000	12,364,000
18.1	Products liability - occurrence	273,751,000	116,711,000	123,207,000	267,256,000
18.2	Products liability - claims-made	6,348,000	2,651,000	2,805,000	6,196,000
19.1, 19.2	Private passenger auto liability	27,216,553,000	8,050,147,000	8,396,576,000	26,870,116,000
19.3, 19.4	Commercial auto liability	3,244,517,000	1,434,988,000	1,508,166,000	3,171,338,000
21	Auto physical damage	21,587,265,000	6,437,293,000	6,865,274,000	21,159,280,000
22	Aircraft (all perils)	26,124,000	11,192,000	13,198,000	24,117,000
23	Fidelity	42,160,000	25,163,000	24,788,000	42,541,000
24	Surety	259,124,000	124,964,000	138,256,000	245,831,000
26	Burglary and theft	12,668,000	7,013,000	6,220,000	13,463,000
27	Boiler and machinery	49,018,000	20,835,000	21,147,000	48,707,000
28	Credit	31,002,000	18,137,000	17,327,000	31,808,000
29	International	255,000	60,000	58,000	256,000
30	Warranty	69,461,000	177,273,000	130,846,000	115,886,000
31	Reinsurance - Nonproportional Assumed Property	70,176,000	11,379,000	9,711,000	71,844,000
32	Reinsurance - Nonproportional Assumed Liability	25,917,000	7,822,000	10,043,000	23,696,000
33	Reinsurance - Nonproportional Assumed Financial Lines	295,000	119,000	125,000	285,000
34	Aggregate write-ins for other lines of business	16,548,000	6,501,000	6,464,000	16,584,000
35	<b>TOTALS</b>	<b>112,294,136,000</b>	<b>45,383,698,000</b>	<b>47,354,847,000</b>	<b>110,322,988,000</b>

NORTH CAROLINA  
HOMEOWNERS MULTIPLE PERIL  
2016 AGGREGATE ANNUAL STATEMENT DATA  
2016 TOP 50 HOMEOWNERS INSURERS

2016 UNDERWRITING AND INVESTMENT EXHIBIT  
PART 1 - PREMIUMS EARNED

Line of Business		Net Premiums Written	Unearned Premiums Prior Year	Unearned Premiums Current Year	Net Earned Premiums
1	Fire	1,328,456,000	689,818,000	683,094,000	1,335,176,000
2	Allied lines	1,355,374,000	642,562,000	664,302,000	1,333,635,000
3	Farmowners multiple peril	799,608,000	378,650,000	389,001,000	789,255,000
4	Homeowners multiple peril	38,056,503,000	19,667,054,000	19,912,394,000	37,811,171,000
5	Commercial multiple peril	7,766,314,000	3,753,881,000	3,701,271,000	7,818,925,000
6	Mortgage guaranty	14,657,000	13,124,000	16,316,000	11,465,000
8	Ocean marine	108,947,000	51,485,000	46,350,000	114,078,000
9	Inland marine	2,427,653,000	1,055,550,000	1,225,495,000	2,257,709,000
10	Financial guaranty	(13,000)	1,000	3,000	(15,000)
11.1	Medical professional liability - occurrence	51,610,000	22,485,000	23,619,000	50,478,000
11.2	Medical professional liability - claims-made	26,057,000	12,748,000	12,043,000	26,762,000
12	Earthquake	412,675,000	200,137,000	205,268,000	407,546,000
13	Group accident and health	268,362,000	17,029,000	14,346,000	271,045,000
14	Credit accident and health (group and individual)	12,839,000	28,000	38,000	12,829,000
15	Other accident and health	67,452,000	20,032,000	20,396,000	67,085,000
16	Workers' compensation	2,964,200,000	1,122,604,000	1,105,966,000	2,980,839,000
17.1	Other liability - occurrence	4,401,410,000	2,185,743,000	2,314,235,000	4,272,922,000
17.2	Other liability - claims-made	874,443,000	372,832,000	481,348,000	765,926,000
17.3	Excess Workers' Compensation	12,877,000	8,808,000	6,049,000	15,635,000
18.1	Products liability - occurrence	264,720,000	123,693,000	121,602,000	266,811,000
18.2	Products liability - claims-made	6,508,000	3,108,000	3,291,000	6,327,000
19.1, 19.2	Private passenger auto liability	28,930,857,000	8,378,710,000	8,891,828,000	28,417,742,000
19.3, 19.4	Commercial auto liability	3,329,669,000	1,510,534,000	1,537,619,000	3,302,582,000
21	Auto physical damage	22,615,464,000	6,853,294,000	7,145,054,000	22,323,706,000
22	Aircraft (all perils)	18,574,000	13,352,000	7,992,000	23,937,000
23	Fidelity	41,489,000	24,863,000	23,268,000	43,088,000
24	Surety	252,406,000	137,650,000	137,979,000	252,079,000
26	Burglary and theft	12,555,000	6,247,000	6,224,000	12,575,000
27	Boiler and machinery	51,588,000	21,228,000	22,432,000	50,386,000
28	Credit	39,769,000	17,434,000	29,050,000	28,156,000
29	International	298,000	116,000	41,000	373,000
30	Warranty	78,564,000	130,922,000	126,707,000	82,780,000
31	Reinsurance - Nonproportional Assumed Property	53,839,000	9,773,000	12,279,000	51,332,000
32	Reinsurance - Nonproportional Assumed Liability	32,481,000	9,786,000	10,609,000	31,658,000
33	Reinsurance - Nonproportional Assumed Financial Lines	1,474,000	100,000	1,300,000	274,000
34	Aggregate write-ins for other lines of business	14,547,000	6,464,000	6,017,000	14,993,000
35	TOTALS	116,694,215,000	47,461,861,000	48,904,810,000	115,251,269,000

NORTH CAROLINA  
 HOMEOWNERS MULTIPLE PERIL  
 2015 AGGREGATE ANNUAL STATEMENT DATA  
 2015 TOP 50 HOMEOWNERS INSURERS

2015 UNDERWRITING AND INVESTMENT EXHIBIT  
 PART 2 - LOSSES PAID AND INCURRED

Line of Business	Reported Losses				Incurred But Not Reported			Net Losses Unpaid	Net Unpaid Loss Adjustment Expenses	
	Direct	Reinsurance Assumed	Deduct Reinsurance Assumed from Unauthorized and Unapproved Companies	Net Losses Excl. Incurred But Not Reported	Direct	Reinsurance Assumed	Reinsurance Ceded			
1	Fire	325,967,000	192,421,000	302,109,000	216,276,000	123,607,000	94,458,000	115,835,000	318,507,000	36,749,000
2	Allied lines	186,994,000	178,808,000	177,993,000	187,801,000	157,024,000	73,517,000	136,265,000	282,078,000	38,299,000
3	Farmowners multiple peril	77,213,000	81,770,000	24,019,000	134,964,000	27,148,000	20,586,000	6,196,000	176,499,000	40,447,000
4	Homeowners multiple peril	4,233,806,000	1,552,255,000	1,527,138,000	4,258,926,000	2,979,260,000	1,100,215,000	1,088,019,000	7,250,382,000	2,247,282,000
5	Commercial multiple peril	2,101,227,000	2,117,606,000	945,528,000	3,273,305,000	1,217,043,000	1,249,618,000	724,051,000	5,015,912,000	2,121,890,000
6	Mortgage guaranty	0	263,000	44,000	218,000	0	157,000	0	375,000	0
8	Ocean marine	20,133,000	49,803,000	36,427,000	33,508,000	14,282,000	27,611,000	17,812,000	57,591,000	15,340,000
9	Inland marine	129,879,000	66,177,000	72,963,000	123,091,000	94,812,000	70,888,000	77,064,000	211,726,000	105,807,000
10	Financial guaranty	0	0	0	0	0	0	0	0	0
11.1	Medical professional liability - occurrence	39,423,000	10,505,000	1,549,000	48,380,000	10,722,000	22,902,000	3,202,000	78,803,000	29,596,000
11.2	Medical professional liability - claims-made	428,000	38,848,000	11,762,000	27,512,000	190,000	43,011,000	8,050,000	62,664,000	17,589,000
12	Earthquake	795,000	1,190,000	136,000	1,848,000	3,324,000	1,938,000	1,695,000	5,414,000	749,000
13	Group accident and health	246,000	13,430,000	1,977,000	11,698,000	1,685,000	14,822,000	1,644,000	26,561,000	2,852,000
14	Credit accident and health (group and individual)	4,751,000	0	4,387,000	363,000	11,722,000	0	10,432,000	1,654,000	452,000
15	Other accident and health	3,209,000	8,791,000	626,000	11,375,000	526,000	8,075,000	505,000	19,472,000	1,086,000
16	Workers' compensation	5,289,215,000	3,596,773,000	4,334,081,000	4,551,906,000	5,528,886,000	3,364,545,000	4,641,914,000	8,803,429,000	1,307,653,000
17.1	Other liability - occurrence	2,137,997,000	2,347,680,000	1,701,356,000	2,784,325,000	3,443,547,000	3,039,687,000	2,425,843,000	6,841,714,000	1,575,745,000
17.2	Other liability - claims-made	119,018,000	376,843,000	129,396,000	366,463,000	70,819,000	764,312,000	184,492,000	1,017,101,000	418,742,000
17.3	Excess Workers' Compensation	159,855,000	74,279,000	159,275,000	74,860,000	80,223,000	97,352,000	96,963,000	155,472,000	14,146,000
18.1	Products liability - occurrence	519,220,000	302,056,000	289,523,000	531,752,000	632,091,000	582,418,000	407,532,000	1,338,730,000	553,910,000
18.2	Products liability - claims-made	75,000	9,082,000	311,000	8,846,000	9,218,000	14,765,000	9,745,000	23,083,000	6,304,000
19.1, 19.2	Private passenger auto liability	14,407,186,000	11,077,308,000	10,375,506,000	15,108,988,000	7,080,331,000	4,777,887,000	5,193,097,000	21,774,109,000	4,537,604,000
19.3, 19.4	Commercial auto liability	1,665,057,000	1,835,629,000	1,135,248,000	2,365,437,000	982,719,000	1,218,101,000	893,452,000	3,672,807,000	593,895,000
21	Auto physical damage	(72,993,000)	398,333,000	(24,896,000)	350,239,000	318,213,000	(87,870,000)	262,106,000	318,474,000	386,299,000
22	Aircraft (all perils)	67,856,000	60,087,000	106,546,000	21,396,000	1,230,000	13,868,000	4,810,000	31,681,000	8,149,000
23	Fidelity	3,564,000	8,644,000	1,084,000	11,125,000	17,022,000	22,989,000	4,777,000	46,361,000	9,716,000
24	Surety	(26,499,000)	12,666,000	(40,743,000)	26,910,000	18,040,000	21,415,000	8,427,000	57,941,000	33,172,000
26	Burglary and theft	2,097,000	1,887,000	287,000	3,695,000	363,000	1,189,000	329,000	4,921,000	708,000
27	Boiler and machinery	8,266,000	11,289,000	10,947,000	8,609,000	5,891,000	5,094,000	3,208,000	16,387,000	2,589,000
28	Credit	5,707,000	1,224,000	5,304,000	1,627,000	12,789,000	3,101,000	11,919,000	5,597,000	633,000
29	International	0	1,344,000	867,000	477,000	0	5,042,000	3,236,000	2,283,000	90,000
30	Warranty	130,000	108,000	68,000	171,000	8,492,000	5,001,000	5,296,000	8,367,000	300,000
31	Reinsurance - nonproportional assumed Property	0	32,061,000	(132,000)	32,194,000	0	17,822,000	(1,274,000)	51,292,000	1,522,000
32	Reinsurance - nonproportional assumed Liability	0	142,123,000	36,958,000	105,165,000	0	232,066,000	105,934,000	231,296,000	11,498,000
33	Reinsurance - nonproportional assumed Financial Lines	0	1,064,000	3,000	1,061,000	0	1,268,000	2,000	2,328,000	172,000
34	Aggregate write-ins for other lines of business	31,000	287,000	19,000	299,000	148,000	463,000	32,000	875,000	221,000
35	TOTALS	31,409,842,000	24,602,636,000	21,327,668,000	34,684,812,000	22,851,378,000	16,828,306,000	16,452,619,000	57,911,878,000	14,121,202,000

NORTH CAROLINA  
 HOMEOWNERS MULTIPLE PERIL  
 2016 AGGREGATE ANNUAL STATEMENT DATA  
 2016 TOP 50 HOMEOWNERS INSURERS

2016 UNDERWRITING AND INVESTMENT EXHIBIT  
 PART 2 - LOSSES PAID AND INCURRED

Line of Business	Reported Losses				Incurred But Not Reported			Net Losses Unpaid	Net Unpaid Loss Adjustment Expenses
	Direct	Reinsurance Assumed	Deduct Reinsurance Assumed from Authorized and Unauthorized Companies	Net Losses Excl. Incurred But Not Reported	Direct	Reinsurance Assumed	Reinsurance Ceded		
1 Fire	325,921,000	194,439,000	272,993,000	247,363,000	192,305,000	99,504,000	185,597,000	353,581,000	39,110,000
2 Allied lines	410,661,000	193,555,000	388,809,000	215,408,000	307,140,000	86,301,000	294,839,000	314,007,000	41,532,000
3 Farmowners multiple peril	68,382,000	89,351,000	25,041,000	132,693,000	34,551,000	25,174,000	8,014,000	184,402,000	46,408,000
4 Homeowners multiple peril	4,586,402,000	1,660,357,000	1,725,802,000	4,520,955,000	3,178,371,000	1,227,676,000	1,199,990,000	7,727,018,000	2,392,833,000
5 Commercial multiple peril	1,994,269,000	2,296,560,000	926,556,000	3,364,270,000	1,246,004,000	1,328,771,000	711,441,000	5,227,601,000	2,115,741,000
6 Mortgage guaranty	0	827,000	0	827,000	0	229,000	0	1,057,000	0
8 Ocean marine	19,798,000	45,730,000	30,935,000	34,594,000	11,150,000	34,254,000	16,797,000	63,201,000	14,994,000
9 Inland marine	125,501,000	73,350,000	78,674,000	120,176,000	111,601,000	108,150,000	91,167,000	248,760,000	112,614,000
10 Financial guaranty	0	0	0	0	0	11,000	8,000	3,000	0
11.1 Medical professional liability - occurrence	46,661,000	12,095,000	1,667,000	57,087,000	(1,999,000)	22,266,000	3,201,000	74,155,000	30,310,000
11.2 Medical professional liability - claims-made	816,000	49,610,000	13,277,000	37,148,000	804,000	59,359,000	14,578,000	82,731,000	24,128,000
12 Earthquake	513,000	915,000	86,000	1,341,000	2,231,000	1,784,000	898,000	4,457,000	1,147,000
13 Group accident and health	216,000	12,646,000	1,258,000	11,606,000	1,683,000	14,213,000	3,241,000	24,259,000	2,327,000
14 Credit accident and health (group and individual)	4,211,000	0	3,908,000	303,000	12,687,000	0	11,629,000	1,361,000	474,000
15 Other accident and health	3,286,000	8,384,000	471,000	11,198,000	462,000	8,430,000	464,000	19,626,000	1,061,000
16 Workers' compensation	5,063,990,000	3,702,982,000	4,298,690,000	4,468,284,000	5,557,632,000	3,672,564,000	4,806,841,000	8,891,643,000	1,344,002,000
17.1 Other liability - occurrence	2,117,782,000	2,352,849,000	1,611,225,000	2,859,409,000	3,778,534,000	3,208,591,000	2,546,089,000	7,300,441,000	1,529,584,000
17.2 Other liability - claims-made	105,279,000	414,619,000	132,879,000	387,020,000	58,539,000	953,386,000	302,594,000	1,096,351,000	419,929,000
17.3 Excess Workers' Compensation	184,406,000	77,754,000	185,125,000	77,034,000	127,588,000	119,118,000	144,981,000	178,759,000	16,752,000
18.1 Products liability - occurrence	511,086,000	316,172,000	293,243,000	534,011,000	532,613,000	596,184,000	332,145,000	1,330,661,000	578,842,000
18.2 Products liability - claims-made	25,000	12,883,000	664,000	12,243,000	3,726,000	14,469,000	5,127,000	25,313,000	5,975,000
19.1, 19.2 Private passenger auto liability	14,910,372,000	12,298,751,000	10,832,510,000	16,376,611,000	7,655,263,000	5,583,857,000	5,853,924,000	23,761,804,000	4,788,568,000
19.3, 19.4 Commercial auto liability	1,733,334,000	1,963,821,000	1,137,445,000	2,559,713,000	1,110,215,000	1,287,066,000	982,513,000	3,974,482,000	627,599,000
21 Auto physical damage	(25,023,000)	420,951,000	(34,806,000)	430,736,000	419,894,000	(21,182,000)	323,539,000	505,907,000	420,755,000
22 Aircraft (all perils)	67,261,000	55,164,000	101,881,000	20,544,000	1,211,000	12,920,000	3,514,000	31,161,000	7,251,000
23 Fidelity	5,015,000	7,962,000	1,343,000	11,633,000	16,674,000	22,632,000	8,408,000	42,534,000	8,930,000
24 Surety	(15,089,000)	20,519,000	(29,496,000)	34,925,000	24,869,000	27,814,000	11,182,000	76,425,000	29,944,000
26 Burglary and theft	958,000	1,603,000	306,000	2,256,000	388,000	1,313,000	373,000	3,581,000	603,000
27 Boiler and machinery	17,000,000	7,942,000	17,535,000	7,406,000	6,289,000	5,478,000	3,638,000	15,540,000	2,173,000
28 Credit	6,881,000	1,727,000	6,471,000	2,137,000	15,576,000	1,876,000	14,581,000	5,009,000	682,000
29 International	0	995,000	247,000	748,000	0	2,792,000	985,000	2,554,000	71,000
30 Warranty	22,000	460,000	408,000	75,000	7,272,000	8,913,000	9,019,000	7,240,000	259,000
31 Reinsurance - nonproportional assumed Property	0	25,212,000	578,000	24,634,000	0	18,535,000	(1,197,000)	44,366,000	1,179,000
32 Reinsurance - nonproportional assumed Liability	0	130,039,000	36,183,000	93,856,000	0	232,522,000	104,901,000	221,478,000	9,071,000
33 Reinsurance - nonproportional assumed Financial Lines	0	1,042,000	4,000	1,037,000	0	1,402,000	23,000	2,415,000	115,000
34 Aggregate write-ins for other lines of business	35,000	186,000	10,000	211,000	767,000	534,000	573,000	939,000	229,000
35 TOTALS	32,269,962,000	26,451,450,000	22,061,923,000	36,659,488,000	24,414,047,000	18,766,914,000	17,995,619,000	61,844,825,000	14,615,197,000

NORTH CAROLINA  
HOMEOWNERS MULTIPLE PERIL  
AGGREGATE ANNUAL STATEMENT DATA  
TOP 50 HOMEOWNERS INSURERS

STATUTORY PAGE 14

	2015	2016
Written Premium	2,246,393,000	2,328,544,000
Earned Premium	2,201,846,000	2,280,937,000
Dividends	10,330,000	9,334,000
Unearned Prem Reserves	1,162,197,000	1,202,053,000
Losses Paid	948,882,000	1,211,407,000
Losses Incurred	963,596,000	1,312,163,000
Losses Unpaid	330,746,000	422,699,000
Defense & Cost Containment Paid	14,071,000	15,653,000
Defense & Cost Containment Incurred	16,212,000	15,966,000
Defense & Cost Containment Unpaid	28,536,000	28,112,000
Commission	273,195,000	280,151,000
Taxes	62,090,000	63,094,000

**HOMEOWNERS**

1. **ACE American Insurance Company**

- New Construction Credit: New home - 10 yrs. Credit varies 20% - 0%.
- Forms 1, 2, 3, 4 & 6: Fixed Dollar Deductible: Credit varies 15% - 40%.
- Personal Property Increased Limit: \$2 per \$1,000 of additional coverage.
- Form 2 & 3: Replacement cost on contents - HO 0490: Factor of 11.5% applies to end of the base premium & includes increased limits to 70% of Coverage A dwelling amount.
- Protective Device Credits: All zones & all protection classes: Credit varies 2% - 15%.
- Rate Deviation: Homeowners - 21%; Tenants - 15%; Condominiums - 20%
- Eff. 9-1-92

2. **ACE Fire Underwriters Insurance Company**

- New Construction Credit: New 20%; 1 yr. old - 18%; 2% less credit each added yr.
- Forms 1, 2 & 3: Fixed dollar deductible credits; \$500 - 11%; \$1,000 - 21%; \$2,500 - 34%.
- Form 4: Fixed dollar deductible credits; \$500 - 11%; \$1,000 - 25%; \$2,500 - 40%.
- Forms 1, 2 & 3: Rate for increase in Coverage C: \$1 per \$1,000.
- Forms 1, 2 & 3: Replacement Cost Coverage HO-290; Charge shall be 4% of adjusted base premium. Coverage C must also be increased to 70% of A at \$1 per \$1,000.
- Protective Device Credits: All zones & all protection classes; Credit varies 1% - 15%.
- Eff. 5-1-92

3. **AIU Insurance Company**

- All Forms: 10%.
- Eff. 2-1-86

4. **AMCO Insurance Company**

- Territory Deviation, Forms HO 00 02, HO 00 03, and HO 00 05 and HO 00 04 and HO 00 06 excludes wind or hail or does not exclude wind or hail.
- Multiple Policy Deviation, Forms HO 00 02, HO 00 03 and HO 00 05, HO 00 04, HO 00 06.
- Deductible Deviations, Forms HO 00 02, HO 00 03 and HO 00 05.
- Safe Home Rating Plan Deviation, Forms HO 00 02, HO 00 03 and HO 00 05.
- Age of Oldest Insured Deviation, Forms HO 00 02, HO 00 03, HO 00 04, HO 00 05 and HO 00 06.
- Year of Construction-Age of Construction Deviation Forms HO 00 02, HO 00 03 and HO 00 05.
- Amount of Insurance, All Territories Forms HO 00 02, HO 00 03 and HO 00 05.
- Home Renovation Deviation, Forms HO 00 02, HO 00 03 and HO 00 05.
- Roof Rating Deviation, Forms HO 00 02, HO 00 03 and HO 00 05.
- Home Purchase Deviation, Forms HO 00 02, HO 00 03, HO 00 05, and HO 00 06.
- Gated Community Deviation, Forms HO 00 02, HO 00 03, and HO 00 05.
- Flex Check Payment Option-Installment Payment Plan Deviation, Forms HO 00 02, HO 0003, HO 00 04, HO 00 05 and HO 00 06.
- Personal Status Deviation.
- Associate Discount Deviation.
- Increased Special Limits of Liability.
- Intra-Agency/Terms with Prior Carrier Discount Deviation – Forms 2, 3, 5, 4 and 6.
- Eff 5-2-12 NWPC-127979907 [NCDOI](#)

5. **AMEX Assurance Company**

- Various downward deviation based on amount of insurance Form 3.
- Various downward deviation based on amount of insurance Form 4.
- Various downward deviation based on amount of insurance Form 6.
- Protective Device Credits: Credit varies 2% - 15%.
- Home & Auto Credit: Credit varies by form 2% or 5%.
- Replacement Cost on Contents Deviation: Form 3 - 5% of base premium: Forms 4 & 6 - 30% of base premium.
- Coverage A Increased Limits downward deviation form HO 06..
- Utilities rating (New Home Discount) Form 3: Downward deviation : Credit varies 2% - 25% based on age of dwelling.
- Form 3: Downward deviation Coverage C Increased Limits.

- Downward deviation for installment pay plan by electronic funds transfer or payroll deduction.
- No additional charge for Refrigerated Personal Property.
- No charge for townhouse or row house.
- Costco Discount: 2% applies to policies for member insureds of Costco.
- HO 3, 4 & 6 base rates vary by territory.
- Eff. 8-1-05 PC083887 [North Carolina Department of Insurance](#)

6. **Affirmative Insurance Company**

- 15% base deviation for Premier Homeowners Program.
- 3% base deviation for Deluxe Homeowners Program.
- 15% base deviation for Premier Tenant Program.
- 10% base deviation for Deluxe Tenant Program.
- 20% base deviation for Premier Condominium Program.
- 15% base deviation for Deluxe Condominium Program.
- Forms 2 & 3: Deductible credits; \$500-15%; \$1000-25%; \$2500-38%.
- Forms 4 & 6: Deductible credits; \$500-15%; \$1000-25%; \$2500-40%.
- All Forms, except 4 & 6: New Home Credit: New 20%; 2% less credit each additional yr. to 9th yr.
- All Forms: Protective Device Credits: Credits vary 2%-15%.
- Forms 2 & 3: Replacement Cost on Contents; Surcharge of 7.5%. Coverage increased to 70% of Coverage A at no premium charge.
- All forms, except 4 & 6; Personal Property Increased Limit \$2 charge per \$1000 of coverage.
- Eff 02-15-02 PC046217 [North Carolina Department of Insurance](#)

7. **AGRI General Insurance Company**

- Amount of Insurance Deviation: Credits vary 1%-15% by policy amount, territory & county.
- New Home Credit: 20% 1st yr.; 2% less credit each added yr. to 9th yr. Does not apply to Form 8, remodeled or restored homes.
- All Forms, except 4 & 6: Deductible Factors: \$250 ded.-1.00; \$500 ded.-0.91; \$1000 ded.-0.79; \$2500 ded.-0.62.
- Protective Device Credit: Premium credit for all protection classifications & territories; Credit varies 1%-15%.
- Eff. 1-1-97

8. **Alfa Alliance Insurance Corporation (Virginia Mutual Insurance Company)**

- Premium Credit Factors - Claims Free Forms HO 0002, HO 0003, HO 0005 and HO 0008.
- Premium Credit Factors - Claims Free for forms HO 0004 and HO 0006.
- Row and Townhouses - discount.
- Account Discount.
- Insurance Score Discount.
- Newly Constructed Residences (not applicable to Forms 4 and 6).
- Amount of insurance relativities – Coverage A forms HO 00 02 HO 00 03 HO 00 05 and HO 00 08.
- Installment Payment Plan-Electronic Funds Transfer.
- Effective 5-1-11 AFAL-127042137 [NCDOI](#)

9. **Alliance Mutual Insurance Company**

- Flat Deductibles.
- Higher Windstorm or Hail Deductibles – Flat deductible.
- Protective Devices.
- Eff 7-1-06 PC094461 [North Carolina Department of Insurance](#)

10. **Allstate Indemnity Company**

- Tier-Claim Rating Deviation.
- Claims Free Discount.
- New/renovated Home Discount.
- Home and Auto Discount Deviation.
- The Good Hands People Discount Deviation.
- Zone Deviation.
- Eff 5-8-12 ALSE-128047642 [NCDOI](#)

11. **Allstate Insurance Company**

- Deductible factors.
- Personal Property Replacement Cost Deviation.
- Protective devise discount.
- Year of construction-New/Renovated Home discount.
- Age 55 & Retired Discount Factor.
- Home and auto discount deviation.
- The Good Hands People discount.
- Waterbed Liability Deviation HO4 and HO6.
- Installment payment plan – Allstate Easy Payment Plan.
- Three or four family dwelling.
- Zone (Territory) Deviation.

**Deluxe Plus**

- Deductibles
- Protective Devices.
- Year of Construction – Newly Constructed Dwellings.
- Age 55 and Retired Discount.
- Home and Auto Discount.
- The Good Hands People discount.
- Zone (Territory) Deviation.
- Eff 6-19-12 ALSE-128410904 [NCDOI](#)

12. **AmComp Assurance Corporation**

- Forms 2 & 3: Deductible credits; \$500-9%; \$1000-17%.
- Forms 2 & 3: Premium credits for alarm systems vary 2% - 15%.
- Age 55 & Retired Discount: 10% credit applies when required criteria is met.
- Forms 2 & 3: New Home Credit; 14%; Homes completed & occupied current calendar yr.; 2% less credit each added yr.
- Eff. 12-1-91

13. **American Automobile Insurance Company**

- Protective Device Credits: All forms & all territories: 1% - 15% credit applies to company base premium.
- Portfolio Credit: 5% credit applies to all homeowners policies when Personal Catastrophe Coverage and Personal Inland Marine Coverage is written with Company.
- Deviations by territories and forms: Credit varies.
- Eff. 12-1-03 PC065125 [Filing Detail](#)

14. **American Bankers Insurance Company of Florida**

- Select Tier Broad Form, Base Rate.
- Choice Tier Broad Form, Base Rate.
- Elite Tier Broad Form, Base Rate.
- Select Tier Comprehensive form Base Rate.
- Choice Tier Comprehensive form Base Rate.
- Elite Tier Comprehensive form Base Rate.
- Senior Discount Territory 2 and Territory 3.
- Claim Free Credit, Territory 2 and Territory 3.
- Eff. 1-1-11 ASPX-G126837901 [North Carolina Department of Insurance](#)

15. **American Centennial Insurance Company**

- Forms 1, 2, 3, 3 w/15 & 6: 25%.
- Eff. 9-1-85

16. **American Economy Insurance Company**

- All Forms: Personal Injury (HO-82) included at no charge.
- All Forms, except 4 & 6: New home credit or renovated home credit for homes meeting required criteria; 0-1 yr. - 15%; 2 yrs. - 12%; 3, 4 or 5 yrs. - 10%; 6 or 7 yrs. - 6%; 8-10 yrs. - 4%.
- Forms 2 & 3: Replacement Cost (HO-290) Coverage C is increased to 70% of Coverage A at no extra charge.

Charge of 9% (7% in Beach Area) is added to basic premium.

- Forms 4 & 6: Replacement Cost (HO-290); Charge of 30% is added to basic premium.
- Form 3: Replacement or Repair Cost Coverage A (HO-500); No charge.
- Forms 4 & 6: \$100 deductible; Minimum additional charge of \$10 in lieu of \$30.
- Forms 2 & 3: Fixed deductible; \$500 ded. - 9%; \$1000 ded. - 17%.
- Forms 4 & 6: Fixed deductible credits; \$500 - 10%; \$1000 - 23%.
- Form 3: XL Coverage rate deviation when eligibility requirements are met.
- One family premium for all Section I & II coverages will apply regardless of number of families.
- Form 2 & 3: Dwelling under construction credit of 20% applies during first yr. when certain requirements are met.
- Form 6: Coverage A increased limits rate; \$2.70 per \$1000.
- Renewal credit for consecutive yrs. insured with American States Group; 3-5 yrs. - 5%; 6 or more yrs. - 10%.
- Protective Devices: Credit factors vary .98 to .85.
- Forms 3, 4 & 6: Unscheduled jewelry & furs - (HO-65); \$2500 increased limit - \$33; \$5000 increased limit - \$60.
- Form 3: XL Coverage Program; \$5000 limit included in basic premium. To reduce to \$1000 limit, subtract \$56. To reduce to \$2500 subtract \$35.
- Eff. 11-17-97

17. **American Home Assurance Company**

- Base Premium by Territory Form HO 00 03.
- Key factor Deviation.
- Protective Devices.
- Eff. 6-1-10 APCG-126564265 [North Carolina Department of Insurance](#)

18. **American Insurance Company**

- Forms 2, 3 & 3w/15: New Home Credit; 20% current yr. & one yr. preceding current yr. of construction; 2% less credit each added yr.
- Protective Devices Credit: All territories 1% - 15%. Credit applies to company base premium.
- All Forms: Deductible credits: \$500 -10%; \$1000 -20%; \$2500 -30%. Credit applies to company base premium.
- HO-3 w/15: Multiply HO-3 key premium by factor of 1.08 to obtain key premium for HO-3 w/15.
- Form 4 & 6: Deductible Credits for Coverage C limit. \$10000 & above \$500 -10%, \$1000 - 20%, \$2500 - 30%. Credit applies to company base premium.
- Discount of Replacement Cost on Contents: Apply surcharge of 10% to HO-3 company base premium for replacement cost on contents.
- Eff. 6-1-93

19. **American Manufacturers Mutual Insurance Company**

- Additional Amounts of Insurance (KIP only) deviation.
- All Forms: Optional Higher Deductibles deviation.
- Personal Property Replacement Cost: Increase Coverage C at \$1 per \$1000. Add \$10 surcharge.
- Mature Homeowners Credit: 5% applies when named insured is 55 yrs. of age & an adult is home during the day.
- New Home Credit Discount: 0 - 15+ yrs. of age: Credit varies 0% - 20%.
- Premium Credits for Protective Devices.
- All Forms, except 3w/15: \$100 deductible: Waive minimum premium.
- Form 3: Base rate deviation based on protection class & territory. Credit varies 0%-22%.
- All Forms except 3w/15: \$250 theft deductible/ \$100 deductible all other perils: Waive minimum premium.
- Form 4: Base Rate Deviation -7%.
- Form 6: Base Rate Deviation - 12%.
- Higher limits for credit cards, fund transfer card, forgery & counterfeit money coverage (KIP only). Outboard Motors & Water Craft (KIP only): Coverage up to & including 50 HP is included at no additional charge.
- Personal Injury (KIP only): Coverage included at no additional charge.
- Seasonal or Secondary Dwelling Discount (KIP only): 5% discount to base premium.
- Blanket Property Limit (KIP only): Replacement cost contents coverage included at no additional charge.
- Form 3: Special Personal Property Coverage: Factor 1.10 applies to base premium.
- Form 6: Special Personal Property Coverage: Factor 1.20 applies to base premium.
- Form 4: Building Additions & Alterations Increase: KIP & Monoline: Each addl. \$1000 rate \$10000 Form 4 premium x .08.
- Form 6: Coverage A Dwelling Basic and Increased Limits Special Coverage.
- Form 4 & 6: Ordinance or Law Increased Amount of Insurance Refrigerated Property with KIP policy.

- Form 3: KIP only: Ord or Law: Include 12.5% at no additional charge. Wind and Hail Deds for Form 3: Blkt Limits dev (KIP only).
- HE-7W/HE-40 deviation by territory for KIP only: Territory 40 - 1.20, Remainder of State 1.25.
- HE-7W/HE-40 & HE-20 deviation by territory for KIP only: Territory 40 - 1.25, Remainder of State 1.30.
- HE-7W/HE-40 & HE-21 deviation by territory for KIP only: Territory 40 - 1.30, Remainder of State 1.35.
- Deferred Premium Payment Plan: \$1 charge for electronic funds transfer.
- 5% Kemper Network Discount: Certain criteria apply.
- Eff. 2-25-02 PC047937 [Filing Detail](#)

20. **American Modern Home Insurance Company**

- Form 3: Deductible Credits; \$500 Ded. - 10%; \$1000 - 22%; \$2500 - 28%.
- Form 3: New Home Credit; Current yr. - 26%; 1st. yr. - 24%; 3% less each yr. to 7th yr.
- Form 3: Multi-policy credit; 5% credit when auto policy written in addition to homeowners policy.
- Protective Device Credits: Credit varies 1% - 10%.
- Amount of Insurance Deviation: Coverage A amount \$10000 - \$200000: Credit varies by territory.
- Eliminate charge to increase personal property limits.
- For rates above \$200000, a factor of .007 applies for each additional \$1000 of premium
- Eff. 6-1-99

21. **American Motorists Insurance Company**

- All Forms: Optional Higher Deductibles deviation.
- Personal Property Replacement Cost.
- New Home Credit Discount: 0 - 10+ yrs. of age: Credit varies 0% - 20%.
- Premium Credits for Protective Devices.
- All Forms, except 3w/15: \$100 deductible: Waive minimum premium.
- Form 4: Base Rate Deviation 5%.
- Form 6: Base Rate Deviation - 10%.
- Higher limits for credit cards, fund transfer card, forgery & counterfeit money coverage (KIP only).
- Outboard Motors & Water Craft (KIP only): Coverage up to & including 50 HP is included at no additional charge.
- Personal Injury (KIP only): Coverage included at no additional charge.
- Seasonal or Secondary Dwelling Discount (KIP only): 5% discount to base premium.
- Blanket Property Limit (KIP only): Replacement cost contents coverage included at no additional charge.
- Form 3: Special Personal Property Coverage: Factor 1.10 applies to base premium.
- Form 6: Special Personal Property Coverage: Factor 1.20 applies to base premium.
- Form 4: Building Additions & Alterations Increase: KIP & Monoline: Each addl. \$1000 rate \$10000 Form 4 prem x .08.
- Form 6: Coverage A Dwelling Basic and Increased Limits Special Coverage.
- Form 4 & 6: Ordinance or Law Increased Amount of Insurance.
- Refrigerated Property: Coverage included at no additional charge with KIP policy.
- Form 3: KIP only: Ordinance or Law Coverage: Include 12.5% at no additional charge. Windstorm and Hail Deductibles for Form 3: Blanket Limits deviation (KIP only).
- HE-7W/HE-40 deviation by territory for KIP only: Territory 40 - 1.20, Remainder of State 1.25.
- HE-7W/HE-40 & HE-20 deviation by territory for KIP only: Territory 40 - 1.25, Remainder of State 1.30.
- HE-7W/HE-40 & HE-21 deviation by territory for KIP only: Territory 40 - 1.30, Remainder of State 1.35.
- Deferred Premium Payment Plan: \$1 charge for electronic funds transfer.
- 5% Kemper Network Discount: Certain criteria apply.
- Eff. 2-25-02 PC047938 [North Carolina Department of Insurance](#)

22. **American Professionals Insurance Company**

- Form 2, 3 & 3w/15: Company deviation based on amount of insurance, construction & territory: Credit varies.
- Form 6: Territorial deviation.
- Forms 2, 3, 3w/15: New Home Discount based on age of home. Deviation varies 0% - 14%.
- Forms 1, 2, 3 & 3w/15: Fixed dollar amount deductible credit factors; \$500 - .85; \$1000 - .79; \$2500 - .62.
- Forms 1, 2, & 3: Increase in Coverage C; \$1 per \$1000.
- Protective Devices: All forms: Maxcredit for protective device eliminated. All protection class & all territories. There is no limit on credit.
- Outboard Motors & Water Craft: Liability rates amended by boat length.

- Form 4 & 6: Fixed dollar amount deductible. Credit factor \$500 - .85; \$1000 - .77; \$2500 - .63.
- All Forms, except 4 & 6: Windstorm or Hail Percentage/Factor Deductible deviation.
- Form 6: Coverage A Dwelling Basic & Increased Limits and Special Coverage.
- All Forms, except 4 & 6: Personal Property Replacement (Coverage C) Cost Coverage. 1.05 factor applies to base premium. Form 4 & 6: 1.35 factor: Minimum additional premium deleted.
- Ordinance or Law Coverage deviation factors.
- Three or Four Family Residence Coverage B & C deviation.
- Installment Payment Plan. Initial installment charge waived.
- 5% account credit when named insured has an auto policy with the Highlands Insurance Group Companies.
- Eff. 6-1-99

**23. American Reliable Insurance Company**

- One or both named insureds 55 or older.
- Protective devices.
- Optional Higher deductible.
- Eff 11-1-11 ASPX-G127317492 [NCDOI](#)

**24. American States Insurance Company**

- All Forms: Include Personal Injury HO-82 at no charge.
- All Forms, except 4 & 6: New home credit or renovated home credit for homes meeting required criteria.
- Form 2 & 3: Replacement cost Coverage C is increased to 70% of Coverage A at no extra charge: Charge of 9% (7% in Beach Area) is added to basic premium.
- Forms 4 & 6: Replacement cost (HO-290); Charge of 30% is added to basic premium.
- Replacement or Repair Cost Protection Coverage A (HO-500): \$1.
- Forms 4 & 6: \$100 deductible; Minimum additional charge \$10 in lieu of \$30.
- One family premiums for all Section I & II coverages will apply regardless of number of families.
- Forms 2 & 3: Dwelling under construction credit of 20% applies during first yr. if certain requirements are met.
- Form 6: Coverage A increased limits; Basic coverage rate per \$1000 increase \$2.70.
- Renewal credit for consecutive years insured with American States Group: 3-5 yrs. - 5%; 6 or more yrs. - 10%.
- Protective Devices: Credit factors vary .98 to .85.
- Forms 2, 3, 4 & 6: Unscheduled jewelry & furs (HO-65) \$2500 increased limit - \$33; \$4000 increased limit - \$60.
- Forms 2, 3 & 8: Fixed deductible credits; \$500 - 9%; \$1000 - 17%.
- Forms 4 & 6: Fixed deductible credits; \$500 - 10%; \$1000 - 23%.
- Eff. 12-1-/91

**25. American States Preferred Insurance Company**

- Form 3: Basic premium deviation varies by protection class. Variable credits.
- Form 3: Amount of insurance deviation: All amounts of insurance 13.0% credit.
- Form 3: Surcharges for townhouses & rowhouses are waived.
- Form 3: Homeowners XL Credit: When eligibility & coverage requirements are met. Variable credits.
- Form 3: Deductible credits/charges \$500 - 12%; \$1000 - 24%.
- The one family premiums for all Section I & Section II coverages shall apply regardless of number of families.
- Form 4: Amount of insurance deviation; \$15000 - \$30000 & above. Credit varies 2% - 22%, except for a few specific counties which receive 5% less.
- Form 6: Amount of insurance deviation; \$20000 - \$30000 & above. Credit varies 8% - 25%, except for a few specific counties which receive 5% less.
- Forms 4 & 6: Deductible credits/charges; \$500 - 17%; \$1000 - 30%.
- Alarm systems: Premium credits vary.
- Jewelry & Furs: Forms 3, 4 & 6; \$2500 limit \$33; \$5000 limit - \$60. Form 3 w/XL coverage \$5000 included in base premium. To reduce to \$2500 limit subtract \$35. \$1000 limit subtract \$56.
- Form 3: Replacement Cost (HO-290) Coverage C is increased to 70% of Coverage A at no extra charge; Charge of 9% (7% in Beach area) is added to basic premium.
- Forms 4 & 6: Replacement Cost (HO-290); Charge of 30% is added to basic premium.
- All Forms: Include Personal Injury HO-82 at no charge.
- Form 3: Replacement or Repair Cost Protection Coverage A dwelling HO-500; No charge.
- Form 6: Coverage A increased limits; Basic coverage rate per \$1000 increase \$2.70.
- Form 3: New Home Credit; Current yr. - 15%; one yr. preceding current yr. - 12%; 2nd, 3rd & 4th yrs. -10%; 5th & 6th yrs. - 6%; 7th, 8th & 9th yrs. - 4%.

- Form 3: New dwelling under construction; 20% when certain requirements are met.
- Renewal credit for consecutive yrs. with American States Group; 3-5 yrs. - 5%; 6 or more yrs. - 10%.
- Eff. 10-30-97

26. **American Strategic Insurance Corporation**

- Territory Zone Deviation
- Protection Class Construction – Forms HO 00 03 and HO 00 05.
- Protection Class Construction – Form HO 00 04.
- Key Factors – Forms HO 00 03 and HO 00 05.
- Key Factors – Form HO 00 04.
- Age of Home.
- Tier Forms HO 00 03 and HO 00 04.
- Companion Policy – All Forms.
- “E Policy” – All Forms.
- New Purchase – HO 00 03.
- Senior Retiree – Forms HO 00 03 and HO 00 05.
- Age of Insured – Form HO 00 04.
- Non Smoker – All Forms.
- Accredited Builder – Forms HO 00 03 and HO 00 05.
- Personal Property Replacement Cost – All Forms.
- Protective Devices - All Forms.
- Wind Mitigation Forms HO 00 03 and HO 00 05.
- Eff 7-15-12 AMSI-128519199 [NCDOI](#)

27. **AMICA Mutual Insurance Company**

- Waive the additional premium for Coverage C, Personal Property at 75% of Coverage A.
- Form HO 00 04 rate deviation by policy amount.
- Additional Amounts of Insurance-1.00 All territories with exceptions.
- Personal Property-Increased Limit, \$1.60 for all forms. Also waive the charge up to 75% of Coverage A without HO 04 90 (Personal Property Replacement Cost).
- Premium Payment Option.
- Multi-Line Discount, Optional Rating Characteristics. Various discounts in all territories with exceptions.
- Preferred Risk Deviation, Maximum Factor of \$1.00 and a Minimum Factor of 0.50.
- Eff.2-1-12 AMMA-127610586 [NCDOI](#)

28. **Amerisure Insurance Company**

- All Forms: Minimum additional charge of \$30 for \$100 deductible is waived.
- Mature Homeowners Credit Factor .95 insured age 55 or older & dwelling is primary.
- Multi Policy Credit: Forms 2, 3 & 6: 15% multi-policy credit when personal auto coverage in force in Amerisure Group.
- New Home Credit Factors: Current year -.80; 1 yr.- .8l; 2 yrs. -.82; 3 yrs -.84; 4 yrs. -.86; 5 yrs. -.88; 6 yrs. -.90; 7 yrs. -.93; 8 yrs. -.96; 9 yrs. - .99.
- Form 3: Deviation by Territory: 0% - 18% credit based on territory, protection class & construction.
- Form 1, 2 & 3: Amount of Insurance Deviation; Coverage A amount \$60000+-\$199000 credit varies 0.46% - 9.77%.
- Form 6: Relativity .85.
- Eff. 10-1-94

29. **Amerisure Mutual Insurance Company**

- All Forms: Minimum additional charge of \$30 for \$100 deductible is waived.
- Multi-Policy Credit: Forms 2, 3 & 6 - 15% multi-policy credit to homeowners rates when automobile policy is written with Amerisure Group.
- Form 6: Relativity is .85.
- Eff. 10-194

30. **Armed Forces Insurance Exchange**

- Protective Device Credits.
- Fixed dollar amount deductible factors credit varies.

- New Home Credit; All Forms, except HO 00 04 & HO 00 06.
- Sinkhole Collapse Coverage: All Forms except HO 00 04 and HO 00 06. (Does not include basic, only increased amount)
- Base Premium Deviation Based on Territory.
- Installment Payment Charge waived
- Minimum policy premium waived.
- Personal Property Increased Limits charge per \$1000.
- Wind Mitigation Program.
- Eff 12-5-11 ARMD-127176102 [NCDOI](#)

31. **Arrowwood Indemnity Company**

- Additional Amounts of Insurance: Forms HO 00 02 HO 00 03 \$8 per policy.
- Deductible Credits: Credit varies by form & deductible amount.
- Personal Property (Coverage C) Replacement Cost Coverage: Forms 2 & 3 - Coverage A amount under \$100000 - 11% surcharge; \$100000 & over - 8% surcharge; Forms 4 & 6 - 40% surcharge.
- Preferred Customer Renewal Credit: 5% credit: Certain criteria must be met.
- Homeowners Enhancement Program: 1.25 factor applies to base premium.
- Installment Payment Plan: Policies billed by agent through account current payroll deduction program are not subject to installment fees.
- Deviation by Forms: Forms 2, 3, & 3w/15- 10%; Form 6- 20%.
- Eff. 5-15-04 PC069340 [North Carolina Department of Insurance](#)

32. **Associated Indemnity Corporation**

- Forms 2, 3 & 3w/15: New Home Credits; 20% current yr. & one yr. preceding current yr.; 2% less each added yr. Credit applies base premium.
- Protective Device Credits: All territories; 1% - 15%; Credit applies to company base premium.
- Forms 1, 2, 3, 3w/15 & deductible credits; \$500-10%;\$1000-20%;\$2500-30%. Credit applies to company base premium.
- HO-3w/15 Key Premium: Multiply HO-3 key premium by factor of 1.08.
- Discount of Replacement Cost on Contents: Surcharge of 10% to HO-3 company base premium.
- Form 4 & 6: Ded credits all territories; Credits for Coverage C \$10000 & above, \$500-10%,\$1000-20%, \$2500-30%. Credit applies to base premium.
- Eff. 6-1-93

33. **Association Insurance Company**

- Deviation by Coverage A limit \$100000 & above - 30% credit.
- Forms 1, 2 & 3: RC Coverage HO-290; Personal property incr. limits charge \$1 per \$1000; Waive 5% surcharge.
- New Home Credit: Cov A amount \$100000 & above; Age of dwelling 0-5 yrs - 15%, 6-10 yrs - 10%, 11-15 yrs - 5%.
- 44% deviation off N.C. Rate Bureau Rates if Cov A amount is \$100000 or above for all SAS Institute Inc. Employees.
- Eff. 1-1-96

34. **Assurance Company of America**

- All Forms, except 4 & 6: Age of dwelling credit; New-20%; 1yr.-18%; 2yrs.-16%; 3yrs-14%; 4yrs-13%; 5yrs.-12%; 6yrs-10%; 7yrs.-8%; 8yrs.-6%; 9yrs.-4%. 10yrs.-2%.
- Forms 4 & 6: Replacement Cost on Contents; Factor 1.35.
- Forms 2 & 3: Charge \$1 per \$1000 for increase in Coverage C limit.
- Form 4: 15% deviation.
- Form 6: 20% deviation.
- Base Premium Discount: All Forms, except 4 & 6; Factor varies .95 -1.25.
- Forms 2, 3 & 3w/15: Deviation by territories: Variable credits.
- All Forms: Fixed dollar amount deductibles factors: \$500-.85; \$1000-.75; \$2500-.70.
- Account Credit: 10% credit when insured has home & auto coverage with Zurich Insurance Cos. when criteria is met.
- Protective Device Credit: Factor varies. Maximum credit of \$75 is waived.
- Eff. 7-1-98

35. **Automobile Insurance Company of Hartford, Connecticut**

- Deductible Credits Homeowners written in conjunction with Private Passenger Auto Policy.
- Protective Devices.
- Account Credit.
- Installment Payment Plan.
- Eff 11-30-11 TRVA-127651839 [NCDOI](#)

36. **Auto-Owners Insurance Company**

- Form HO 00 06 – rate deviation.
- Deductibles – Waiver of Minimum charges.
- Protective Device Credit.
- Protective Device Credit – alarm systems.
- Mature Homeowner Discount for insureds between the ages of 55 and 64.
- Townhouse or row house deviation.
- Credit card, fund transfer card, forgery and counterfeit money.
- Form HO-6 coverage A Dwelling increased Limits and special coverage.
- Loss Assessment Coverage.
- Personal Injury coverage-no charge.
- Permitted Incidental Occupancies – Residence Premises.
- Special Personal Property Coverage HO 00 05.
- Multi-Policy Discount.
- Section II liability watercraft.
- Life/Homeowners Multi-Policy Discount
- Insurance Score Credit.
- Home/Umbrella Multi-Policy discount.
- Paid in Full discount.
- Personal Property Increased Limits.
- Claim Free Discount.
- Loss History Discount.
- All Forms except HO 00 04 and HO 00 06.
- Mortgage Free Discount.
- Protection Class Relativities.
- Age of Construction Discount.
- Base Class Premium.
- Windstorm or Hail Exclusion.
- Windstorm Mitigation.
- Changes or Cancellations.
- Incidental Farming.
- Theft Coverage.
- Home Day Care Coverage.
- Eff. 11-1-11 AOIC-127310435 [NCDOI](#)

37. **Balboa Insurance Company**

- Age of Dwelling Credit: 0 - 9 yrs. of age: Credit varies.
- Deductible Factors Deviation: Credit varies.
- Protective Device Credits: Credit varies.
- Brick or Masonry Construction.
- Eff. 5-1-09 BALB-126027963 [North Carolina Department of Insurance](#)

38. **Bankers Standard Insurance Company**

- Deviation forms HO 00 02, HO 00 03, HO 00 04, HO 00 06, HO 00 05 and HE-7 and certain territories.
- Key Factors Coverage A over \$750,000.
- Protective Devices maximum credit allowed is deleted.
- Optional Higher Deductibles forms HO 00 04 and HO 00 06.
- Hurricane Percentage Deductible.
- Additional Amounts of Insurance.
- Gated Community Credit.

- Valuable Articles Credit-Multi Policy.
- Mass Merchandising Discount.
- Eff. 2-23-11 ACEH-126882478 [North Carolina Department of Insurance](#)

39. **Camden Fire Insurance Association, The**

- All Forms, except 4 & 6: New Home Credit.
- All Forms, except 4: Account credit applies to homeowner premium when personal automobiles in any of the General Accident Companies.
- All Forms: Protective devices: Credit varies 2% - 15%.
- All Forms: Fixed Dollar Amount Deductible Factors; \$500 - .90; \$1000 - .77.
- Forms 1, 2, 3 & 3w/15: Personal Property Increased Limits; \$1 per \$1000 of insurance.
- Forms 1, 2 & 3: Personal Property Replacement Cost coverage; Waive charge to increase Coverage C limit 70% of Coverage A limit. Premium for replacement cost coverage developed by applying factor of 1.05 to base premium including any premium adjustment for Coverage C in excess of 70% of Coverage A.
- All Forms, except 4 & 6: Deviation by policy size; Coverage A Amounts. Credit varies.
- Uniform base rate deviation – all forms except HO 04 and HO 06 10% credit applied when written in the Camden Fire Insurance Association.
- Eff.8-15-02 PC054137 [North Carolina Department of Insurance](#)

40. **Central Mutual Insurance Company**

**Owners Program**

- Deviation by territory and protection class.
- Homeowners Enhancement Program – Deviation by form HE-7 and HE-7 with HE-20.
- Deviation by amount of insurance and insurance score.
- Insurance Score Deviation.
- Customer loyalty deviation.
- Company Deductible Credits B. Optional Deductibles.
- Payment timelines deviation.
- Loss history deviation.
- Personal Property Replacement Cost.
- Accompanying schedule or boat deviation.
- Age of dwelling.
- Home buyer deviation.
- Gated community deviation.
- Non-Packaged Risk deviation.
- Wood Roof Factor.
- Residence held in trust deviation.
- Package deviation.
- Installment Payment with Electronic Transfer.
- Deviation for Waiver of Premium.
- Deviation by Group Rating.
- **Condo Program**
- Deviation by territory, protection class.
- Deviation by amount of insurance.
- Deviation by insurance score.
- Customer loyalty deviation.
- Deductible Optional Higher Deductibles.
- Payment timelines deviation.
- Loss history Deviation.
- Accompanying schedule or boat deviation.
- Form HO 00 06 Coverage A Dwelling Basic and Increased Limits and Special Coverage.
- Residence held in trust.
- Package Deviation.
- Installment Payment Plan.
- Deviation for waiver of premium.
- Deviation by Group Rating.
- **Tenants Program**
- Deviation by territory, protection class.

- Amount of insurance deviation.
- Insurance score deviation.
- Customer loyalty deviation.
- Deductibles B. Optional Higher Deductibles.
- Payment timelines deviation
- Loss history deviation.
- Accompanying schedule or boat deviation.
- Package Deviation.
- Installment Payment Plan with Electronic Transfer.
- Deviation for waiver of premium.
- Deviation by Group Rating.
- Eff 5-1-12 CEMC-127974761 [NCDOI](#)

41. **The Charter Oak Fire Insurance Company**

- Deductible Credits HO 00 02, HO 00 03, HE 00 07 HO 00 04 and HO 00 06.
- Protective Devices.
- Personal Property - Increased Limit Coverage C.
- Account Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.
- Loss Free Customer Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.
- Home Buyer Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.
- Installment Payment Plan.
- Eff 6-1-12 TRVA-128193380 [NCDOI](#)

42. **Chartis Property Casualty Company**

- Base Premium by Territory Form HO 00 03.
- Key Factor Deviation.
- Protective Devices.
- Eff 1-1-11 APCG-126633095 [North Carolina Department of Insurance](#)

43. **Cincinnati Indemnity Company**

- New home credit Forms 2, 3 & 3w/32 36; New – 9 years, credit varies.
- Installment Payment Plan: Delete the \$3 charge for each installment.
- Homeowners Enhancement Deviation.
- Eff 4-1-04 PC065697 [North Carolina Department of Insurance](#)

44. **The Cincinnati Insurance Company**

- Year of construction-Newly Constructed Dwellings Age of Dwelling Credits.
- Base Rate Deviations by Territory.
- Installment Payment Plan.
- Homeowners Enhancement Deviation.
- Watercraft Liability deviation.
- Preferred Risk credit.
- Superior Risk Credit – Forms HO 00 03 and HE 00 07 only.
- Insurance Score Factor – All Forms.
- Package Credit-Multi Policy credit – All Forms.
- Automatic Water Shut-Off System Credit.
- Mature Homeowners Discount – All Forms.
- Secured Community Credit.
- Territory Definitions.
- Earthquake Coverage.
- Eff 1-1-12 CNNB-127381734 [NCDOI](#)

45. **Continental Indemnity Company**

- Form 3: Age of Dwelling Discount: 0 - 9 yrs. of age: Credit varies 2% - 20%.
- Account Credit Program: .85 factor applies when both the homeowner & auto policy is written through CNIC.
- Deductible Credit/Charges Deviation: Credit varies by deductible amount.

- Form 6: .80 factor applied to HO-4 base premium.
- Protective Device Deviation: Credit varies 1% - 15%.
- Forms 3, 4 & 6: Eliminate minimum premium for Replacement Cost Coverage.
- Form 3: Additional Limits of Liability for Coverages A, B, C & D: 6% applies to base premium when certain criteria is met.
- Form 3: Personal Property Replacement Cost will be 5% of base premium, no minimum additional premium & no charge to increase Coverage C when certain criteria is met.
- Form 3: Personal Injury charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Water Back-Up of Sewers or Drains, charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Credit Card, Fund Transfer Card, Forgery & Counterfeit Money, to increase coverage charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Special Computer Coverage, charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Cov C Increased Special Limits of Liability, charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Fire Department Service charge will be increased to \$1000 when certain coverages & increased limits options are selected.
- Form 3: Increasing Coverage D to 30% of Coverage A, charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Coverage A Relativities Deviation: Credit varies 3.8% - 6.5%.
- Form 3: Ordinance or Law-Increased Amount of Coverage will be 4% of base premium when certain coverages & increased limits options are selected.
- Form 3: Refrigerated Property Cov, charge will be deleted when certain coverages & increased limits options are selected
- Eff. 1-1-01 PC038500 [North Carolina Department of Insurance](#)

46. **Continental Insurance Company**

- Amount of Insurance Deviation forms HO-2, HO-3, and HO-8.
- Amount of Insurance Deviation forms HO-4
- Amount of Insurance Deviation forms HO-6
- Earthquake Rate Deviations.
- Companion Policy Discount: applies when named insured has an auto policy with any Encompass Ins Co.
- Gated Community Discount. 10% credit when criteria are met.
- New Home Discount: 1 year – 18%, 1-5 yrs. -15%; 6-10 yrs. - 10%.
- Deductible Credits Deviation – based on Coverage A Limit.
- Additional Limits Deviation Coverage F: Deviation.
- Business Pursuits Rate Deviation. Credits vary .14% - .33%.
- Incidental Farm Rate Deviation. Residence Premises - 48%; Other Residence - 65%.
- Superior Construction Discount: 15% credit applies to masonry base premium or apartment unit.
- Protective Device Credits: Credit varies 1% - 9%.
- Automatic Sprinkler System Deviation: Credit of 7% or 13% applies.
- Preferred Rate Deviation 5% conditions vary.
- Special Personal Property Coverage HO 00 06 only – deviation 4.3%
- Eff. 8-15-02 PC052786 [North Carolina Department of Insurance](#)

47. **Economy Premier Assurance Company**

- PAK II Program – HE 00 07 Base Rates and Policy Amount.
- PAK II Program – HO 00 06 Base Rates by Territory.
- PAK II Program – HO 00 04 Base Rates by Territory.
- PAK II Program – HO 00 04 and HO 00 06 Policy Amount Relativities by Territory.
- Homeowners Enhancement Program HE 00 07 with HE 32 20.
- Homeowners Enhancement Program HE 00 07 with HE 32 21.
- PAK II Package Credit Multi Policy.
- Renewal Credit.
- Year of Construction.
- Personal Injury Protection Liability Deviation.

- Deductible credits.
- Protective Devices Credit and Home Safety Coverage.
- Business Pursuits Deviation.
- Outboard motors and watercraft.
- Home day care.
- Personal Property Increased Limits.
- Earthquake Coverage-Ordinance or Law Coverage.
- Residence Premises Basic and Increased Limits Coverage F- Medical Payments.
- Other Exposures-Medical Payments to Others Increased Limits.
- Other Structures – On Premises Structures Specific Structures – Increase Limits.
- Other Structures-On Premises Structures Specific Structures-Rented to Others.
- Eff. 8-31-11 METX-G127355098 [NCDOI](#)

48. **Electric Insurance Company**

- Protective Device Credits.
- Deductible Factors.
- Unscheduled Jewelry, Watches and Furs.
- Silverware, Goldware and Pewterware.
- Firearms.
- Group Marketing discount.
- Eff.12-02-11 ELEC-127376989 [NCDOI](#)

49. **EMCASCOS Insurance Company**

- Personal Property (Coverage C) Replacement Coverage
- Deductible Credits
- Additional Amounts of Insurance
- Base Rate Deviation on Forms HO 00 02 and HO 00 03
- Combination Policy Discount
- Renovated Dwelling Components
- 15% Deviation applicable to Optional Section I and II rates
- Electronic Funds Transfer
- Insurance Scoring
- Eff. 3-15-07 PC097670 [North Carolina Department of Insurance](#)

50. **Employers Mutual Casualty Company**

- Optional Higher Flat deductible credits all forms,
- Additional Amounts of Insurance forms HO 00 02 and HO 00 03.
- Combination Premium Credit: 15% when homeowners & auto policies are written in one of the EMC Companies.
- Renovated Dwelling Components: Variable credits when criteria is met.
- Electronic Fund Transfer transaction fee is waived when the electronic funds transfer options is selected.
- Insurance Scoring.
- Eff. 3-15-07 PC097669 [North Carolina Department of Insurance](#)

51. **Encompass Indemnity Company**

- Forms 2, 3, and 8 Base Rate Deviations by Territory.
- Form 4 Base Rate Deviation by Territory.
- Form 6 Base Rate Deviation by Territory.
- Gated Community Discount.
- New Home Discount.
- Deductible Credits Discount.
- Additional Limits Deviation, Coverage F
- Business Pursuits Rate Deviation.
- Incidental Farming Personal Liability Deviation.
- Superior Construction Discount.
- Protective Devices.
- Automatic Sprinkler Systems.
- Special Personal Property Coverage HO 6 only.

- Companion Policy Discount.
- Preferred Rate Deviation.
- Windstorm or Hail.
- Effective 11-1-11 ALSE-127143088 [NCDOI](#)

52. **Erie Insurance Exchange**

- Base Rate Deviations.
- Amount of Insurance Deviation all forms except HO 00 04 & HO 00 06.
- Multi-Policy Discount.
- New Home Discount.
- Optional Deductible Factors - all forms, deviation varies.
- Protective Device Credit Deviation.
- Increased Special Limits of Liability HO 04 64 (all forms except HE-7) Credit varies.
- Personal Property Replacement Cost.
- Townhouse or rowhouse charge eliminated except HO 00 04 and HO 00 06.
- Earthquake Coverage.
- Outboard Motors & Watercraft.
- Building Addition & Alterations Increased Coverage C limit - Form HO 00 04 (HO 0451).
- Seasonal Dwelling Factors.
- Rented Personal Property: HO 32 21 No charge.
- Business Pursuits: No charge.
- Waterbed Liability HO 04 00 HO 00 06.
- Refrigerated Property Coverage.
- Personal Property Increased Limits; HE 7.
- Premium payment plan service charge – installment payments.
- Tiered Rating
- Other Members of a Named Insured's Household.
- Advance Quote Discount – New business.
- Claims Experience Rating Program.
- Age of Insured Discount.
- Windstorm or Hail Exclusion Credit.
- County Factors.
- Eff. 9-1-12 ERPP-128390763 [NCDOI](#)

53. **Fairmont Premier Insurance Company**

- All Forms: Age of Dwelling Credit; 0-3 yrs. old - 21%; 4-6 - 14%; 7-9 - 7%.
- Forms 1, 2 & 3: 38.0%.
- Form 6: 17.5%.
- Eff. 5-1-92

54. **Farmers Insurance Exchange Farmers Underwriters Association**

- Form Factor Deviations: Forms 3w/15 & 4.
- Territory Relativity Factor deviation.
- Amount of Insurance Deviations: Forms, HO 00 04 and HO 00 06.
- Rule 403. Personal Property –Coverage C Replacement Cost Coverage.
- Rule 404 Protective Devices.
- Deductible Rule 406 credits.
- Loss Assessment Coverage Deviation.
- Rule 515 personal property.
- Other Insured Location Occupied by Insured.
- Additional Residence Rented to Others.
- Permitted Incidental Occupancies - Residence Premises & Other Residences: Deviation applies to Residence Premises.
- Business Pursuits Deviation for \$200,000 limit.
- Optional Rating Characteristics Age 50 Plus Discount.
- Optional Rating Characteristics Auto/Homeowners Discount: All Forms: Factor of .90: Certain criteria apply.
- Affinity Banking Discounts HO 00 03 and HO 00 06 only. Certain qualifications apply. Credit varies.

- Ordinance or Law-Increased Amount of coverage.
- Eff 5-16-08 PC112928 [North Carolina Department of Insurance](#)

55. **Federal Insurance Company**

- Maximum credit for protective devices.
- Optional Higher Deductibles.
- Named Storm Deductible.
- Additional Amount of Insurance deviation.
- Water Back-Up and Sump Discharge or Overflow.
- Gated Community Credit.
- Effective 6-4-12 CHUB-127972268 [NCDOI](#)

56. **Federated Mutual Insurance Company**

- Forms 1, 2, 3 & 3w/15: New Home Credit: 14% dwellings 0-1 yr. old; 2% less credit each added yr.; applies to \$250 deductible basic premium & premium for amended Coverage C limit.
- Forms 1, 2, 3 & 3w/15: Fixed dollar amount deductibles; \$100 +10%; \$500 -10%; \$1000 -20%; \$2500 -30%.
- Forms 4 & 6: Fixed dollar amount deductibles; \$100 +10%; \$500-15%; \$1000-30%; \$2500-40%.
- Forms 1, 2, 3 & 3w/15: Deviation by policy amount varies 0%-25%.
- Form 4: 10%.
- Form 6: 25%.
- Forms 3 & 3w/15: Special Additional Credit Rule: 10% when eligibility & mandatory coverage requirements are met.
- Multiple Policy Discount: 5% applied to HO Policy when private passenger auto policy & personal umbrella policy is written by this Company.
- Installment Pay Plan: \$5 maximum charge per account for all policies.
- Eff. 11-15-94

57. **Fidelity & Guaranty Insurance Company**

- Waive additional premium of \$5 or less.
- Deviation of HO-3 Base Rates by territory & policy amount: Credits vary.
- Forms 4 & 6: Personal Property Replacement Coverage: Reduced premium charge.
- Special Package Discount: 5% credit to total residential premium when underwriting criteria is met.
- Form 6: Relativity factor .750 in lieu of .855.
- Employees Discount: 20%.
- Forms 2 & 3: Additional amount of insurance: HO 3211 \$5 premium charge.
- Deductible Credits.
- Increase in Coverage C: Reduced rate per \$1000.
- Multi-Policy Discount: 10% credit when private passenger auto policy is also purchased with USF&G.
- All Forms, except 4, 6 & 8: New Home Discount; 1 yr.-20%; 2% less credit each added yr. to 9th yr.
- Eff. 4-15-00 PC030961 [North Carolina Department of Insurance](#)

58. **Fidelity & Guaranty Insurance Underwriters**

- Deviation of HO-3 Base Rates by territory & policy amount: Credits vary.
- Forms 4 & 6: Personal Property Replacement Cost Coverage; Factor 1.35.
- Waive additional premium of \$5 or less.
- Special Package Discount: 5% credit applied to total residential insurance premium when underwriting criteria is met.
- Form 6: Form Relativity of .800 in lieu of .855.
- Employees Discount: 20%.
- Forms 2 & 3: Additional amount of insurance: HO 3211 - \$5 premium charge.
- Deductible Credits.
- Increase in Coverage C: Reduced rate per \$1000.
- Multi-Policy Discount: 10% credit when private passenger auto policy is also purchased with USF&G.
- All Forms, except 4 6 & 8: New Home Discount; 1 yr.-20%, 2% less credit each added yr. to 9th year.
- Forms 2, 3 & 3w/15: Protection Class Deviation.
- Eff. 4-15-00 PC030953 [North Carolina Department of Insurance](#)

59. **Fidelity National Property and Casualty Insurance Company**

- Windstorm or Hail Exclusion Credit.
- Insurance Bureau Score Deviation.
- Eff 7-30-10 FDLY-126720295 [North Carolina Department of Insurance](#)

60. **Firemans Fund Insurance Company**

- Protective Device Credits: All territories: Credit varies 1% - 15%.
- Portfolio Credit: 5% applies to all HO policies when Personal Catastrophe Coverage and Inland Marine Coverage is written with Fireman's Fund.
- Eff. 12-01-03 PC065121 [North Carolina Department of Insurance](#)

61. **Firemen's Insurance Company of Washington D.C.**

- Deluxe Program: Form 3: 5% deviation off base premiums.
- All Forms: Protective Device Credit: Credit varies 2% - 13%.
- All Forms, except 4 & 6: Age of Home Discount: Credit varies 4% - 20% for age of dwelling 0 - 25 yrs. with greatest credit for newest homes.
- All Forms, except 4 & 6: Senior Citizen Discount; Factor of .92 of base premium age 50-54 yrs. Factor .95 age 55 yrs. & older.
- All Forms, except 4 & 6: Renovation Discount 0-15 yrs. factors apply when underwriting guidelines are met. Credit applies to base premium.
- Renewal Discount: Factor .95 applies to base premium when criteria is met.
- Form 3: Loss Free Credit; 1yr. - 5%; Renewal with 2 yrs. loss free - 10%. Credit applies to base premium.
- All Forms, except 4 & 6: Optional deductible credits applies to base premium. Coverage A limit under \$200,000 - \$500 ded. - .87; \$1000 - .76; \$2500 - .73. \$20000-\$400,000 - \$500 ded - .89; \$1000 - .80; \$2500 - .77. Over \$400,000 - \$500 - .92; \$1000 - 86; \$2500 - .83.
- Eff. 10-1-97

62. **First Community Insurance Company**

- Base Premium HO 00 03.
- Base Premium HO 00 04.
- Base Premium HO 00 06.
- Windstorm or Hail Exclusion HO 00 03.
- Age of Home.
- Book Transfer Discount.
- Multiple Policy Discount.
- Prior Insurance HO 0003 and HO 0006.
- Occupancy Factors HO 00 03 and HO 00 06.
- Claim Free Discount, All Forms.
- Experience Rating Factors.
- Mature Homeowners Discount All Forms.
- New Purchase Discount.
- Underwriting Tier.
- Hip Roof Discount.
- Preferred Builder Discount.
- Renovation Discount.
- Secured Community.
- Key Factor Table HO 00 03 Discount.
- Key Factor Table HO 00 04 Discount.
- Key Factor Table HO 00 06 Discount.
- Superior Construction-All Forms.
- Eff 1-1-12 BKIC-127785014 [NCDOI](#)

63. **Garrison Property and Casualty Insurance Company**

- Tier Discount, HO 00 03.
- Tier Discount HO 00 06.
- Base Premium HO 00 03.
- Base Premium HO 00 06.
- Base Premium Protection Construction Factors.

- Deductibles.
- Windstorm or Hail Exclusion Credits.
- Ordinance or Law.
- Personal Property-Additional Coverage-Jewelry and Furs.
- Sinkhole Collapse Coverage.
- Coverage A Dwelling Basic and Increased Limits.
- Personal Property-Increased Limit.
- Earthquake Coverage.
- Protective Devices.
- Loss History.
- Auto and Home Combination Discount.
- Refrigerated Personal Property.
- Installment Payment Plan.
- Eff 6-3-12 USAA-128094888 [NCDOI](#)

64. **General Insurance Company of America**

- Base Key Premiums all forms by Territory Deviation.
- Deductible Debit/Credits Deviation.
- Renewal Credit all forms: 3-5 yrs. - 5%; 6 yrs.+ - 9%.
- Account Credit all forms: 5% credit for total policy premium when insured has a Safeco auto policy also.
- Condominium Unit Owners Coverage A Increased Limits & Special Coverage Deviation.
- Business Pursuits (HO 24 71) all forms: the charge is deleted.
- Credit Card Forgery & Counterfeit Money Coverages (HO 04 53): Delete \$1 charge for \$1000 limit.
- Personal Injury (HO 24 82): \$10 charge per policy.
- Landlord's Furnishing (HO 32 21): \$10 premium per policy to increase coverage to total \$5000 with burglary coverage added.
- Ordinance or Law Cov (HO 04 77) Deviation for Quality Plus Form, Quality Crest Form & Condominium Form.
- Medical Payments: Other exposures - Higher limits all forms: Additional charge for higher limits of medical payments will be waived.
- Additional Residence Rented to Other (HO 24 70): Limit of Liability \$100,000 - \$1,000,000: Premium charge varies.
- Outboard Motors & Water Craft: Reduced premiums based on limits, length and horsepower.
- Personal Liability - Residence Premises Deviation: Increased Limits: Coverage E base \$300,000: Coverage F no charge.
- Special Personal Property Coverage HO-OO 15 & HO-17 31: Quality Plus Form & Condominium Form- Increase basic premium 8%. Quality Crest Form automatically included.
- Installment Payment Charge: \$2 each installment.
- Eff. 8-15-02 PC052887 [North Carolina Department of Insurance](#)

65. **Government Employees Insurance Company**

- Forms 1, 2, 3 & 3 w/15: New Home Discount: 10% for dwellings 5 yrs. old or less.
- Homeowners Theft Deterrent Premium Credit Program: Forms 1, 2, 3 & 3 w/15 - 7%; Forms 4 & 6 - 20%.
- Forms 1, 2 & 3: Amount of Insurance Credit; Classes 1-9 - \$10,000-\$200,000 & over. Credit varies 4%-22%.
- Form 6: 10%.
- All Forms: Protective Devices: Variable credits.
- Forms 2, 3, 4 & 6: Retired Discount Credit; 20% when specified criteria are met.
- All Forms: Dual Policy Discount: 10% when specified criteria are met.
- Forms 4 & 6: Key factor +.074 for each additional \$1000 of coverage.
- Installment Payment Plan: Waive the charge of \$3 first installment if first payment received with application.
- Form 4 & 6: Waterbed Liability Endorsement: No premium charge.
- Eff. 3-1-95

66. **Grain Dealers Mutual Insurance Company**

- Continuous policyholder discount.
- Account Credit.
- New Home Discount.

- Personal Property, over 70% of Coverage A.
- Insurance Score.
- Eff. 7-9-12 NGMC-128284998 [NCDOI](#)

67. **Granite State Insurance Company**

- Forms 1, 2, 3, 4, 3w/15 & 6: 20% deviation.
- Replacement or Repair Cost protection Coverage A premium \$1.
- Age of Dwelling Deviation: 0 - 20 yrs. old - 10%.
- Forms 1, 2, 3, 3w/15, 4 & 6: 20%.
- Eff. 7-1-87

68. **Graphic Arts Mutual Insurance Company**

- Personal Property Replacement Cost.
- Mass Merchandising Plan.
- -5% W.I.S.E./Affinity program discount,
- Deviation for Owners Forms for risks located in territories 7, 8, 41, 45, 46, 48, 49 and 52.
- Deviation for Owners Forms for risks located in territories 36, 44 and 60.
- Deviation for Owners Forms for risks located in territories 38 and 39.
- Deviation for Owners Forms risks located in territory 34.
- Deviation for Owners Forms for risks located in territory 57.
- Deviation for Owners Forms for risks located in territory 53.
- Deviation for Owners Forms 32.
- Deviation for Owners Forms in territory 47.
- Deviation for Non-Owners Forms for risks in territories 36, 44, 57 and 60.
- Deviation for Non-Owners Forms for risks located in territories 38 and 39.
- Deviation for Non-Owners Forms for risk located in territories 7, 8, 34, 41, 45, 46, 47, 48, 49, 52 and 53.
- Personal Lines Account Credit
- Homeowners Extension Package
- Protection Class deviation/Suburban Rating.
- Eff. 4-1-12 UTCX-G127958109 [NCDOI](#)

69. **Hanover American Insurance Company**

- Mature Homeowners Credit.
- Deductible Credits for all forms except HO 00 04 and HO 00 06.
- Deductible Credits for Forms HO 00 04 and HO 00 06.
- Windstorm & Hail Deductible Credits.
- Personal Property Replacement Cost for all forms except HO 00 04 and HO 00 06.
- Personal Property Replacement Cost for forms HO 00 04 and HO 00 06.
- Account Credit Discount.
- Loss of Use-Increased Limits – Reduced premium charge.
- Condominium Unit Owners-Coverage A Dwelling – Basic and Increased Limits.
- Coverage A Dwelling: Basic & Increased Limits for form HO 00 06.
- Watercraft Liability Rates: All forms.
- Personal Property, Increased Limits All forms, except HO 00 04 and HO 00 06.
- Special Personal Property, all forms except HO 00 02, HO 00 04 and HO 00 06.
- Electronic Funds Transfer Plan Discount.
- Group Modification Plan Discount.
- Direct Bill Policies.
- Cap on total credits/discounts.
- Territorial Deviation.
- Relativity Curve Deviation Forms HO 00 03.
- Relativity Curve Deviation Forms HO 00 04 and HO 00 06.
- Eff. 2-1-12 HNVX-G127879116 [NCDOI](#)

70. **Hanover Insurance Company**

- Mature Homeowners Credit.
- Deductible Credits for all forms except HO 00 04 and HO 00 06.

- Deductible Credits for Forms HO 00 04 and HO 00 06.
- Windstorm & Hail Deductible Credits: All forms, except 4 & 6.
- Personal Property Replacement Cost on Coverage C: All forms, except 4 & 6.
- Personal Property Replacement Cost on Coverage C: Forms 4 & 6.
- Account Credit: All forms.
- Loss of Use-Increased Limits: All forms.
- Condominium Unit Owners-Coverage A Dwelling: Basic & Increased Limits.
- Watercraft Liability Rates: All forms.
- Personal Property Increased Limits.
- Special Personal Property.
- Electronic Funds Transfer Installment Payment Plan.
- Group Modification Plan Discount (Mass Merchandising Plan)
- Direct Bill Policies Installment payment plan.
- Cap on credits/discounts
- Relativity curve deviation HO 00 03.
- Relativity Curve deviation forms HO 00 04 and HO 00 06.
- Eff. 2-1-12 HNVX-G127879210 [NCDOI](#)

#### 71. **Harbor Specialty Insurance Company**

##### Preferred:

- Homes 25 yrs. of age or less insured for \$50,000 or more.
- Form 3: Base Rate Deviation by territories; Credit varies 20.2% - 24.3%.
- Form 4: Credits off Key Premiums; 2% Alamance County.
- Form 6: Base Rate Deviation by territories; Credit varies 19.4% - 22%.
- Form 3: Replacement Cost Protection (HO-500): Charge \$1 in lieu of \$5 when requirements are met.
- Form 3: Protective Devices Credit; Class 1-9, credit varies 2%-15%.
- Form 3: New Home Credit; 0-1 yr. old - 21%; 1% less credit each added yr. thru 8th yr.; 9 yrs. - 12%; 10 yrs. - 10%; 11 yrs. - 8%; 12 yrs. - 6%; 13 yrs. - 4%; 14 & 15 yrs. - 3%. Credit applicable to annual premium.
- Form 3: Personal Property Increased Limits; \$.50 per \$1000 of insurance.
- Form 3: Deductible Credits; \$500 ded. - 10%; \$1000 - 20%.
- Forms 3, 4 & 6: 20% deviation for policies written as part of Personal Protection Package Policy.
- Forms 4 & 6: Deductible Credits; \$500 ded. - 10%; \$1000 ded. - 23%.

##### Standard:

- Form HO-3 only - Homes 25 years of age or older and/or insured for less than \$50,000.
- Form HO 3 Credit off Key Premiums; 13.4% Alamance County; 9.4% territory 34; 8.6% territories 30 & 31; 11.4% territories 4, 32, 33, 36, 37, 38, 39, 40, 41, Lincoln & Rockingham County; 11.4% for remainder of Alamance County & remainder of territories. Form 3: Coverage C increased limit charge \$.50 per \$1000 of insurance.
- Form 3: Deductible Credits; \$500 - 10%; \$1000 - 20%.
- Form 3: Protective Credit; Same as for preferred.
- Form 3: New Home Credit; Same as for Preferred.
- Form 3: 20% deviation applies to HO program when written as part of Personal Protector Package Policy.
- Eff. 3-1-94

#### 72. **Harford Mutual Insurance Company**

- Forms 1, 2 & 3: New Home Discount; 10% - dwellings 15 yrs. old or less.
- Forms 1, 2, 3 & 8: Fixed dollar amount deductible factors; \$500 - .90; \$1000 - .83; \$2500 - .75. \$100 deductible amount - minimum \$30 - maximum \$60.
- Forms 4 & 6: Fixed dollar amount ded. factors; \$500 .90; \$1000 .77; \$2500 .63. \$100 deductible amount min. \$30, max. \$60.
- All Forms: Protective devices factors for all territories & all protection classes - factors varies .98 to .85.
- Eff. 5-1-92

#### 73. **Harleysville-Atlantic Insurance Company**

- Forms 1, 2, 3 & 8: Base rate credits; Coverage A limit \$48,000 & under \$95,000 & over; Credit varies 0.0% - 27.5%.
- All Forms: 13%; Optional coverage rates Section I & II.
- Forms 1, 2, 3 & 8: New Home Discount factor; 1 yr. old or less .80; Discount factor increased by .01 thru 11th yr. - discount factor increased by .02 - 12th thru 15th yr.

- Eff. 5-1-92

74. **Harleysville Mutual Insurance Company**

- Group Mass Marketing Discount.
- Preferred Customer Discount: All territories except 05, 06, 41, 42, 43, 81, and 86.
- Deviations by certain territories.
- StarPak Program Discount.
- Companion discount – Credit for homeowners and private passenger auto policy.
- Newly Purchased Home Credit HO 02, HO 03, HO 05 and HE 7.
- Mature Homeowner Discount (HO 03, HO 05 and HE 7 only) 55 years of age or older.
- Life Insurance Policy Discount (Homeowner and Life policy).
- Coverage A Key Factors discount All territories except 07, 08, 41, 48, 49, 81, 86 and 90.
- HO 00 04 and HO 00 06 Base Premium Computation.
- Personal Property Increased Limit charge.
- Other Members of a Named Insured's Household
- Electronic Funds Transfer (EFT)
- Territory Definitions Harleysville/NCRB
- Eff. 3-28-11 HRLV-127019076 [NCDOI](#)

75. **Harleysville Preferred Insurance Company**

- Group Mass Marketing Discount.
- Preferred customer discount – all territories except 07, 08, 41, 48, 49, 81 and 86.
- HE-7 Enhancement Deviations by certain Territories.
- StarPak Program Discount
- Companion Credit (homeowners and private passenger auto policy).
- Newly Purchased Home Credit Forms HO 02, HO 03, HO 05, and HE 7.
- Mature Homeowner Discount (HO 03, HO 05 and HE 7 only) 55 years of age or older.
- Life Insurance Policy Discount (life insurance/annuity policy).
- Coverage A Key Factors discount.
- HO 00 04 or HO 00 06, Base Premium deviation for certain Territories.
- Personal Property Increased Limit.
- Other Members of a Named Insured's Household.
- Electronic Funds Transfer (EFT).
- Eff 7-30-12 HRLV-128579077 [NCDOI](#)

76. **Hartford Accident and Indemnity Company**

- Age of Dwelling Credit for all territories except 7, 8, 41, 48, 49, 52.
- Account Credit for all territories.
- Retiree Credit named insured is age 50 and older.
- Limited Access Credit Forms 4 & 6: if complex meets the protection requirements.
- Product Factor – Forms HO 00 04 and HO 00 06.
- Retirement Community/Limited Access Community Credit.
- Key Factor for Premier, CCRL and Elite.
- Insurance Score.
- Prior Losses.
- Territory Deviation.
- Effective 12-11-10 HART-126607107 [North Carolina Department of Insurance](#)

77. **Hartford Casualty Insurance Company**

- Age of Dwelling Credit for all territories except 7, 8, 41, 48, 49 and 52.
- Account Credit for all territories.
- Retiree Credit, named insured is age 50 or older.
- Limited Access Credit-Forms HO 00 04 and HO 00 06 is protected 24 hours a day.
- Product Factor- Forms HO 00 04 and HO 00 06.
- Retirement community/Limited Access community Credit.
- Key Factor.
- Insurance Score.

- Prior Losses.
- Territory Deviation.
- Eff. 10-9-10 HART-126607319 [North Carolina Department of Insurance](#)

78. **Hartford Fire Insurance Company**

- Age of Dwelling Credit for all territories except 7, 8, 41, 48, 49 and 52.
- Account Credit deviation for all territories.
- Retirees Credit, named insured is age 50 and older.
- Limited Access Credit-Forms HO 00 04 and HO 00 06 is protected 24 hours a day.
- Product Factor (Merit, Elite, CCRL, Premier), - Forms HO 00 04 and HO 00 06.
- Retirement community/Limited Access Community Credit.
- Key Factor for Premier, CCRL and Elite.
- Insurance Score.
- Prior Losses.
- Territory Deviation Factor.
- Eff. 10-9-10 HART-126607350 [North Carolina Department of Insurance](#)

79. **Hartford Insurance Company of Midwest**

- Age of Dwelling credit for all territories except 7, 8, 41, 48, 49 and 52.
- Account Credit all territories.
- Retirees Credit: named insured is age 50 and older.
- Limited Access Credit Forms 4 & 6: is protected 24 hours a day.
- Product Factor – Forms HO 00 04 and HO 00 06.
- Retirement Community/Limited Access Community Credit.
- Key factors.
- Insurance Score.
- Prior Losses.
- Territory Deviation Factor.
- Effective 10-9-10 HART-126607363 [North Carolina Department of Insurance](#)

80. **Hartford Underwriters Insurance Company**

- Age of Dwelling credit.
- Account Credit all territories.
- Retirees Credit.
- Limited Access Credit.
- Key Factors deviation – except Forms HO 00 04 and HO 00 06.
- Eff. 12-8-11 HART-127316327 [NCDOI](#)

81. **Homesite Insurance Company**

- Preferred Risk Group 1 Discount 10% when certain criteria are met.
- Preferred Risk Group 2 Discount 10% when certain criteria are met.
- Eff 6-1-09 HMSS-126064634 [North Carolina Department of Insurance](#)

82. **Horace Mann Insurance Company**

- Installment Payment Plan.
- Master Program.
- Electronic Funds Transfer.
- Eff. 10-1-12 HRMN-128543039 [NCDOI](#)

83. **Horace Mann Property & Casualty Insurance Company**

- Form HO 00 07 – Amount of Insurance by Territory and Amount of Insurance Relativities.
- Protective Device Credits: Classes 1-9.
- Newly Constructed Residences Credits.
- Protection Class Credits.
- Installment Payment Plan Waive initial \$3 installment fee.
- Multi-Line Deviation.
- Masters Program.

- Credit Rating Tier/Insurance Score.
- Home Buyer Loyalty Program.
- Electronic Funds Transfer.
- Optional Deductibles.
- Eff 5-1-12 HRMN-128121029 [NCDOI](#)

**84. IDS Property casualty Insurance Company**

- Form HO 00 03 – Amount of Insurance.
- Form HO 00 04 – Amount of Insurance.
- Form HO 00 06 – Amount of Insurance.
- Protective Device Credits
- Deductible Credits Forms HO 00 03, HO 00 04 HO 00 06.
- Home and Auto Discount.
- Replacement Cost on Contents Discount Forms HO 00 03, HO 00 04 HO 00 06.
- Condo Coverage A increased limits.
- Utilities Rating Plan.
- Coverage C Increased Limits.
- Installment Pay Plan.
- Refrigerated Personal Property
- Townhouse/Rowhouse
- Costco Discount
- Base Rates (Form HO 00 03) by territories
- Base Rates (Form HO 00 06) by territories
- Eff 8-14-09 PRCA-126151220 [North Carolina Department of Insurance](#)

**85. Indemnity Insurance Company of North America**

- New Construction Credit: New - 20%; 2% less credit for each yr. to 9th yr.
- All Forms: Fixed Dollar Deductible: Credit varies 15% - 40%.
- Personal Property Increased Limit: \$2 premium charge per \$1000 of coverage.
- Forms 2 & 3: Replacement Cost Coverage Personal Property: HO 0490; Factor 10.5% includes increased Coverage C to 70% of Coverage A at no additional premium charge.
- Protective Device Credits: All zones & protection classes: Credit varies 2% - 15%.
- Rated Deviation: Homeowners - 11%; Tenants - 10%; Condominiums - 15%.
- Eff. 9-1-99

**86. Indiana Lumbermens Mutual Insurance Company**

- Forms 1, 2, 3 & 3 w/15: 15% 0-10 yrs. old; 10% 11-15 yrs. old; 0% 16 yrs. & over.
- Eff. 9-1-85

**87. Insura Property & Casualty Insurance Company**

- Form 3: Deductible credits; \$500 - 15%; \$1000 - 25%; \$2500 - 38%.
- All Forms: Personal property increased limits \$2 per \$1000.
- Protective Device Credits; Credit varies 2% - 15%.
- Personal Injury (HO-82) included at no charge.
- Personal Property Replacement Cost Coverage; Eliminate 5% surcharge.
- New Home Credit: Current calendar yr. - 20%; 1 yr. preceding current calendar yr. - 18%; each added yr. 2% less credit until 10+ yrs. - 0%.
- Multi-Policy Credit: 10% applies to total HO policy prem. when auto policy is written in the Anthem Casualty Ins. Group.
- Amount of insurance deviation based on territory, protection class & amount of Coverage A: \$70,000-\$200,000 credits varies 8.6% - 21.9%; Each additional \$10,000 credit varies 15% - 30%.
- Forms 2 & 3: Amount of Insurance Deviation; 3% charge of basic premium.
- Base premium deviation by territory.
- Eff. 6-1-99

**88. Insurance Company of North America**

- Forms 1, 2 & 3: Fixed dollar deductible credits; \$500-11%; \$1000-21%; \$2500-34%.
- Form 4: Fixed dollar deductible credits; \$500-11%; \$1000-25%; \$2500-40%.

- Forms 1, 2 & 3: Rate for increase in Coverage C; \$1 per \$1000.
- Forms 1, 2 & 3: Personal Property Replacement Cost coverage HO 290; Charge shall be 4% of adjusted base premium. Coverage C must be increased to 70% of A & \$1 per \$1000 charge made.
- Protective Device Credits: All zones & all protection classes: Credits vary from 1%-15%.
- Eff. 5-1-92

**89. Insurance Company of the State of Pennsylvania**

- Form 6: 35%.
- Form 4: 20%.
- Forms 2 & 3: Deductible Credits; \$250 - 15%; \$500 - 25%; \$1000 - 35%.
- Forms 2, 3, 3w/15 & 6: Age of Dwelling Discount; 0-5 yrs. - 15%; 6-10 yrs. - 10%; 11-20 yrs. - 5%.
- Forms 1, 2, 3, 3 w/15 & 8: 28%.
- Home Buyers Discount: 10% first 3 yrs. ownership; 5% second 3 yrs.
- Forms 1, 2, 3 & 3 w/15: Delete 5% surcharge for replacement cost of contents.
- Eff. 6-15-88

**90. Integon General Insurance Corporation**

- Delete the surcharge for \$100 deductible.
- Form 6: 10% deviation.
- Deviation by amount of insurance: Coverage A amount \$50,000 - \$250,000 & above based on territory; Credit varies - 0% - .340%.
- Deductible Credits: Form 3; Terr. 32, 33, 34-41- \$250 ded., \$500 ded., \$1000 ded. & \$2500 ded.: Credits varies .05%- .41%.
- Long-Term Customer Discount: 5-9 yrs. with Co.- 5%; 10 yrs. or longer with company -10%.
- Eff. 5-1-92

**91. Integon Indemnity Corporation**

- Delete surcharge for \$100 deductible.
- Form 6: 15% deviation.
- Replacement Cost Coverage C: Delete surcharge for replacement cost on contents.
- Deviation by Amount of Insurance: Cov. A amount \$50,000 - \$250,000 & above & based on territory. Variable credit.
- Deductible Credits Form 3; Terr. 32, 33, 34-41 - \$250 ded; \$500 ded. \$1000 & \$2500 ded. Credits vary .05%-41%.
- Long Term Customer Discount: 5-9 yrs. renewal with company - 5%; 10 yrs. or longer with Company - 10%.
- Eff. 5-1-92

**92. Integon National Insurance Company**

- Companion policy discount Form HO 00 04 with auto or recreation vehicle.
- Deviation of 6% Form HO 00 04.
- Eff 5-15-12 GMMX-128088782 [NCDOI](#)

**93. Liberty Mutual Fire Insurance Company**

- Mass Merchandising Program – 5% deviation when certain criteria is met
- Installment Payment Plan all forms.
- Coverage A Dwelling Limit for form HO 00 06.
- Watercraft Deviation by limits of liability.
- Multi-Policy Discounts.
- Property Tiering Program.
- Condominium and Renters Tiering Program.
- Eff. 8-23-10 LBPM-126601313 [North Carolina Department of Insurance](#)

**94. Liberty Mutual Mid-Atlantic Insurance Company**

- Forms 2,3,4, & 6 35% deviation.
- Forms 2 & 3 Dwellings 0-10 years – 10%.
- Eff 11-1-86

**95. Lititz Mutual Insurance Company**

- New Home Credit.

- Specified Additional Amount of Insurance.
- Optional Higher Deductibles Deviation.
- Base Premium.
- Eff 9-1-12 LITZ-128346980 [NCDOI](#)

96. **LM Property and Casualty Insurance Company**

- New Home Credit: Age of Home 0 - 7 yrs. of age: Credit varies 0%-20%.
- Deductible credits
- Personal Property Replacement Cost: - HO-3 Apply 4% surcharge to adjusted base premium.
- Enhanced Dwelling Limit (EDL) – Form HO-3 \$1.00 per policy.
- Protective Device Credits: Variable Credits 2%-15%.
- Forms 3, 3w/15, Premier & 6: 5% Mature Homeowners Credit.
- Personal Property – Increased Limit Form HO-3: \$1.00 per \$1,000 increase of insurance
- Mature Homeowner Credit – Forms HO-3 and HO-6 5% credit. A premium credit applies if any named insured is age 55 or older as of the effective date of the policy.
- Companion for Life Discount all forms 10% credit.
- Secured Community Credit: Credit applies if primary residence is located in a fully secured or partially secured community. Fully secured - 10%; Partially secured -5%.
- Electronic Funds Transfer Fee: No charge.
- Increased Limits Jewelry, Watches & Furs: \$14 per \$1000 of Coverage.
- Personal Property Replacement Cost: Form HO4 and HO 6 Minimum charge of \$20.
- Silverware, Goldware, & Pewterware: \$2.50 per \$500.
- Deviation for 3 & 4 Family Liability Rates.
- Deviation by Liability Coverage.
- Outboard Motors & Water Craft Deviation for Coverage E, Increased Limits: Certain criteria apply.
- Outboard Motors & Water Craft Deviation for Coverage F, Increased Limits: Certain criteria apply.
- Business Property - Increased Limits Deviation: \$10 per \$2500.
- Eff. 3-14-03 PC058007 [North Carolina Department of Insurance](#)

97. **Lumbermens Mutual Casualty Company**

- Premium Credits for Protective Devices: Certain criteria apply.
- Mature Homeowners Credit: 5% credit applies to base premium if insured is 55 yrs. of age & is home during the day.
- Personal Property (Coverage C) Replacement Cost Coverage Deviation.
- \$100 Deductible: Waive minimum premium.
- \$250 Theft Deductible Factors: Certain criteria apply.
- All Forms: Optional Higher Deductibles deviation.
- Form 3: Special Personal Property Coverage: Apply a factor of 1.10 to base premium.
- Form HO 6: Special Personal Property Coverage: Apply a factor of 1.20 to base premium.
- Form 4: Building Addition & Alterations Increased Limit deviation.
- Form HO 6: Coverage A Dwelling Basic & Increased Limits Special Coverage Deviation.
- Ordinance or Law Increased Amount of Insurance: Form 4 & 6.
- Deferred Premium Payment Plan Option.
- New Home Discount: 0 - 6+ yrs. of age: Credit varies 0% - 18%.
- 5% Kemper Network Discount: Certain criteria apply.
- Eff. 2-25-02 PC047939 [North Carolina Department of Insurance](#)

98. **Maryland Casualty Company**

- All Forms, except 4 & 6: Age of Dwelling Credit; New-20%; 1 yr.-18%; 2 yrs.-16%; 3 yrs.-14%; 4 yrs.-13%; 5 yrs.-12%; 6 yrs.-10%; 7 yrs.-8%; 8 yrs.-6%; 9 yrs.-4%; 10 yrs.-2%.
- Forms 4 & 6: Replacement Cost on Contents: Factor 1.35.
- Protector Series Program: Reduce homeowners premium by 5%, if insured has auto policy with Maryland Casualty Group.
- Forms 2 & 3: Charge \$1 per \$1000 for increase in Coverage C limit.
- All Forms: Deductible Credits: \$500 - 15%; \$1000 - 20%; \$2500 - 30%.
- Deviation by Territory: Form 2, 3, 3w/15; Credit varies 0% - 14%.
- Base Premium Deviation: All Forms, except 4 & 6; Credit varies.

- Account Credit: 10% credit when insured has home & auto coverage with Zurich Insurance Companies when criteria is met.
- Protective Device Credit: Factors vary. Maximum credit of \$75 is waived.
- Eff. 7-1-98

99. **Massachusetts Bay Insurance Company**

- Mature Homeowners Credit.
- Deductible Credits for all forms except HO 00 04 and HO 00 06.
- Deductible Credits for Forms HO 00 04 and HO 00 06.
- Windstorm & Hail Deductible Credits: All forms, except HO 00 04 and HO 00 06.
- Personal Property Replacement Cost.
- Personal Property Replacement Cost on Coverage C: Forms HO 00 04 and HO 00 06
- Account Credit: All forms.
- Loss of Use-Increased Limits.
- Condominium Unit Owners-Coverage A Dwelling: Basic & Increased Limits.
- Watercraft Liability Rates: All forms.
- Personal Property - Increased Limits.
- Special Personal Property.
- Electronic Funds Transfer Installment Payment Plan Discount.
- Group Modification Plan (Mass Merchandising Plan).
- Direct Bill Policies installment payment plan.
- Cap on total credits/discounts of 35%.
- Territorial Deviation: All forms, except HO 00 04 and HO 00 06.
- Relativity Curve Deviation Forms HO 00 03.
- Relativity Curve Deviation Forms HO 00 04 and HO 00 06.
- Eff 2-1-12 HNVX-G127879161 [NCDOI](#)

100. **Max America Insurance Company**

- Forms 1, 2, 3 & 3 w/15: Amount of insurance credit.
- Forms 1, 2, 3 & 3 w/15: New Home Credit.
- All Forms: Eliminate 5% surcharge for personal property replacement cost (HO 290) endorsement.
- All Forms: Reduced key premiums for protection classes 7 & 8.
- Eff. 03-5-02

101. **Medmarc Casualty Insurance Company**

- New Home Credit: 0-1 yr.-20%; 2 or 3 yrs.-18%; 4 yrs.-15%; 5 yrs.-12%; 6 yrs.-10%; 7 yrs.-9%; 8 yrs.-6%; 9 yrs.-3%; 10 yrs.- 2%.
- Smoke Detectors Discount: 2.0%.
- Eff. 7-15-90

102. **The Members Insurance Company**

- Account Credit, Forms HO 00 03 and HE 00 07 By Territories, Tier.
- Unit Owner's Building Increase Limits and Special Coverage-Form HO 00 06.
- Form HE 00 07,Coverage A Amount.
- Base Premium Form HO 00 03, By Territory and Tier.
- Base Premium Form HO 00 06, By Territory, and Tier Bronze.
- Key Factors HO 00 03,Coverage A Amount.
- Tier Bronze, Key Factors HO 00 06, Coverage C Amount.
- Form HE 00 07 Factor Deviations, By Territory.
- Home Buyer Credit, Forms HO 00 02, HO 00 03 and HE 00 07.
- Loss Free Credit, Platinum, Gold, Silver, and Bronze.
- AAA Affinity Factors.
- Personal Property Deviation.
- Protective Devices Credits.
- Eff 11-15-11 NCPC-127362221 [NCDOI](#)

103. **Merastar Insurance Company**

- New Home Credit.
- Safe and Sound Discount.
- Auto-Home Discount.
- Waiver of installment charge.
- Increased Special Limits of Liability.
- Merastar Maximum Credit.
- Deductible credits;Forms 3 & 5: \$500 - \$1000
- Deductible credits;Forms 4 & 6: \$500 - \$1000
- Protective Device Credits.
- Boat Liability Rate Deviation.
- Base rate deviation Forms 3 & 8: based on territory: Credit varies.
- Base rate deviation Forms 4 & 6: based on territory.
- Account Discount.
- Eff. 6-1-11 UNTR-126984235 [NCDOI](#)

104. **Meritplan Insurance Company**

- Affinity Discount.
- Electronic DFT and Online Processing Discount.
- Eff 11-5-10 BALB-126700430 [North Carolina Department of Insurance](#)

105. **Metropolitan Direct Property & Casualty Insurance Company**

- Deductible Deviation.
- Additional Limits of Liability
- Personal Property Replacement Cost Loss Settlement.
- Year of Construction – Newly Constructed Dwellings.
- Protective Devices
- Mature Homeowners Discount.
- Multi-Policy Discount.
- Mass Merchandising Account Deviation
- Met ReWards Claim Free Discount.
- Increased Ordinance or Law Coverage
- Earthquake Coverage
- Other Structures – On Premises Specific Structures – Increased Limits.
- Other Structures – On-Premises Structures – structure on the Residence Rented to Others.
- Platinum Coverage Package.
- Eff. 5-10-12 METX-G128212043 [NCDOI](#)

106. **Metropolitan Property & Casualty Insurance Company**

**Standard Program**

- Deductible Deviation.
- Additional Limits of Liability.
- Personal Property Replacement Cost Loss Settlement.
- Year of construction – Newly Constructed Dwellings.
- Protective Devices.
- Mature Homeowners Discount.
- Multi-Policy Discount.
- Mass Merchandising Account Deviation:
- Small Employer Group Program.
- Claim Free Discount.
- Increase Ordinance or Law coverage.
- Earthquake Coverage.
- Other Structures – On Premises Specific Structures – Increased Limits.
- Other Structures – On-Premises Structures – structure on the Residence Rented to Others.
- Platinum Coverage Package – Form HO 00 05.
- Waterbed Liability.
- Coverage A Dwelling Special Coverage HO 00 06.

- Grand Protected Coverage Package.
- Water Back-Up and Sump Discharge or Overflow.

**Conversion Program**

- Deductible Deviation.
- Windstorm or Hail Percentage Deductible.
- Personal Property Replacement Cost.
- Year of Construction New Home Discount.
- Protective Devices Premium Credits for Alarm Systems: Credit applies to base premium.
- Mature Homeowners Discount.
- Multi-Policy Discount.
- Met Rewards Claim Free Discount when criteria are met.
- Increased Ordinance or Law Coverage.
- Earthquake Coverage.
- Other Structures – On Premises Specific Structures – Increased Limits.
- Other Structures – On-Premises Structures – structure on the Residence Rented to Others.
- Platinum Coverage Package – Form HO 00 05.
- Waterbed Liability.
- Coverage A Dwelling Special Coverage HO 00 06.
- Eff 5-10-12 METX-G128211819 [NCDOI](#)

107. **Montgomery Mutual Insurance Company**

- Forms 3, HE-7, HE-7w/20 & HE-7w/21: Pers Prop Increased Limits: .50 per \$1000 of insurance for Coverage C.
- Deductible Amount Deviation: Forms 3, HE-7, HE-7w/20 & HE-7w/21: Credit varies
- 10% Account Credit when auto policy is written for the same insured through Montgomery Mutual Insurance Co.
- Forms 3, HE-7, HE-7w/20 & HE-7w/21: New Home Credit: New - 6 yrs. of age: Credit varies 0% - 20%.
- Base Rate Deviation by Territory: Forms 3, HE-7, HE-7w/20 & HE-7w/21 Credit varies 0% -7.1%
- Form 4: Base Rate Deviation by Territory: Credit varies 0% - 14.8%.
- Form 6: Base Rate Deviation by Territory: Credit varies 9.3% - 32%.
- Protective Device Credits: Credits vary 2% - 15%.
- Base Rate Deviation on HE-7 - 1.15, HE-7w/20 - 1.20 & HE-7w/21 - 1.25.
- Replacement or Repair Cost Protection(HO 3211): \$5 per policy when criteria is met.
- All Forms: 10% Account Credit.
- Water Craft Liability Deviation - 70%.
- Form 3: Amount of Coverage A Relativity Curve Deviation: Credit varies 0.6% - 7.4%.
- Eff. 8-15-02 PC052789 [North Carolina Department of Insurance](#)

108. **Mosaic Insurance Company**

- Discount on Installment Payment Plan: \$1 - \$2 charge.
- Three or Four Family Dwelling Discount.
- Townhouse or Rowhouse Discount.
- Waterbed Liability waived.
- Base Premium Deviation.
- Forms 2, 3, 4, 6 or 8: Deviation by Amount of Insurance.
- New Home Discount: 0-9 yrs. of age: Credit varies 2%-9%.
- Protective Devices Discount: Credit varies 1%-7%.
- Multi Policy Discount: 5% of the base premium.
- Personal Property Increased Limits Discount: \$2 rate per \$1000.
- Personal Property Replacement Cost Coverage Discount.
- Form 4: Building Additions & Alterations Increased Limits Deviation.
- Personal Property Increased Limits of Liability: Charge varies by additional amount of insurance.
- Rented Personal Property: No charge.
- Form 6: Coverage A - Dwelling Basic & Increased Limits Deviation.
- Forms 3 & 3 Plus: Inflation Guard Discount.
- Watercraft Discount: Up to 50 HP, no charge.
- Business Pursuits Discount.
- Form 3 Plus: Personal Injury Liability: No charge.
- Eff.10-18-00 PC035279 [North Carolina Department of Insurance](#)

109. **NGM Insurance Company**

- Age of Dwelling Deviation: Forms HO 00 02, HO 00 03 and HO 00 05.
- Combined Personal Protection Program.
- Deductible credits/charges, factor varies by ded amount.
- Protective device credits.
- Replacement Cost on Contents.
- Specified Additional Amount of Insurance Coverage A Dwelling.
- Personal Property Replacement Cost.
- Personal Injury.
- Water Back-up of Sewers or Drains.
- Credit Card, Fund Transfer Card, Forgery, & Counterfeit Money.
- Special Computer Coverage.
- Coverage C Special Limits of Liability.
- Fire Department Service Charge.
- Charge to increase Coverage D to 30% of Coverage A.
- Installment Payment Plan Deviation.
- Coverage A relativities for Preferred and Revitalized.
- Ordinance or Law Deviation – Increased Amount of Coverage.
- Refrigerated Property Coverage.
- Insurance Score Discount factor varies by Insurance Score.
- Eff. 12-4-11 NGMC-127788354 [NCDOI](#)

110. **National General Insurance Company**

- All Forms: Protection Device Credits: Variable credits from 2% to 15%.
- All Forms, except 4 & 6: Deductible/factors; \$100-1.10 - no minimum or maximum charge; \$500-.90; \$1000-.80.
- Forms 4 & 6: Deductible/factors; \$100/\$250 theft - 1.05. No minimum or maximum charge; \$500-.90; \$1000-.77.
- Form 3: New/Renovated Home Discount; Variable credits based on age of dwelling & type of renovation.
- Forms 4 & 6: Thrifty Fifty Discount; 10% credit if insured meets criteria.
- Forms 1, 2 & 3: \$5 Photo Credit New Business.
- Form 4: Building additions & alterations increased limits \$5 per \$1000 of insurance.
- Form 6: Coverage A Dwelling; Basic & Increased Limits, \$5000 Coverage A is provided at no additional charge. Charge \$5 per \$1,000 for increased limit up to total of \$15,000.
- Forms 4 & 6: Loss of Use; Increased limits \$3 per \$1000 of additional insurance.
- Form 3: Base rate deviation; Rating factor of .80 applies.
- Form 6: Base rate deviation; Rating factor of .80 applies.
- Installment Payment Plan: Two payment plan - \$2 per installment.
- Eff. 6-1-99

111. **National Specialty Insurance Company**

- Forms 2 & 3: Base deviations vary by amounts of insurance - \$55,000 - \$120,000 & over; Territory 34 Cumberland County - 0% - 22.1%; Territories 32, 33, 35 & 41 - 0% to -35.1% deviations vary by amount of insurance. \$50,000 - \$120,000 & over; all other territories 0% - 35.1%. Deviation vary by amounts of insurance \$50,000 - \$120,000 & over.
- Forms 4 & 6: 10% credit applies to optional coverages that are applicable exclusively to Forms 4 & 6.
- All Forms, except 4 & 6: 20% credit applies to optional coverages.
- Forms 2, 3 & Homeowners Plus: Fixed dollar amount deductible credits; \$500-10%; \$1000 - 17%.
- Forms 4 & 6: Fixed dollar amount deductible; \$500 - 10%; \$1000 - 23%.
- Homeowners Plus Package: Form 3 Credit for amount of insurance \$50,000-\$69,000 - 10%; \$70,000 - 110,000 - 11%; \$120,000 - \$170,000 - 12%; \$180,000 - \$200,000 - 13%, each additional \$10,000 - 0% when special requirement are met.
- Forms 4 & 6: 10%.
- Forms 2, 3 & Homeowners Plus: New home credit - 25% current yr.; 2.5% less credit each added yr.
- Premium credit for alarm systems HO 216: 2-15%.
- All Forms: Manned Security Discount: 10% additional when property is residential area with limited entry & exit points manned by employed uniformed security guards.
- All Forms: 55 & Retired Discount: 10% if one insured is 55 or older & both insured & spouse, if any, are neither gainfully employed or seeking gainful employment. Residence must be principal residence of applicant.

- Earthquake Coverage: Superior construction will be rated same as frame construction.
- Form HO-6: Coverage A increased limits; \$3 for each additional \$1000.
- Form HO-6: Units regularly rented to others HO-33; Charge 25% of base premium.
- Eff. 5-1-92 *Name changed from State National Specialty Company effective 3/16/04*

112. **National Surety Corporation**

- Protective Device Credits: All forms & all territories: 1% - 15% credit applies to company base premium.
- Portfolio Credit: 5% credit applies to all homeowners policies when Personal Catastrophe Coverage and Personal Inland Marine Coverage is written with Company.
- Eff 12-01-03 PC065123 [North Carolina Department of Insurance](#)

113. **National Union Fire Insurance Company of Pittsburgh**

- Territorial Base Rate Deviation.
- Amount of Insurance Relatives Deviation.
- Maximum Credit for Protective Devices waived.
- Higher Deductible Credit.
- Increased Coverage C Limit Deviation.
- Renovated House Credit.
- Gated Community Credit.
- Loss Free/ Persistency Credit.
- Eff. 10-13-00 PC037427 [North Carolina Department of Insurance](#)

114. **Nationwide Mutual Fire Insurance Company**

- Nationwide Territory Deviation Forms HO 02, HO 03 & HO 05.
- Home & Car Deviation.
- Amount of Insurance Deviation.
- Personal Property Replacement Cost Deviation.
- Deductible Deviations.
- Protective Device Deviations by territory: Credit varies.
- Safe Home Rating Plan Deviation.
- Age of Home Component.
- Age of Construction Deviation.
- Nationwide Associate.
- Eff. 8-31-12 NWPC-128269916 [NCDOI](#)

115. **Nationwide Mutual Insurance Company**

- Nationwide Territory Definitions Forms HO 02, HO 03, HO 04, HO 05, and HO 06.
- Home and Car Deviation Forms HO 02, HO 03, HO 05, and HO 06.
- Deductible Deviations.
- Protective Device Deviation.
- Safe Home Rating Program – Form HO 02, HO 03, HO 05 and HO 06.
- Age of oldest Insured.
- Personal Status Deviation.
- Age of construction deviation.
- Amount of Insurance – Forms HO 02, HO 03, and HO 05.
- Age of Home Component Deviation.
- Home Purchase Deviation.
- Nationwide Associate Deviation.
- Prior Insurance Deviation Forms HO 02, HO 03 and HO 05.
- Eff. 8-31-12 NWPC-128269959 [NCDOI](#)

116. **Netherlands Insurance Company**

**Preferred Homeowners**

- Personal Property Increased Limits: Forms 3, HE-7, HE-7w/20 & HE7w/21 \$.50 per \$1000 of insurance
- Deductible amounts deviation Credit: Forms 3, 4, 6, HE-7, HE-7w/20 & HE-7w/21 :Credit varies
- New Home Credit: Forms 3, HE-7, HE-7w/20 & HE-7w/21: Credit varies.
- Protective Device Credit: Forms 3, HE-7, HE-7w/20 & HE-7w/21: Credit varies

- Base Rate Deviation by Territory Forms 3, HE-7, HE-7w/20 & HE7-21:: Credit varies.
- Form 4: 3% Key Premium Deviation by Territory.
- Form 6: Key Premium Deviation: Credit varies 29.3%-31.6%.
- Forms 3, HE-7, HE-7w/20 & HE-7w/21: HO-3211- Replacement or Repair Cost Protection: Premium charge \$5.
- Forms 3, 4, 6, HE-7, HE-7w/20 & HE-7w/21: 15% deviation for policies written as part of Personal Protector Package Policy.
- Water Craft Deviation of 70%.
- Base Rate Deviation on HE-7, HE-7w/20 & HE-7w/21: HE-7 factor - 1.15; HE-7w/20 factor - 1.20; HE7w/21 - 1.25.
- Amount of Coverage A Relativity: Deviation varies .6% - 7.4%.

**Standard Homeowners**

- Personal Property Increased Limits Forms 3, HE-7, HE-7w/20 & HE-7w/21: ; \$.50 per \$1000 of insurance.
- Deductible Credits; Forms 3, HE-7, HE-7w/20 & HE-7w/21: credit varies.
- New Home Credit: Forms 3, HE-7, HE-7w/20 & HE-7w/21: 0 -12 yrs. of age: Credit varies 0% - 25%.
- Protective Device Credit: Forms 3, HE-7, HE-7w/20 & HE-7w/21: Credit varies 2% - 15%.
- Base rate deviation by territory: Forms 3, HE-7, HE-7w/20 & HE-7w/21 Credit varies
- Base Rate Deviation HO 6 by territory: Deviation varies.
- Base Rate Deviation on HE-7, HE-7w/20 & HE-7w/21: credit varies
- Replacement or Repair Cost Protection: Forms 3, HE-7, HE-7w/20 & HE-7w/21: HO-3211 Premium charge \$5.
- Deviation will apply to HO 3 standard, HE 7 standard HE7/w20 standard, HE 7/ w21 standard for monoline homeowners premiums when they ar written as part fot the Personal Protector Package Policy.
- Water Craft Deviation of 70%.
- Amount of Coverage A Relativity curve: Deviation varies .6% - 7.4%.
- Eff 10-15-02 PC053999 [North Carolina Department of Insurance](#)

117. **New Hampshire Insurance Company**

- Forms 1, 2, 3, 3w/15 4 & 6: Age of dwelling credit; 0-20 yrs. - 10%.
- Replacement or Repair Cost prot. Coverage A (HO-500): \$1 per policy.
- Eff. 7/1/87

118. **New South Insurance Company**

- Deviation by Amount of Insurance: Coverage A amount: \$50,000 - \$250,000 & above based on territory.
- Long-term Customer Discount: 5-9 yrs. with Co. on HO policy - 5%; 10 yrs. or longer with Co. on HO policy - 10%.
- Deductible Credits.
- Form 6: 15%.
- Delete surcharge for \$100 deductible.
- Replacement Cost- Coverage C: Delete surcharge for replacement cost on contents.
- Eff. 5-1-92

119. **North Carolina Farm Bureau Mutual Insurance Company**

- Personal Property (Coverage C) Replacement Cost.
- Deductible Credits.
- Deductibles – Windstorm or Hail Deductibles.
- Personal Property.
- Additional Residence Rented to Others.
- Other Structures Rented to Others - Residence Premises.
- Outboard Motors and Water Craft.
- New Home Deviation, Forms HO 00 02 and HO 00 03.
- Enhancement Deviation.
- Value-Plus Deviation.
- Carolina Partner Plus Discount.
- Company Deviations.
- Deviation Forms HO 00 02 and HO 00 03.
- Deviations by territories 07, 08, 48, 49, 52.
- Deviations Forms HO 00 04 and HO 00 06.
- Windstorm or Hail Exclusion Credits.
- Eff. 7-1-12 NCFB-128110532 [NCDOI](#)

120. **North River Insurance Company**

- Forms 1, 2, 3 & 3 w/15: Age of dwelling credit; 0 - 1 yr. - 20%; 2% less credit each added yr.
- Preferred plan deviation for owners forms: Varying credits based on amount of insurance & territory.
- Forms 1, 2, 3 & 3 w/15: Replacement cost contents for preferred owners forms to \$1 per \$1000 of increased Coverage C.
- All Forms: Replacement cost on contents; Deletion of \$20 minimum additional premium.
- Forms 1, 2, 3 & 3 w/15: Higher deductible credits factors; \$500 - .89; \$1000 - .80; \$2500 - .67.
- Forms 4 & 6: Higher deductible credits factors; \$500 - .83; \$1000 - .67; \$2500 - .54.
- Premises Alarm System: Expand table of credits for protection classes 1 - 7 to include class 8.
- Form 6: 20%.
- Eff. 3-1-90

121. **Northern Assurance Company of America**

- New Home Credit.
- Personal Property Replacement Charge Reduced to \$1 per \$1,000.
- Additional Limits of Liability for Coverage A.
- Protective Devices Credits.
- No charge for Inflation Guard Endorsement.
- Fixed dollar amount deductibles.
- 5% discount for insured age 49 or older.
- Deviation to form HE-7.
- Deviation by Amount of Insurance for Coverage A between \$250,000 and \$500,000.
- Windstorm or Hail Deductibles.
- Eff. 8-15-02 PC053955 [North Carolina Department of Insurance](#)

122. **Northern Insurance Company of New York**

- Forms 1, 2, 3 & 3w/15: Age of dwelling credit.
- Forms 1, 2, 3 & 3 w/15: Replacement or repair cost protection HO-500.
- Forms 4 & 6: Replacement Cost on Contents.
- Forms 1, 2 & 3: Charge \$1 per \$1000 for increase in Coverage C limits.
- Eff. 2-15-92

123. **OneBeacon America Insurance Company**

- New Home Discount.
- Personal Property Replacement Charge Reduced to \$1 per \$1,000.
- Additional Limits of Liability for Coverage A.
- Protective Devices Credits.
- No charge for Inflation Guard Endorsement.
- Fixed dollar amount deductibles.
- Deviation on HO 00 06 Coverage A Increased Limits.
- Deviation to Form HO 00 06 rates.
- 5% discount for insured age 49 or older.
- Deviation to form HE-7.
- Deviation by Amount of Insurance for Coverage A between \$250,000 and \$500,000.
- Windstorm or Hail Deductibles.
- Eff. 8-15-02 PC053954 [North Carolina Department of Insurance](#)

124. **OneBeacon Insurance Company**

- Replacement on contents endorsement.
- Protective Devices Credit.
- Personal Property Increased Limits.
- Account Credit when the named insured insures personal auto in any of the General Accident Companies.
- Fixed Dollar Amount Deductible.
- New Home Credits.
- Eff 4-15-96

125. **OneBeacon Midwest Insurance Company**

- All Forms, except 4 & 6: New Home Discount; 0-1 yr. old -20%; 2% less credit each added yr. to 10th yr.
- Forms 2 & 3: Personal Property Replacement Cost; Charge to increase Coverage C to 70% of Coverage A; \$1 per \$1000.
- Replacement or Repair Cost Protection Coverage A (HO-3211): \$5 premium charge.
- Protective Devices Credits: PPC 1-7 - 2%-15%; PPC 8-9 - 1%-15%: Maximum credit of 20% applies.
- All Forms, except 4 & 6: Provide Inflation Guard endorsement coverage at 6% amount of annual increase at no charge.
- All Forms, except 4 & 6: Fixed Dollar Amount deductibles: \$500-15%; \$1000-21%; \$2500-38%.
- 5% discount for insured age 49 or older.
- Deviation to Enhancement Forms HE-7; HE-7w/20 & HE-7w/21: Credits vary.
- Deviation by amount of Coverage A: \$250000 - \$500000. Variable credits.
- Windstorm or Hail Deductibles
- Eff. 8-15-02 PC053952 [North Carolina Department of Insurance](#)

126. **Owners Insurance Company**

- HO 00 06 Form deviation.
- Deductibles - Waiver of Minimum Charges.
- Protective Device Credit.
- Protective Device-Alarm Systems.
- Mature Homeowners Discount.
- Townhouse or Row House discount factors.
- Credit Card, Fund Transfer Card, Forgery and Counterfeit Money.
- Form HO 00 06 Coverage A Dwelling Increased Limits and Special Coverage.
- Loss Assessment Coverage.
- Personal Injury coverage-no charge.
- Permitted Incidental Occupancies - Residence Premises.
- Special Personal Property Coverage HO 00 05.
- Multi-Policy Discount.
- Section II, Liability-watercraft.
- Life-Homeowners Multi Policy Discount.
- Insurance Score Credit.
- Home/Umbrella Multi-Policy discount.
- Paid in full discount.
- Personal Property Increased limits.
- Claim Free Discount.
- Loss History Rating.
- All forms except HO00 04 and HO 00 06.
- Mortgage Free Discount.
- Protection Class Relativities.
- Age of construction discount.
- Base Class Premium.
- Windstorm or Hail Exclusion.
- Windstorm Mitigation.
- Changes or Cancellations.
- Incidental Farming.
- Theft Coverage.
- Home Day Care Coverage.
- Company Deviation.
- .Eff 11-1-11 AOIC-127380990 [NCDOI](#)

127. **Pacific Employers Insurance Company**

- Forms 1, 2 & 3: Fixed dollar deductible credits; \$500-11%; \$1000-21%; \$2500-34%.
- Form 4: Fixed dollar deductible credits; \$500-11%; \$1000-25%; \$2500-40%.
- Rate for increase in Coverage C: \$1 per \$1000.
- Forms 1, 2 & 3: Replacement Cost Coverage Charge shall be 4% of adjusted base premium. Coverage C must also be increased to 70% of Coverage A at \$1 per \$1000.

- Protection Device Credits: All zones & all protection classes; Credits vary 2%-15%.
- New Home Discount: Credit varies 2% -20% based on age of dwelling. Credit applies to base premium.
- Base Rate Deviation: Homeowners -25%; Tenants -15%; Condominiums -20%.
- Eff. 2-24-98

128. **Pacific Indemnity Company**

- Base Premium Computation - Forms HO 00 04 and HO 00 06.
- Base Premium Computation by territory and forms HO 00 02, HO 00 03, HO 00 05 and HE 00 07.
- Protective Devices – Maximum Credit of \$75. is deleted.
- Deductibles - Optional Higher Deductibles.
- Deductibles – Named Storm Percentage Deductible.
- Additional Amount of Insurance deviation. Forms HO 00 02, HO 00 03 & HO 00 05.
- Water Back-Up and Sump Discharge or Overflow.
- Gated Community Credit.
- Eff 6-4-12 CHUB-127974218 [NCDOI](#)

129. **Peerless Insurance Company**

- Protective devices.
- Base Premium Computation (HO 00 06).
- Installment Payment plan – no charge for each installment for Electronic Fund Transfer.
- Eff. 9-1-12 LBRM-128206895 [NCDOI](#)

130. **Pennsylvania General Insurance Company**

- All Forms, except 4 & 6: New home credit; Current yr. - 20%; 1 yr. old -18%; 2 yrs. old -16%; 3 yrs. old - 14%; 4 yrs. old - 12%; 5 yrs. old - 10%; 6 yrs. old - 10%; 7 yrs. old - 8%; 8 yrs. old - 7%; 9 yrs. old - 6%; 10yrs.-6%; 11yrs-4%;12yrs-4%;13yrs-2%; 14yrs-2% .
- All Forms: Fixed dollar amount deductible factors; \$500 - .90; \$1000 - .77.
- Forms 1, 2, 3 & 3w/15: Personal property increased limits; \$1 per \$1000 of insurance.
- All Forms, except 4: Account Credit: 10% discount when named insured insures his/her personal auto in any of General Accident Companies.
- Forms 1, 2 & 3: Personal Property Replacement Cost Coverage.
- All Forms: Protective Device Credit: Credit Varies 2% - 15%.
- All Forms, except 4 & 6: 8.8% base rate deviation.
- Eff. 4-15-96

131. **Pennsylvania Lumbermens Mutual Insurance Company**

- Forms 1, 2 & 3: 10% dwellings 5 yrs. old or less; 5% dwellings 6-10 yrs. old.
- All Forms: 10%.
- Eff. 10-1-85

132. **Pennsylvania National Mutual Casualty Insurance Company**

- New Home Discount: Forms HO 00 02, HO 00 03, HO 00 05 and HE 00 07.
- Deductibles – Optional Higher Deductibles.
- Personal Property A Increased Limits.
- Preferred Program territory & protection class.
- Account Credit Program.
- Outboard motors and watercraft Deviation.
- Protective Device Credits.
- Additional Amount of Insurance HO 00 02 & HO 00 03.
- Deviation on Ordinance or Law Coverage.
- Preferred Advantage Program Deviation.
- Form HO 06 Coverage A Dwelling Basic and Increase Limits and Special Coverage.
- Credit Card, Fund Transfer Card, Forgery and Counterfeit Money Deviation.
- Loss Assessment coverage Forms HO 00 02, HO 00 03, HO 00 04, HO 00 05 and HO 00 06.
- Personal Property - Increased Special Limits of Liability.
- Personal Property – Refrigerated personal Property.
- Water Back Up and Sump Discharge or Overflow.

- Personal Injury Increased Special Limits of Liability
- Installment Charges-Recurring Payments automatically deducted.
- Affinity Group Discount.
- Agency Transfer Transaction Factor.
- Eff 6-1-12 PNPR-127861758 [NCDOI](#)

133. **Pharmacists Mutual Insurance Company**

- -25% base rate deviation.
- Waiver of premium is amended to \$5.
- Installment Payment Plan: Charge varies based on installment plan.
- Personal Package Discount: Credit varies when criteria is met.
- Automatic Adjustments of Limits: Annual 4% increase at no charge.
- Effective 5-1-07 PC102682 [North Carolina Department of Insurance](#)

134. **Phoenix Insurance Company**

- Deductible Credits HO 00 02, HO 00 03,HO 00 07, HO 00 04 and HO 00 06.
- Protective Devices.
- Personal Property Increased Limit Coverage C.
- Account Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.
- Loss Free customer Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.
- Multi-Line Insurance & Financial Services Institution Employees Credit.
- Royal SunAlliance Employee Program.
- Home Buyer Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy..
- Installment Payment Plan.
- Eff 6-1-12 TRVA-128193494 [NCDOI](#)

135. **Platte River Insurance Company**

- Age of Dwelling
- Account Credit Program: 15% discount when insured has coverage for both auto & HO policies through UIC.
- Preferred Homeowners Credit: 0% - 23% Credit by territory, pPC, construction type: Other criteria apply.
- Revitalized Home Credit for dwellings 25 yrs. or older if certain criteria is met.
- Deductible Credits: Forms 3, 4, & 6.
- Base Premium Discount for Form 6: A factor of .80 applies.
- Protective Device Credits: All Forms: Credit varies 1% - 15%.
- Replacement Cost on Contents: Forms 3, 4, & 6: Minimum premium does not apply.
- Additional Limits of Liability for Coverages A, B, C, & D: Form 3: 6% credit when certain options are selected.
- Pers Prop Replacement Cost: Form 3: 5% of base prem with min prem waived when certain options are selected.
- Personal Injury: Form 3: Charge waived if certain coverages and options are selected.
- Water Back-Up of Sewers or Drains: Form 3: Charge waived if certain coverages and options are selected.
- Credit Card, Fund Transfer Card, Forgery & Counterfeit: Form 3: Charge waived if certain coverages and options are selected.
- Special Computer Coverages: Form 3: Charge waived if certain coverages and options are selected.
- Coverage C Increased Special Limits of Liability: Form 3: Charge waived if certain coverages and options are selected.
- Fire Department Service Charge: Form 3: Increased to \$1000 in lieu of \$500 if certain coverages and options are selected.
- Form 3: Coverage D Increased to 30% of Coverage A will be deleted if certain coverages & increased limits options are selected.
- Form 3: Coverage A Relativities Deviation.
- Form 3: Ordinance or Law will be 4% of base premium if certain coverages & increased limits options are selected.
- Form 3: The charge for Refrigerated Property Coverage will be deleted if certain coverages & increased limits options are selected.
- Eff.10-1-99

136. **Privilege Underwriters Reciprocal Exchange**

- Years Renovated
- Territory Deviation
- Coverage A Deviation
- Superior Construction Credits
- Generator Credit
- Financial Responsibility Factor
- Seasonal/Secondary Home
- Occupancy Deviation
- Multi Policy Credit (Personal Automobile)
- Multi Policy Credit (Personal Excess Liability)
- Multi Policy Credit (Jewelry & Art)
- Protective Devices
- Loss Free Credits
- Eff 9-3-10 PRIV-126726823 [North Carolina Department of Insurance](#)

137. **Providence Washington Insurance Company**

- Forms 2 & 3: Deviation by territory, Coverage A amount & protection class: Credit varies.
- All Forms, except 4 & 6: New Home Credit: 1 to 20 yrs. old: Credit varies 1% to 20%.
- All Forms, except 4 & 6: Deductible credits: \$500 - 10%; \$1000 - 17%; \$2500 - 25%.
- Protective Devices for all protection classes & territories: Credits vary 1%-15%.
- Forms 2, 3 & 6: 15% Multiple Policy Credit when Providence Washington writes auto & homeowner.
- Waiver of Premium: \$5 or less.
- Personal Property Replacement Cost: Minimum charge not applicable.
- Eff. 4-18-00 PC033008 [North Carolina Department of Insurance](#)

138. **QBE Insurance Corporation**

- Affinity Discount for Financial Institutions Partners Customers HO 00 04.
- Online processing discount HO 00 04.
- Eff 6-1-12 QBEC-127370538 [NCDOI](#)

139. **Republic-Franklin Insurance Company**

Edge Program

- Protection Classification credit.
- Edge Program Tiered.
- Personal Property.
- Mass Merchandising Plan.
- Affinity Group-Wise Program.
- Personal Lines Account Credit.
- Package Additional Coverages.
- Flexible Hose Credit.
- High Efficiency Gas Furnace Credit Rule.

Essentials Program

- Protection Classification credit.
- Personal Property.
- Personal Lines Account Credit.
- Homeowners Extension Package.
- Flexible Hose Credit.
- High Efficiency Gas Furnace Credit Rule.
- Edge Essential Program Tiered Rating.
- Eff 9-1-11 UTCX-G127313300 [NCDOI](#)

140. **Response Worldwide Insurance Company**

- Protective Devices Discount: 3% for deadbolt locks on all main doors & fire extinguishers in house.
- Forms 1, 2, 3 & 3w/15: Deductible Credits; \$500 - 12%; \$1000 - 24%; \$2500 - 36%.
- Forms 4 & 6: Deductible Credits; \$500 - 17%; \$1000 - 30%; \$2500 - 37%.

- Replacement or Repair Cost Protection (HO-500); Waive \$5 charge.
- Forms 4 & 6: 10% deviation.
- Forms 4 & 6: Personal Property (Coverage C) Replacement Cost: 1.30 factor applies.
- Eff. 1-15-95

141. **Safeco Insurance Company of America**

- Deductible Debit/Credits.
- Account Credit: all forms certain criteria apply.
- Credit Card, fund transfer card, forgery and counterfeit money coverage.
- Medical Payments/Other Exposures/Higher Limits Deviation: all forms.
- Other Insured Locations Occupied by Insured.
- Special Personal Property Coverage – Coverage C (HO32 35)
- Market Tier Relativities.
- Employee Discount Plan.
- Company Territory Definitions.
- New Buyer discount.
- Age of Roof Discount.
- Eff. 8-23-12 LBRM-128454079 [NCDOI](#)

142. **Safeco Insurance Company of Indiana**

- Form 3: Preferred Business; 25% off Bureau rates when eligibility guidelines are met.
- Form 3: Standard Business; 5% off Bureau rates when eligibility guidelines are met.
- Form 6: 17% off Bureau rates when eligibility guidelines are met.
- Form 3: Preferred Business; Guaranteed Replacement Cost Coverage A charged waived.
- Form 3: New Home Credit; During calendar yr. - 10%; 1% additional credit each added yr. to 9th yr
- Eff. 2-15-95

143. **Seaton Insurance Company**

- Form 3: Credits vary by protection class, & Coverage A dwelling amounts; Coverage A amount under \$40000 - \$1000000 & over. Credit varies 0% - 19% based on territory.
- Form 3: Personal Property Replacement Cost; Delete 5% surcharge.
- Form 6: 19% to be applied to base rate of 10% off Form HO-4.
- Form 3: Fixed Dollar Amount Deductibles Credits; \$500-9%; \$1000-17%; \$2500-25%.
- Forms 4 & 6: \$500-10%; \$1000-23%; \$2500-37%.
- Form 3: New Home Credit; Current yr. - 20%; 2% less credit each added year.
- Personal Property Coverage C increased limits: Form 3; \$1; Form 3w/15 - \$2.
- Protection Device Credit: 5% in all territories & protection classes for an installed smoke detector, fire extinguisher & dead bolt locks.
- Reduced rates for Outboard Motors & Water Craft liability.
- Forms 3, 4 & 6: Personal Injury Coverage; HO-82 included at no charge.
- Form 3: Deviation of territorial relativities varies 0.0% - 15.8%.
- Form 4: 5% credit off base rates.
- Forms 4 & 6: Personal Property Replacement Cost Coverage; Surcharge reduced from 1.40 to 1.30.
- Eff. 6-13-94

144. **Select Insurance Company**

- Forms 1, 2, 3 & 3 w/15: 15%.
- Eff. 2/8/86

145. **Selective Insurance Company of South Carolina**

- Forms 4 & 6: 25%.
- Forms 1, 2, 3 & 3w/15: Replacement Cost on Personal Property; Delete 5% surcharge.
- Forms 4 & 6: RC Personal Property; shall be \$1 per \$1000 of ins. applied to Coverage C.
- Protective Devices Credit: Factors vary .85 to .98.
- All Forms, except 4 & 6: Fixed dollar amount deductible factors.
- Amount of Insurance Deviation: \$60000 - \$140000: Credit varies 0%-25%.
- Age of Dwelling Credits: New 20%; 1 yr. old 18%; 2% less credit each added yr. through 9th yr.

- Eff. 5/1/92

146. **Selective Insurance Company of the Southeast**

- Credit for protective devices: Factors vary .85 to .98.
- Forms 1, 2, 3, & 3 w/15: Replacement cost on personal property; Delete 5% surcharge.
- Forms 4 & 6: Charge an annual additional premium of \$1 per \$1000 of insurance applied to Coverage C. Minimum limit of Coverage is \$12000.
- All Forms, except HO 4 & HO 6: Fixed dollar amt ded factors; \$500 - .85; \$1000 - .80; \$2500 - .70.
- Amount of Insurance Deviation: \$20000 - \$75000; Credits vary 3.0% - 10.0%.
- Eff. 5-1-2

147. **Sentry Insurance A Mutual Company**

- All Forms, except 4 & 6: Fixed dollar amt ded; Factors for Cov A limits: \$500 ded. - .91; \$1000 ded. - .79; \$2500 ded. - .62.
- Eff. 11-1-96

148. **Service Insurance Company**

- Year of Construction Deviation by territory: Credit varies 3% - 30%.
- Deviation for Masonry Construction by protection class: Credit varies.
- Form 3: 10% Base Deviation by territory.
- Claim Free Credit: 5% applied to base premium: Not available in terr 5,6,42,43. Certain criteria apply.
- Mature Homeowner Credit: 5% credit by territory: Certain criteria apply.
- Gated Community Credit: 5% credit by territory: Certain criteria apply.
- Form 3: Increased Limit of Personal Property: \$1 per 1000.
- Windstorm or Hail Deductible Deviation: Credit varies.
- Key Premium Factors Deviation.
- 2% Protective Device Credit for auto smoke detectors, fire extinguishers & deadbolt locks on all exterior doors.
- Maximum Allowable Credit – The max allowable credit for newly constructed dwellings, gated community, and claim free combined, is limited to 30%.
- Auto Companion Credit: 4% credit when criteria are met.
- Deductible Credit Discounts.
- Percent Windstorm or Hail Deductibles Deviation.
- HO-6 Base Class Premium; Credit varies based on territories.
- HO-6 Protection-Construction factor deviation.
- HO-6 Key Premium Factor Deviation.
- Eff. 6-1-03 PC061674 [North Carolina Department of Insurance](#)

149. **Southern Guaranty Insurance Company**

- Form 3 & HE-7: Deviation by Territorial Relativities.
- Form 4: Deviation by Territorial Relativities.
- Form 6: Deviation by Territorial Relativities.
- Form 3 & HE-7: Amount of Insurance Deviation.
- Form 3 & HE-7: New Home Credit; 1 yr. - 18%; 2% less credit each added yr. to 9th yr.
- All Forms, except 4 & 6: Deductible Credits; \$500-.91; \$1000-.83; \$2500-.75. Forms 4 & 6: \$500-.90; \$1000-.77; \$2500-.63.
- Forms 4 & 6: Personal Property (Coverage C) Replacement Cost Coverage; Factor 1.30 from 1.40.
- Reduced charge for Personal Property Increased Limits: Form 3 - \$1; Form 3w/15 - \$2.
- Reduced rates for Outboard & Water Craft Liability.
- Forms 3, 4 & 6: Personal Injury Coverage at no charge.
- Form 3 & HE-7: Exceptional Homeowner: 10% credit when criteria are met.
- Protective Devices Credit: Credit varies.
- Multi-Policy Credit: 5% credit applies when insured has personal auto & homeowners with Southern Guaranty Insurance Company.
- Eff. 1-1-01 PC038720 [North Carolina Department of Insurance](#)

150. **Southern Insurance Company of Virginia**

**PREFERRED**

- Territory Deviation; for form HO 00 02, HO 00 03, and HO 00 05 Credit varies.

- Optional Deductible Credits: Change in credit for increasing the deductibles based on Coverage A limit.
- Protective Device Credits Combined – credit varies.
- Additional Amounts of Insurance – form HO 03 and HO 05.
- Personal Property Replacement Cost HO 00 02, HO 00 03 and HO 00 05.
- Southern Homeowners Account Credit Plan.
- Credits for newer homes.
- Outboard Motors and Watercraft reduced rates.
- HE-00 07 Program – 10% credit for policies written with HE 00 07, HE 00 07 with HE 32 20 or HE 00 07 with HE 32 21.
- Automatic Payment Plan.
- Multi-Protector Plus-Coverage C Increase Special Limits of Liability.
- Multi-Protector Plus – Business Property.
- Multi-Protector Plus-Personal Injury Coverage
- Multi-Protector-Water Backup
- Multi-Protector Plus-Refrigerated Property
- Multi-Protector Deluxe-Coverage C Increase Special Limits of Liability
- Multi-Protector Deluxe-Business Property
- Multi-Protector Deluxe Personal Injury Coverage
- Multi-Protector Deluxe Water Backup
- Multi-Protector Deluxe Refrigerated Property
- Multi-Protector Deluxe Loss Assessment Coverage
- Multi-Protector Elite Coverage C Increased Special Limits of Liability
- Multi-Protector Elite Business Property
- Multi-Protector Elite-Personal Property Replacement Cost Coverage
- Multi-Protector Elite Personal Injury Coverage
- Multi-Protector Elite Water Backup
- Multi-Protector Elite Refrigerated Property
- Multi-Protector Elite Loss Assessment Coverage
- Multi-Protector Elite Increased Ordinance or Law Coverage
- Multi-Protector Elite Increased Section II Limits of Liability

**STANDARD**

- Territory Deviation for HO 00 02, HO 00 03, and HO 00 05.
- Optional Deductible Credits: Change in credit for increasing the deductibles based on Coverage A limit.
- Protective Device Credits Combined – credit varies.
- Additional Amounts of Insurance – form HO 03 and HO 05.
- Personal Property Replacement Cost HO 00 02, HO 00 03 and HO 00 05.
- Personal Property Replacement Cost Coverage HO 00 04 and HO 00 06.
- Credits for newer homes.
- Outboard Motors and Watercraft reduced rates.
- HE-00 07 Program – 10% credit for policies written with HE 00 07, HE 00 07 with HE 32 20 or HE 00 07 with HE 32 21.
- Southern Homeowners Account Credit Plan.
- Automatic Payment Plan.
- Multi-Protector Plus-Coverage C Increase Special Limits of Liability.
- Multi-Protector Plus – Business Property.
- Multi-Protector Plus-Personal Injury Coverage.
- Multi-Protector-Water Backup.
- Multi-Protector Plus-Refrigerated Property.
- Multi-Protector Deluxe-Coverage C Increase Special Limits of Liability.
- Multi-Protector Deluxe-Business Property.
- Multi-Protector Deluxe Personal Injury Coverage.
- Multi-Protector Deluxe Water Backup.
- Multi-Protector Deluxe Refrigerated Property.
- Multi-Protector Deluxe Loss Assessment Coverage.
- Eff 1-1-09 DNGL-125861191 [North Carolina Department of Insurance](#)

151. **Southern Pilot Insurance Company**

- Deviation by Territorial Relativities (HO-3 and HE-7).
- Deviation by Territorial Relativities (HO-4)
- Deviation by Territorial Relativities (HO-6).
- Amount of Insurance Deviation (HO-3 and HE-7).
- New Home Credits
- Deductible Credits.
- Reduced Surcharge for Personal Property (Coverage C) Replacement Cost Coverage.
- Reduced Charge for Personal Property Increased Limits.
- Reduced Rates for Outboard Motors and Watercraft Liability.
- Personal Injury Coverage At No Charge.
- Deviation for Exceptional Homeowner (HO-3 and HE-7).
- Protective Devices Credit.
- Deviation for Multi-Policy Credit.
- HE-7 Level of Enhancement Factor.
- Eff. 08-01-05 PC083567 [Filing Detail](#)

152. **SPARTA Insurance Holdings**

- New Home Credit All Forms, except 4 & 6;; 0-1 yr. old - 20%; 2% less credit each added yr. to 10th yr.
- Personal Property Replacement Forms 2 & 3: Cost; Charge to increase Cov C to 70% of Cov A; \$1 per \$1000.
- Additional Limit of Liability for Coverage A. HO 3211. \$5 premium charge.
- Protective Devices Credits: PPC 1-7 - 2%-15%; PPC 8-9 - 1%-15%: Maximum credit of 20% applies.
- Inflation Guard Endorsement (HO-243) at 6% - at no charge.
- Fixed dollar amount deductible credits Forms 2 & 3;;- \$500-15%; \$1000-21%; \$2500-38%.
- Fixed dollar amount deductible credits Forms 4 & 6;; \$500-10%; \$1000-23%; \$2500-37%.
- Increased Coverage A limits HO-6 \$3000 coverage A at no additional charge. Coverage A limit may be increased.
- Form 6: 6.4% deviation.
- 5% discount for insured age 49 or older.
- Form HE-7; HE7w/20 & HE7w/21: Reduced Factors.
- Deviation by amount of insurance for Coverage A \$250,000 - \$500,000. Variable credit.
- Windstorm or Hail Deductible credit varies by amount of deductible
- Eff. 8/15/02 PC053953 [North Carolina Department of Insurance](#)

153. **St. Paul Fire & Marine Insurance Company**

- Forms 1, 2, 3 & 3 w/15: New Home Discount: Yr. of construction; 0-1 yr. of age - 15%; 2-3 yrs. - 13%; 4-5 yrs. - 11%; 6-7 yrs. - 9%; 8-9 yrs. - 7%; 10-11 yrs. - 5%; 12-15 yrs. - 3%.
- Forms 1, 2, 3 & 3 w/15: Personal Property Replacement Cost; No charge for Cov C increase from 50% to 70%.
- Forms 4 & 6: 30% surcharge to basic premium (after higher deductible credit) & for attaching HO-50.
- All Forms: Minimum premium \$15 per policy.
- Eff. 9-23-92

154. **St. Paul Guardian Insurance Company**

- Operation Identification Credit: 5% rate credit on Basic Homeowners Insurance Premium.
- New Home Discount: 0-1 yr.-18%; 2-3 yrs -15%; 4-5 yrs.-10%; 6-7 yrs -8%; 8-9 yrs -7%; 10-11 yrs.-5%; 12-15 yrs.-3%.
- Personal Injury Protection (Form HO-82) provided at no additional charge.
- Forms 3, 3 w/15, 4, 6, HE-7 & HE-7w/HE20: Deductible credits: \$500 - 11%; \$1000 - 23%; \$2500 - 37%.
- Form 6: 14.5% off St. Paul Guardian HO-4 rates.
- Form 3: Deviation on policy amount Relativities by territory; Variable credits.
- Form 4: Deviation on base rates by territory; Variable credits.
- Forms 4 & 6: Deviation on policy amount Relativities by territory; Variable credits.
- Form 3: Replacement or repair cost Coverage A (HO-500) provided at no charge.
- Protective Devices Credit & Home Safety Coverage Credits.
- Business Pursuits Section II coverage: All classifications will be rated same as rate shown for clerical employees.
- Water Craft: Same charge applies for lengths over 15 - 26 feet & over151 horsepower as to lengths up to 15 feet & below 151 horsepower.
- Home Day Care: Rated at Bureau rates for Permitted Incidental Occupancies (HO-42).

- Forms 3, 3w/15, 4 & 6: Pers prop replacement cost (HO-290) coverage is provided at no additional charge.
- Homeowners PAK II Credit: Forms 3, 4, 6 & HE-7; 10% when insured qualifies for PAK II Program for terr 32 - 43.
- Base premiums for HE-7 policies: No additional charge.
- Base premium for HE-7w/HE-20 policies: +2.0% above St. Paul Guardian HO-3 rates.
- Base premium for HE-7w/HE-21 policies: +4.0% above St. Paul Guardian HO-3 rates.
- Renewal Credit: credit when insured maintains consecutive yrs. of both auto & homeowners coverage with the St. Paul, 3-5 yrs. Credit varies 3%-5%.
- Forms 3 & 3w/15: Personal property increase limits; \$1 per \$1000 of insurance.
- Installment Payment Plan: \$2 charge each installment unless Electronic Funds Transfer billing option is selected, then no charge.
- Employee Discount: 20% new business: 15% renewals.
- Eff. 3-1-00

155. **St. Paul Mercury Insurance Company**

- Operation Identification Credit: 5%.
- New Home Discount: 0-1 yr. - 15%; 2-3 yrs. - 13%; 4-5 yrs. - 11%; 6-7yrs. -9%; 8-9 yrs. -7%; 10-11 yrs. -5%; 12-15 yrs. -3%.
- Personal Injury Protection (HO-82) provided at no additional charge.
- Personal Property Replacement Cost (HO-290) coverage is provided at no additional charge.
- Forms 3, 3 w/15, 4 & 6: Deductible credits; \$500 - 11%; \$1000 - 23%; \$2500 - 37%.
- HO-6: 15% on Companies HO-4 rates.
- HO-3: Deviation on base rates by territory; Credit varies 15.5% - 37.2%.
- Form 4: Deviation on base rates by territory; Credit varies 16.0% - 29.6%.
- Forms 4 & 6: Deviation on policy amount Relativities by territory; Credit varies 0.1% - 3.1%.
- Form 3: Replacement or repair cost Coverage A (HO-500) provided at no charge.
- Protective Devices Credit & Home Safety Coverage Credits.
- Business Pursuits Section II Coverage: All classifications will be rated same as rate shown for clerical employees.
- Water Craft: Same charge apply for lengths over 15-26 ft. & over 151 horsepower as to lengths up to 15 ft. & below 151 horsepower.
- Home Day Care: Rated at Bureau rates for Permitted Incidental Occupancies (HO-42).
- Installment Payment Plan: \$2 charges each installment.
- Eff. 3-1-95

156. **Standard Fire Insurance Company**

- Deductible Credits HO 00 02, HO 00 03 and HE 00 07 Homeowners policy written in conjunction with Private Passenger Automobile policy.
- Protection Devices.
- Personal Property - Increased Limit Coverage C.
- Account Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.
- Loss Free Customer Credit Homeowners policy written in conjunction with Private Passenger Automobile policy.
- Home Buyer Credit Homeowners policy written in conjunction with Private Passenger Automobile policy.
- Installment Payment Plan.
- Eff. 6-1-12 TRVA-128193359 [NCDOI](#)

157. **Starr Indemnity & Casualty Company**

- All Forms: Personal Prop Replacement Cost; Minimum additional premium for coverage is deleted.
- All Forms: Protective Devices; Maximum credit allowed is deleted.
- All Forms, except 4 & 6: Fixed dollar amount deductible credits.
- Eff. 4-1-95

158. **State Automobile Mutual Insurance Company**

- Auto/Home Discount.
- Credits for Protective Devices
- Age of Dwelling Credit.
- Increased Coverage C.
- Protection Class 9 Rates.
- Prime of Life Discount, Age 55 and older.
- Townhouse /Row House.

- Three or Four Family Dwellings.
- Residence Held in Trust.
- Base Premium.
- Ordinance or Law Coverage.
- Boating Course Credit.
- Watercraft Membership Credit.
- Eff 7-26-12 STAT-128084088 [NCDOI](#)

159. **State Auto Property & Casualty Insurance Company**

- Credits for Protective Devices
- Increased Coverage C.
- Protection Class 9 Rates.
- Prime of Life Discount.
- Townhouse /Row House.
- Three or Four Family Dwellings.
- Residence Held in Trust.
- Ordinance or Law Coverage.
- Boating Course Credit.
- Watercraft Membership Credit.
- Eff. 7-26-12 STAT-128084075 [NCDOI](#)

160. **State Farm Fire & Casualty**

- Deviation by Amount of Insurance HO 00 03.
- Deviation by Amount of Insurance HO 00 04.
- Base Premium Computation Three and Four Family.
- Townhouse/Rowhouse – Form HO 00 03.
- Wind/Hail Deductible Credits – Form HO 00 03.
- Residence Premises-Basic and Increased Limits.
- Other insured Location Occupied by Insured.
- Additional residence rented to Others.
- Jewelry and Furs.
- Replacement Cost on contents forms HO 00 04 or HO 00 06.
- Ordinance or Law Coverage.
- Rental condominiums, HO 00 06.
- Coverage A Increased limits & Special Coverage Form HO 00 06.
- Homeowners 36 Discount.
- Installment Payment Plan.
- Refrigerated Personal Property, No Charge.
- Home-Auto Discount.
- Named Storm Percentage deductibles HO 00 03, HO 00 04, HO 00 06.
- All peril deductibles – HO 00 04.
- All peril deductibles – HO 00 06
- All peril deductibles – HO 00 03.
- Customer Rating Index.
- Eff. 3-1-12 SFMA-127735733 [NCDOI](#)

161. **Stonington Insurance Company**

- Mature Retirees Credit: 10% when required criteria are met.
- All Forms: 10% base rate deviation for protection class 1-9 & 9s for territories 32-40.
- New Roof Credit: 5% off base premium when eligibility met; Not applicable with new home credit.
- Form 3: 10% credit Preferred Homeowners Program when criteria are met.
- Loss Free Renewal Credit: Applied to renewal date of policy that has been free of losses: 1 yr. - 3%; 2 yrs. - 6%; 3+ more yrs. - 9%.
- Multi-Policy Credit: 10% applies to new business only when applicant has auto with agency representing Nobel & their homeowners coverage is placed with Nobel. 5% credit applies second yr.
- Eff. 6-1-99

162. **Teachers Insurance Company**

- Form HO 00 07 Amount of insurance.
- Protection Device Credits.
- Newly constructed residence.
- Tenant and Condominium Base Rates.
- Installment Pay Plan Waive \$3.00 for initial payment.
- Multi-Line Discount,
- Replacement Value Personal Property HO 00 04 and HO 00 06.
- Masters Program.
- Tenant's improvement - Increased Limits.
- Coverage A increased limits - Form 6.
- Amount of Insurance Deviation for Tenant & Condos.
- Credit Rating Tier/Insurance Score.
- Home Buyer Loyalty Program.
- Electronic Funds Transfer.
- Optional Deductibles.
- Eff. 5-1-12 HRMN-128121367 [NCDOI](#)

163. **Travelers Casualty & Surety Company**

- Deductible Credits HO 00 02, HO 00 03, HE 00 07 HO 00 04 and HO 00 06.
- Protective Devices.
- Personal Property - Increased Limit Coverage C.
- Account Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.
- Loss Free Customer Credit Homeowners policy written in conjunction with Private Passenger Automobile policy.
- Home Buyer Credit Homeowners policy written in conjunction with Private Passenger Automobile policy.
- Installment Payment Plan.
- Eff 6-1-12 TRVA-128193518 [NCDOI](#)

164. **Travelers Indemnity Company**

- Deductible Credits.
- Protective Devices.
- Account Credit.
- Installment Payment Plan.
- Eff 11-30-11 TRVA-127651848 [NCDOI](#)

165. **Travelers Indemnity Company of America**

- Deductible Credits HO 00 02, HO 00 03, HE 00 07, HO 00 04 and HO 00 06.
- Protective Devices.
- Personal Property Increased Limit Coverage C.
- Account Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.
- Loss Free customer Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.
- Multi-Line Insurance & Financial Services Institution Employees Credit.
- Final Premium Adjustment Factor.
- Royal SunAlliance Employee Program
- Home Buyer Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy..
- Installment Payment plan.
- Eff 6-1-12 TRVA-128193822 [NCDOI](#)

166. **Travelers Indemnity Company of Connecticut**

- Forms 3 & 3w/15: Base rate deviation based on protection class, amount of insurance & territory; Variable credit factors.
- Form 3: 12% optional coverage credit.
- Forms 3 & 3w15: Deductible credits; \$500-16%; \$1000-26%; \$2500-32%.
- Protective Device Credits: Variable credits.
- Increased Limits Coverage C: Reduce charge to \$2 per \$1000.
- New Home Credit: New - 20%; 1 yr. old - 19%; 2 yrs. 18%; 3 yrs. - 16%; 4 yrs. - 15% - 14%; 6 yrs. - 12%; 7 yrs. -

11%; 8 yrs. - 10%; 9 yrs. - 8%; 10 yrs. - 7%; 11 yrs. - 6%; 12 yrs. - 4%; 13 yrs. - 3%; 14 yrs. - 2%; 15 yrs. - 1%.

- Replacement or Repair Cost Protection: Reduce charge to \$1 per policy.
- Account Discount: 10% when insured has both auto & homeowners policy.
- Forms 3 & 3w/15: Loss Free Credit; 3+ yrs. loss free - 3% credit.
- Rate Credit for Multi-Line Insurance & Financial Services Institution Employees Credit: 20% credit.
- Eff. 11-1-96

167. **Travelers Personal Security Insurance Company**

- Deductible Credits HO 00 02, HO 00 03, HE 00 07 Homeowners Policy written in conjunction with Private Passenger Automobile Policy.
- Protective devices.
- Personal Property - Increased Limit Coverage C.
- Account Credit Homeowners Policy written in conjunction with Travelers Private Passenger Automobile Policy.
- Loss Free Customer Credit Homeowners Policy written in conjunction with Travelers Private Passenger Automobile Policy.
- Multi-Line Insurance and Financial Services Institution Employee's Credit.
- Final Premium Adjustment Factor.
- Royal SunAlliance Employee Program Credit.
- Home Buyer Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.
- Installment Payment Plan.
- Eff 6-1-12 TRVA-128193340 [NCDO!](#)

168. **Travelers Property Casualty Company of America**

- Base Rate Deviation: Credit varies based on territory.
- New Home Credit: 0 - 15 yrs. old: Credit varies 2% - 20%.
- Protective Device Deviation: Credit varies 1% - 15%.
- Forms 2, 3 & 3w15, 4 & 6: 10% Account Credit.
- Forms 2, 3 & 3w15: Personal Property - Increased Limit Coverage C: \$1 per \$1000.
- Form 3w/15: 10% Additional premium charge.
- Forms 2, 3, 3/w15, 4 & 6: Loss Free Credit: 5+ yrs. loss free - 5% credit.
- Deductible Credits: Varies by amount of deductible & territory.
- Form 3: Homeowners Extra Credit: 15% when criteria are met.
- Refrigerated Personal Property. \$10 charge waived.
- Forms 3 & 6: Association Credit Program: 10% credit applies when certain criteria are met.
- Forms 2 & 3: Inflation Guard premium charge waived.
- Eff. 5-21-00 PC032643 [North Carolina Department of Insurance](#)

169. **Twin City Fire Insurance Company**

- Age of Dwelling Credit for all territories except 7, 8, 41, 48, 49, 52.
- Account Credit for all territories.
- Retiree Credit named insured is age 50 and older.
- Limited Access Credit Forms 4 & 6: if complex meets the protection requirements.
- Product Factor – Forms HO 00 04 and HO 00 06.
- Retirement Community/Limited Access Community Credit.
- Key Factors.
- Insurance Score.
- Prior Losses.
- Territory Deviation.
- Eff. 10-09-10 HART-126607934 [North Carolina Department of Insurance](#)

170. **USAA CASUALTY INSURANCE COMPANY**

- Tier Discount, HO 00 03.
- Tier Discount HO 00 06.
- Base Premium HO 00 03.
- Base Premium HO 00 06.
- Base Premium Protection Construction Factors.
- Deductibles.

- Windstorm or Hail Exclusion Credits.
- Ordinance or Law.
- Personal Property-Additional Coverage-Jewelry and Furs.
- Sinkhole Collapse Coverage.
- Coverage A Dwelling Basic and Increased Limits.
- Personal Property-Increased Limit.
- Earthquake Coverage.
- Protective Devices.
- Loss History.
- Auto and Home Combination Discount.
- Refrigerated Personal Property.
- Installment Payment Plan.
- Eff 6-3-12 USAA-128094844 [NCDOI](#)

171. **USAA General Indemnity Company**

- Tier Discount, HO 00 03.
- Tier Discount HO 00 06.
- Base Premium HO 00 03.
- Base Premium HO 00 06.
- Deductibles.
- Windstorm or Hail Exclusion Credits.
- Ordinance or Law.
- Personal Property-Additional Coverage-Jewelry and Furs.
- Sinkhole Collapse Coverage.
- Coverage A Dwelling Basic and Increased Limits.
- Earthquake Coverage.
- Protective Devices.
- Loss History.
- Auto and Home Combination Discount.
- Refrigerated Personal Property.
- Installment Payment Plan.
- Eff 6-3-12 USAA-128094845 [NCDOI](#)

172. **Unigard Indemnity Company & Unigard Insurance Company**

- Form 3: Credits vary by protection class & Coverage A dwelling amounts; \$40000 & under to \$1000000 & over. Credit varies based on territory.
- Form 3: Personal Property Replacement Cost; Delete 5% surcharge.
- Form 6: 16% to be applied to base rate of 10% off Form 4.
- Form 3: Fixed dollar amount deductibles credits; \$500-9%; \$1000-17%; \$2500-25%.
- Forms 4 & 6: \$500-10%; \$1000-23%; \$2500-37%.
- Form 3: New Home Credit; Current yr. - 20%; 2% less credit each added yr.
- Personal Property Coverage C Increased Limits: Form 3 - \$1; Form 3w/15 - \$2.
- Protection Device Credit: 5% in all territories & protection classes for an installed smoke detector, fire extinguisher & dead bolt locks.
- Reduced rates for Outboard Motors & Water Craft liability.
- Forms 3, 4 & 6: Personal Injury Coverage; HO-82 included at no charge.
- Form 3: Deviation of territorial Relativities: Credit varies 5.0% - 20.0%.
- Form 4: Credit off base rates by territory; Credit varies 3.5% - 10.0%.
- Forms 4 & 6: Personal Property Replacement Cost Coverage; Surcharge reduced from 1.40 to 1.30.
- Forms 4 & 6: Deviation varies by protection class & territory.
- Eff. 10-3-94

173. **Union Insurance Company**

- Protective Device Credit: Credit varies 2% - 15%.
- All Forms: Account Credit: 10% when auto coverage is written with Union Ins. Co.
- Form 3: New Home/Dwelling Under Construction Discount: Discount based on yr. completed & occupied. Credit varies.

- 3% - 20%.
- Mature Homeowner Credit: 5% if insured is 55 yrs. & an adult is usually home during the day.
- All Forms, except 4 & 6: Replacement cost on contents. \$10 charge plus \$2 per \$1000 when increasing Coverage C from 50% to 70% of Coverage A.
- Increased Deductible Credits: Forms 3, HE-7, 4 & 6; \$500-19%; \$1000-21%.
- Form 3: Coverage A Factor Deviation by amount & territory.
- Eff. 7-1-01

174. **United Services Automobile Association**

- Tier Discount, HO 00 03.
- Tier Discount HO 00 06.
- Base Premium HO 00 03.
- Base Premium HO 00 06.
- Deductibles.
- Windstorm or Hail Exclusion Credits.
- Ordinance or Law.
- Personal Property-Additional Coverage-Jewelry and Furs.
- Sinkhole Collapse Coverage.
- Coverage A Dwelling Basic and Increased Limits.
- Earthquake Coverage.
- Protective Devices.
- Loss History.
- Auto and Home Combination Discount.
- Refrigerated Personal Property.
- Installment Payment Plan.
- Eff 6-3-12 USAA-128094840 [NCDOI](#)

175. **United States Fidelity & Guaranty Company**

- Waive any additional premium of \$5 or less.
- Forms 4 & 6: Personal Property Replacement Cost Coverage; 1.35 factor.
- Increase in Coverage C limits: Forms 1, 2 & 3 - \$1.50 per \$1000; Form 3w15 - \$2.50 per \$1000.
- Form 6: Form Relativity Factor .800 in lieu of .855.
- Employee Group Discount: 15%.
- Forms 2 & 3: Additional Amount of Insurance. Premium charge \$5. HO 03211.
- Special Package Discount. 5% when criteria is met.
- Forms 2, 3, 3w/15 & 8: Deductible Credits.
- Multi-Policy Discount: 10% credit when both Residential & P P Auto policies purchased through USF&G Insurance.
- New Home Discount: 1 yr.-20%; 2% less credit to 9th yr.
- Deviation of HO-3 base rates by territory & policy amount: Credits vary.
- Eff. 4-15-00 PC030952 [North Carolina Department of Insurance](#)

176. **United States Fire Insurance Company**

- Forms 2, 3, & 3 w/15: New Home Credit; 0-1 yr. old - 20%; 2% less credit each added yr.
- Forms 1, 2, 3 & 3 w/15: Higher deductible credit factors; \$500-.89; \$1000-.80; \$2500-.67.
- Forms 4 & 6: Higher deductible credit factors; \$500 - .83; \$1000 - .67; \$2500 - .54
- Premises Alarm System: Expand table of credits for protection class 1-7 to include class 8.
- All Forms: Replacement Cost on Contents: Deletion of \$20 minimum additional premium.
- Eff. 3/1/90

177. **Unitrin Auto and Home Insurance Company**

- Base rate by territory.
- Base rate by coverage Level.
- Package Deviation.
- Price Level Deviation.
- HE 00 07 Coverage Level.

- Age of Dwelling.
- Mature Homeowners Credit.
- Credit Rating Variables.
- Loss Record.
- Consumer Loyalty Credit.
- Personal Property (Coverage C) RC Coverage.
- Outboard Motors and Watercraft.
- Ordinance or Law Coverage.
- Network Discount.
- Installment Payment Plans, Electronic Funds Transfer (EFT).
- Protective Devices.
- All Other Protective Devices.
- Eff 6-16-12 Kemp-128082523 [NCDOI](#)

178. **Unitrin Safeguard Insurance Company**

- Base rate by territory.
- Base rate by coverage Level.
- Package Deviation.
- Price Level Deviation.
- HE 00 07 Coverage Levels.
- Age of Dwelling.
- Mature Homeowners Credit.
- Credit Rating Variables.
- Loss Record.
- Consumer Loyalty Credit.
- Personal Property (Coverage C) RC Coverage.
- Outboard Motors and Watercraft.
- Ordinance or Law Coverage.
- Network Discount.
- Installment Payment Plans, Electronic Funds Transfer (EFT).
- Protective Devices.
- All Other Protective Devices.
- Territory Definitions.
- Eff 6-16-12 KEMP-128099458 [NCDOI](#)

179. **Universal North American Insurance Company**

**Homeowners Choice Program**

- Personal Property Replacement Cost.
- Loss of Use.
- GEICO Credit.
- Costco Credit.
- Claim History.
- Age of Dwelling.
- Insurance Score.
- Territory Deviation.
- Other than Primary Residence.

**Homeowners Advantage**

- Age of construction Factors.
- Maximum discount Rule.
- Loss Settlement Options.
- Territory Factors.
- Affinity Discount.
- Claim free discount.
- Financial Responsibility Score.
- Claim Rating.

- Eff 6-1-12 UNAC-128019138 [NCDOI](#)

180. **Utica Mutual Insurance Company**

- Personal Property Replacement Cost.
- Mass Merchandising Plan.
- (W.I.S.E.)/Affinity Group Program.
- HO Extension Package.
- Personal Lines Account Credit.
- Protection Class deviation Suburban Rating.
- Eff. 4-1-12 UTCX-G127958123 [NCDOI](#)

181. **Valiant Insurance Company**

- Personal Property Replacement Cost
- Deductible Credits.
- Personal Property Increased Limits.
- Age of dwelling discount.
- Account Credit.
- Deviation by territory.
- Base Premium discount.
- Protective Device Credit.
- Eff 7-1-98

182. **Vesta Insurance Corporation**

- Inflation Guard Coverage: Premier, Deluxe, Renters & Condos; No charge.
- Loss Assessment Coverage for Earthquake: Premier, Renters & Condos; 5% deductible applies to insured's share of each assessment. Deductible amount not less than \$250 in any one assessment. \$1 per \$1000.
- Credit card, fund transfer card, forgery & counterfeit money coverage Premier, Deluxe & Renters; Reduced charge.
- Premium Credits for Protective Device: Premier, Deluxe, Renters & Condos: Credit varies 2%-15%.
- Increased Special Limits of Liability Premier, Deluxe, Renters & Condos: Reduced charge for certain class of property.
- Deductible Credits: Credits vary from 15% - 40%.
- Senior Citizen Discount Premier, Deluxe, Renters & Condos: 5% if at least one of the named insured is 55 yrs. or older & is not employed outside the home.
- Supporting Business Discount Premier, Deluxe, Renters & Condos: 2%.
- Base Rate Deviation by Territory; Premier & Deluxe; Variable credits.
- Coverage Amount Reactivities Deviations: Premier & Deluxe; Credits vary based on Coverage A amount.
- Loss Free Credit: Premier, Deluxe, Renters & Condos; 3 yrs. - 5%.
- Personal Property: Coverage C limit may be increased at a rate of \$2 per \$1000.
- Age of Home Credit: Premier & Deluxe; Credits vary 0%-20%.
- Eff. 6-1-99

183. **Vigilant Insurance Company.**

- Base premium computation forms HO 00 04 and HO 00 06.
- Base premium computation HO 00 02 and HO 00 03, HO 00 05 and HE 00 07 – by territory.
- Protective Devices maximum credit is deleted
- Deductibles - Optional Higher Deductibles.
- Deductibles – Named Storm Percentage deductible.
- Additional Amounts of Insurance discount.
- Water Back-Up and Sump Discharge or Overflow.
- Gated Community credit.
- Valuable Articles Credit.
- Eff. 6-4-12 CHUB-127974258 [NCDOI](#)

184. **Westchester Fire Insurance Company**

- Forms 1, 2, 3 & 3 w/15: Age of dwelling credit 0-1 yr. 20%; 2% less credit each added yr.
- Forms 1, 2, 3 & 3 w/15: Higher deductible credit factors; \$500 - .89; \$1000 - .80; \$2500 - .67.

- Forms 4 & 6: Higher deductible credit factors; \$500 - .83; \$1000 - .67; \$2500 - .54.
- Premises Alarm System: Expand table of credits for protection class 1-7 to include class 8.
- All Forms: Replacement Cost on Contents: Deletion of \$20 minimum additional premium.
- Eff. 3/1/90

185. **XL Insurance America, Inc.**

- All Forms: Personal Property Replacement Cost Coverage; Minimum additional premium for coverage is deleted.
- All Forms: Protective Devices: Maximum credit allowed is deleted.
- Forms 1, 2 & 3: Replacement Cost on Contents: Charge \$1 per \$1000 for additional increase of Coverage C to 70% of Coverage A. Additional premium for this coverage will not apply.
- Deductibles: Deletion of minimum charges.
- Forms 1, 2, 3 & 8: Fixed dollar amount deductible factors; \$500 - .91; \$1000 - .83; \$2500 - .75.
- Forms 4 & 6: Fixed dollar amount deductible factors; \$500 - .90; \$1000 .77; \$2500 - .63.
- Eff. 4-1-95

**HOMEOWNERS**

1. **ACE American Insurance Company**

- New Construction Credit: New home - 10 yrs. Credit varies 20% - 0%.
- Forms 1, 2, 3, 4 & 6: Fixed Dollar Deductible: Credit varies 15% - 40%.
- Personal Property Increased Limit: \$2 per \$1,000 of additional coverage.
- Form 2 & 3: Replacement cost on contents - HO 0490: Factor of 11.5% applies to end of the base premium & includes increased limits to 70% of Coverage A dwelling amount.
- Protective Device Credits: All zones & all protection classes: Credit varies 2% - 15%.
- Rate Deviation: Homeowners - 21%; Tenants - 15%; Condominiums - 20%
- Eff. 9-1-92

2. **ACE Fire Underwriters Insurance Company**

- New Construction Credit: New 20%; 1 yr. old - 18%; 2% less credit each added yr.
- Forms 1, 2 & 3: Fixed dollar deductible credits; \$500 - 11%; \$1,000 - 21%; \$2,500 - 34%.
- Form 4: Fixed dollar deductible credits; \$500 - 11%; \$1,000 - 25%; \$2,500 - 40%.
- Forms 1, 2 & 3: Rate for increase in Coverage C: \$1 per \$1,000.
- Forms 1, 2 & 3: Replacement Cost Coverage HO-290; Charge shall be 4% of adjusted base premium. Coverage C must also be increased to 70% of A at \$1 per \$1,000.
- Protective Device Credits: All zones & all protection classes; Credit varies 1% - 15%.
- Eff. 5-1-92

3. **AIU Insurance Company**

- All Forms: 10%.
- Eff. 2-1-86

4. **AMCO Insurance Company**

- Territory Deviation, Forms HO 00 02, HO 00 03, and HO 00 05 and HO 00 04 and HO 00 06 excludes wind or hail or does not exclude wind or hail.
- Multiple Policy Deviation, Forms HO 00 02, HO 00 03 and HO 00 05, HO 00 04, HO 00 06.
- Deductible Deviations, Forms HO 00 02, HO 00 03 and HO 00 05.
- Safe Home Rating Plan Deviation, Forms HO 00 02, HO 00 03 and HO 00 05.
- Age of Oldest Insured Deviation, Forms HO 00 02, HO 00 03, HO 00 04, HO 00 05 and HO 00 06.
- Year of Construction-Age of Construction Deviation Forms HO 00 02, HO 00 03 and HO 00 05.
- Amount of Insurance, All Territories Forms HO 00 02, HO 00 03 and HO 00 05.
- Home Renovation Deviation, Forms HO 00 02, HO 00 03 and HO 00 05.
- Roof Rating Deviation, Forms HO 00 02, HO 00 03 and HO 00 05.
- Home Purchase Deviation, Forms HO 00 02, HO 00 03, HO 00 05, and HO 00 06.
- Gated Community Deviation, Forms HO 00 02, HO 00 03, and HO 00 05.
- Flex Check Payment Option-Installment Payment Plan Deviation, Forms HO 00 02, HO 0003, HO 00 04, HO 00 05 and HO 00 06.
- Personal Status Deviation.
- Associate Discount Deviation.
- Increased Special Limits of Liability.
- Intra-Agency/Terms with Prior Carrier Discount Deviation – Forms 2, 3, 5, 4 and 6.
- Eff 7-1-13 NWPC-129000323 [NCDOI](#)

5. **AMEX Assurance Company**

- Various downward deviation based on amount of insurance Form 3.
- Various downward deviation based on amount of insurance Form 4.
- Various downward deviation based on amount of insurance Form 6.
- Protective Device Credits: Credit varies 2% - 15%.
- Home & Auto Credit: Credit varies by form 2% or 5%.
- Replacement Cost on Contents Deviation: Form 3 - 5% of base premium: Forms 4 & 6 - 30% of base premium.
- Coverage A Increased Limits downward deviation form HO 06..
- Utilities rating (New Home Discount) Form 3: Downward deviation : Credit varies 2% - 25% based on age of dwelling.
- Form 3: Downward deviation Coverage C Increased Limits.

- Downward deviation for installment pay plan by electronic funds transfer or payroll deduction.
  - No additional charge for Refrigerated Personal Property.
  - No charge for townhouse or row house.
  - Costco Discount: 2% applies to policies for member insureds of Costco.
  - HO 3, 4 & 6 base rates vary by territory.
  - Eff. 8-1-05 PC083887 [North Carolina Department of Insurance](#)
6. **Affirmative Insurance Company**
- 15% base deviation for Premier Homeowners Program.
  - 3% base deviation for Deluxe Homeowners Program.
  - 15% base deviation for Premier Tenant Program.
  - 10% base deviation for Deluxe Tenant Program.
  - 20% base deviation for Premier Condominium Program.
  - 15% base deviation for Deluxe Condominium Program.
  - Forms 2 & 3: Deductible credits; \$500-15%; \$1000-25%; \$2500-38%.
  - Forms 4 & 6: Deductible credits; \$500-15%; \$1000-25%; \$2500-40%.
  - All Forms, except 4 & 6: New Home Credit: New 20%; 2% less credit each additional yr. to 9th yr.
  - All Forms: Protective Device Credits: Credits vary 2%-15%.
  - Forms 2 & 3: Replacement Cost on Contents; Surcharge of 7.5%. Coverage increased to 70% of Coverage A at no premium charge.
  - All forms, except 4 & 6; Personal Property Increased Limit \$2 charge per \$1000 of coverage.
  - Eff 02-15-02 PC046217 [North Carolina Department of Insurance](#)
7. **AGRI General Insurance Company**
- Amount of Insurance Deviation: Credits vary 1%-15% by policy amount, territory & county.
  - New Home Credit: 20% 1st yr.; 2% less credit each added yr. to 9th yr. Does not apply to Form 8, remodeled or restored homes.
  - All Forms, except 4 & 6: Deductible Factors: \$250 ded.-1.00; \$500 ded.-0.91; \$1000 ded.-0.79; \$2500 ded.-0.62.
  - Protective Device Credit: Premium credit for all protection classifications & territories; Credit varies 1%-15%.
  - Eff. 1-1-97
8. **Alfa Alliance Insurance Corporation (Virginia Mutual Insurance Company)**
- Premium Credit Factors - Claims Free Forms HO 0002, HO 0003, HO 0005 and HO 0008.
  - Premium Credit Factors - Claims Free for forms HO 0004 and HO 0006.
  - Row and Townhouses - discount.
  - Account Discount.
  - Insurance Score Discount.
  - Newly Constructed Residences (not applicable to Forms 4 and 6).
  - Amount of insurance relativities – Coverage A forms HO 00 02 HO 00 03 HO 00 05 and HO 00 08.
  - Installment Payment Plan-Electronic Funds Transfer.
  - Effective 5-1-11 AFAL-127042137 [NCDOI](#)
9. **Alliance Mutual Insurance Company**
- Flat Deductibles.
  - Higher Windstorm or Hail Deductibles – Flat deductible.
  - Protective Devices.
  - Eff 7-1-06 PC094461 [North Carolina Department of Insurance](#)
10. **Allstate Indemnity Company**
- Tier-Claim Rating Deviation.
  - Claims Free Discount.
  - New/renovated Home Discount.
  - Home and Auto Discount Deviation.
  - The Good Hands People Discount Deviation.
  - Zone Deviation.
  - Eff 8-27-13 ALSE-129060223 [NCDOI](#)

11. **Allstate Insurance Company**

- Deductible factors.
- Personal Property Replacement Cost Deviation.
- Protective devise discount.
- Year of construction-New/Renovated Home discount.
- Age 55 & Retired Discount Factor.
- Home and auto discount deviation.
- The Good Hands People discount.
- Waterbed Liability Deviation HO4 and HO6.
- Installment payment plan – Allstate Easy Payment Plan.
- Three or four family dwelling.
- Zone (Territory) Deviation.

**Deluxe Plus**

- Deductibles
- Protective Devices.
- Year of Construction – Newly Constructed Dwellings.
- Age 55 and Retired Discount.
- Home and Auto Discount.
- The Good Hands People discount.
- Zone (Territory) Deviation.
- Eff 8-27-13 ALSE-129060187 [NCDOI](#)

12. **AmComp Assurance Corporation**

- Forms 2 & 3: Deductible credits; \$500-9%; \$1000-17%.
- Forms 2 & 3: Premium credits for alarm systems vary 2% - 15%.
- Age 55 & Retired Discount: 10% credit applies when required criteria is met.
- Forms 2 & 3: New Home Credit; 14%; Homes completed & occupied current calendar yr.; 2% less credit each added yr.
- Eff. 12-1-91

13. **American Automobile Insurance Company**

- Protective Device Credits: All forms & all territories: 1% - 15% credit applies to company base premium.
- Portfolio Credit: 5% credit applies to all homeowners policies when Personal Catastrophe Coverage and Personal Inland Marine Coverage is written with Company.
- Deviations by territories and forms: Credit varies.
- Eff. 12-1-03 PC065125 [Filing Detail](#)

14. **American Bankers Insurance Company of Florida**

- Select Tier Broad Form, Base Rate.
- Choice Tier Broad Form, Base Rate.
- Elite Tier Broad Form, Base Rate.
- Select Tier Comprehensive form Base Rate.
- Choice Tier Comprehensive form Base Rate.
- Elite Tier Comprehensive form Base Rate.
- Senior Discount Territory 2 and Territory 3.
- Claim Free Credit, Territory 2 and Territory 3.
- Eff. 1-1-11 ASPX-G126837901 [North Carolina Department of Insurance](#)

15. **American Centennial Insurance Company**

- Forms 1, 2, 3, 3 w/15 & 6: 25%.
- Eff. 9-1-85

16. **American Economy Insurance Company**

- All Forms: Personal Injury (HO-82) included at no charge.
- All Forms, except 4 & 6: New home credit or renovated home credit for homes meeting required criteria; 0-1 yr. - 15%; 2 yrs. - 12%; 3, 4 or 5 yrs. - 10%; 6 or 7 yrs. - 6%; 8-10 yrs. - 4%.
- Forms 2 & 3: Replacement Cost (HO-290) Coverage C is increased to 70% of Coverage A at no extra charge.

Charge of 9% (7% in Beach Area) is added to basic premium.

- Forms 4 & 6: Replacement Cost (HO-290); Charge of 30% is added to basic premium.
- Form 3: Replacement or Repair Cost Coverage A (HO-500); No charge.
- Forms 4 & 6: \$100 deductible; Minimum additional charge of \$10 in lieu of \$30.
- Forms 2 & 3: Fixed deductible; \$500 ded. - 9%; \$1000 ded. - 17%.
- Forms 4 & 6: Fixed deductible credits; \$500 - 10%; \$1000 - 23%.
- Form 3: XL Coverage rate deviation when eligibility requirements are met.
- One family premium for all Section I & II coverages will apply regardless of number of families.
- Form 2 & 3: Dwelling under construction credit of 20% applies during first yr. when certain requirements are met.
- Form 6: Coverage A increased limits rate; \$2.70 per \$1000.
- Renewal credit for consecutive yrs. insured with American States Group; 3-5 yrs. - 5%; 6 or more yrs. - 10%.
- Protective Devices: Credit factors vary .98 to .85.
- Forms 3, 4 & 6: Unscheduled jewelry & furs - (HO-65); \$2500 increased limit - \$33; \$5000 increased limit - \$60.
- Form 3: XL Coverage Program; \$5000 limit included in basic premium. To reduce to \$1000 limit, subtract \$56. To reduce to \$2500 subtract \$35.
- Eff. 11-17-97

17. **American Family Home Insurance Company**

- Installment Charge-Recurring Credit Card.
- Loss (Claim) Free Renewal.
- Mature Retire Credit – 55 years of age or older, not employed on a full-time basis, and resides in the home on a primary basis.
- Roof credit replaced within the past 5 years.
- Eff. 9-1-08 AMMH-125737994 [NCDOI](#)

18. **American Home Assurance Company**

- Base Premium by Territory Form HO 00 03.
- Key factor Deviation.
- Protective Devices.
- Eff. 6-1-10 APCG-126564265 [North Carolina Department of Insurance](#)

19. **American Insurance Company**

- Forms 2, 3 & 3w/15: New Home Credit; 20% current yr. & one yr. preceding current yr. of construction; 2% less credit each added yr.
- Protective Devices Credit: All territories 1% - 15%. Credit applies to company base premium.
- All Forms: Deductible credits: \$500 -10%; \$1000 -20%; \$2500 -30%. Credit applies to company base premium.
- HO-3 w/15: Multiply HO-3 key premium by factor of 1.08 to obtain key premium for HO-3 w/15.
- Form 4 & 6: Deductible Credits for Coverage C limit. \$10000 & above \$500 -10%, \$1000 - 20%, \$2500 - 30%. Credit applies to company base premium.
- Discount of Replacement Cost on Contents: Apply surcharge of 10% to HO-3 company base premium for replacement cost on contents.
- Eff. 6-1-93

20. **American Manufacturers Mutual Insurance Company**

- Additional Amounts of Insurance (KIP only) deviation.
- All Forms: Optional Higher Deductibles deviation.
- Personal Property Replacement Cost: Increase Coverage C at \$1 per \$1000. Add \$10 surcharge.
- Mature Homeowners Credit: 5% applies when named insured is 55 yrs. of age & an adult is home during the day.
- New Home Credit Discount: 0 - 15+ yrs. of age: Credit varies 0% - 20%.
- Premium Credits for Protective Devices.
- All Forms, except 3w/15: \$100 deductible: Waive minimum premium.
- Form 3: Base rate deviation based on protection class & territory. Credit varies 0%-22%.
- All Forms except 3w/15: \$250 theft deductible/ \$100 deductible all other perils: Waive minimum premium.
- Form 4: Base Rate Deviation -7%.
- Form 6: Base Rate Deviation - 12%.
- Higher limits for credit cards, fund transfer card, forgery & counterfeit money coverage (KIP only). Outboard Motors & Water Craft (KIP only): Coverage up to & including 50 HP is included at no additional charge.
- Personal Injury (KIP only): Coverage included at no additional charge.

- Seasonal or Secondary Dwelling Discount (KIP only): 5% discount to base premium.
- Blanket Property Limit (KIP only): Replacement cost contents coverage included at no additional charge.
- Form 3: Special Personal Property Coverage: Factor 1.10 applies to base premium.
- Form 6: Special Personal Property Coverage: Factor 1.20 applies to base premium.
- Form 4: Building Additions & Alterations Increase: KIP & Monoline: Each addl. \$1000 rate \$10000 Form 4 premium x .08.
- Form 6: Coverage A Dwelling Basic and Increased Limits Special Coverage.
- Form 4 & 6: Ordinance or Law Increased Amount of Insurance Refrigerated Property with KIP policy.
- Form 3: KIP only: Ord or Law: Include 12.5% at no additional charge. Wind and Hail Deds for Form 3: Blkt Limits dev (KIP only).
- HE-7W/HE-40 deviation by territory for KIP only: Territory 40 - 1.20, Remainder of State 1.25.
- HE-7W/HE-40 & HE-20 deviation by territory for KIP only: Territory 40 - 1.25, Remainder of State 1.30.
- HE-7W/HE-40 & HE-21 deviation by territory for KIP only: Territory 40 - 1.30, Remainder of State 1.35.
- Deferred Premium Payment Plan: \$1 charge for electronic funds transfer.
- 5% Kemper Network Discount: Certain criteria apply.
- Eff. 2-25-02 PC047937 [Filing Detail](#)

21. **American Modern Home Insurance Company**

- Form 3: Deductible Credits; \$500 Ded. - 10%; \$1000 - 22%; \$2500 - 28%.
- Form 3: New Home Credit; Current yr. - 26%; 1st. yr. - 24%; 3% less each yr. to 7th yr.
- Form 3: Multi-policy credit; 5% credit when auto policy written in addition to homeowners policy.
- Protective Device Credits: Credit varies 1% - 10%.
- Amount of Insurance Deviation: Coverage A amount \$10000 - \$200000: Credit varies by territory.
- Eliminate charge to increase personal property limits.
- For rates above \$200000, a factor of .007 applies for each additional \$1000 of premium
- Eff. 6-1-99

22. **American Motorists Insurance Company**

- All Forms: Optional Higher Deductibles deviation.
- Personal Property Replacement Cost.
- New Home Credit Discount: 0 - 10+ yrs. of age: Credit varies 0% - 20%.
- Premium Credits for Protective Devices.
- All Forms, except 3w/15: \$100 deductible: Waive minimum premium.
- Form 4: Base Rate Deviation 5%.
- Form 6: Base Rate Deviation - 10%.
- Higher limits for credit cards, fund transfer card, forgery & counterfeit money coverage (KIP only).
- Outboard Motors & Water Craft (KIP only): Coverage up to & including 50 HP is included at no additional charge.
- Personal Injury (KIP only): Coverage included at no additional charge.
- Seasonal or Secondary Dwelling Discount (KIP only): 5% discount to base premium.
- Blanket Property Limit (KIP only): Replacement cost contents coverage included at no additional charge.
- Form 3: Special Personal Property Coverage: Factor 1.10 applies to base premium.
- Form 6: Special Personal Property Coverage: Factor 1.20 applies to base premium.
- Form 4: Building Additions & Alterations Increase: KIP & Monoline: Each addl. \$1000 rate \$10000 Form 4 prem x .08.
- Form 6: Coverage A Dwelling Basic and Increased Limits Special Coverage.
- Form 4 & 6: Ordinance or Law Increased Amount of Insurance.
- Refrigerated Property: Coverage included at no additional charge with KIP policy.
- Form 3: KIP only: Ordinance or Law Coverage: Include 12.5% at no additional charge. Windstorm and Hail Deductibles for Form 3: Blanket Limits deviation (KIP only).
- HE-7W/HE-40 deviation by territory for KIP only: Territory 40 - 1.20, Remainder of State 1.25.
- HE-7W/HE-40 & HE-20 deviation by territory for KIP only: Territory 40 - 1.25, Remainder of State 1.30.
- HE-7W/HE-40 & HE-21 deviation by territory for KIP only: Territory 40 - 1.30, Remainder of State 1.35.
- Deferred Premium Payment Plan: \$1 charge for electronic funds transfer.
- 5% Kemper Network Discount: Certain criteria apply.
- Eff. 2-25-02 PC047938 [North Carolina Department of Insurance](#)

**23. American Professionals Insurance Company**

- Form 2, 3 & 3w/15: Company deviation based on amount of insurance, construction & territory: Credit varies.
- Form 6: Territorial deviation.
- Forms 2, 3, 3w/15: New Home Discount based on age of home. Deviation varies 0% - 14%.
- Forms 1, 2, 3 & 3w/15: Fixed dollar amount deductible credit factors; \$500 - .85; \$1000 - .79; \$2500 - .62.
- Forms 1, 2, & 3: Increase in Coverage C; \$1 per \$1000.
- Protective Devices: All forms: Maxcredit for protective device eliminated. All protection class & all territories. There is no limit on credit.
- Outboard Motors & Water Craft: Liability rates amended by boat length.
- Form 4 & 6: Fixed dollar amount deductible. Credit factor \$500 - .85; \$1000 - .77; \$2500 - .63.
- All Forms, except 4 & 6: Windstorm or Hail Percentage/Factor Deductible deviation.
- Form 6: Coverage A Dwelling Basic & Increased Limits and Special Coverage.
- All Forms, except 4 & 6: Personal Property Replacement (Coverage C) Cost Coverage. 1.05 factor applies to base premium. Form 4 & 6: 1.35 factor: Minimum additional premium deleted.
- Ordinance or Law Coverage deviation factors.
- Three or Four Family Residence Coverage B & C deviation.
- Installment Payment Plan. Initial installment charge waived.
- 5% account credit when named insured has an auto policy with the Highlands Insurance Group Companies.
- Eff. 6-1-99

**24. American Reliable Insurance Company**

- One or both named insureds 55 or older.
- Protective devices.
- Optional Higher deductible.
- Eff 11-1-11 ASPX-G127317492 [NCDOL](#)

**25. American States Insurance Company**

- All Forms: Include Personal Injury HO-82 at no charge.
- All Forms, except 4 & 6: New home credit or renovated home credit for homes meeting required criteria.
- Form 2 & 3: Replacement cost Coverage C is increased to 70% of Coverage A at no extra charge: Charge of 9% (7% in Beach Area) is added to basic premium.
- Forms 4 & 6: Replacement cost (HO-290); Charge of 30% is added to basic premium.
- Replacement or Repair Cost Protection Coverage A (HO-500): \$1.
- Forms 4 & 6: \$100 deductible; Minimum additional charge \$10 in lieu of \$30.
- One family premiums for all Section I & II coverages will apply regardless of number of families.
- Forms 2 & 3: Dwelling under construction credit of 20% applies during first yr. if certain requirements are met.
- Form 6: Coverage A increased limits; Basic coverage rate per \$1000 increase \$2.70.
- Renewal credit for consecutive years insured with American States Group: 3-5 yrs. - 5%; 6 or more yrs. - 10%.
- Protective Devices: Credit factors vary .98 to .85.
- Forms 2, 3, 4 & 6: Unscheduled jewelry & furs (HO-65) \$2500 increased limit - \$33; \$4000 increased limit - \$60.
- Forms 2, 3 & 8: Fixed deductible credits; \$500 - 9%; \$1000 - 17%.
- Forms 4 & 6: Fixed deductible credits; \$500 - 10%; \$1000 - 23%.
- Eff. 12-1-/91

**26. American States Preferred Insurance Company**

- Form 3: Basic premium deviation varies by protection class. Variable credits.
- Form 3: Amount of insurance deviation: All amounts of insurance 13.0% credit.
- Form 3: Surcharges for townhouses & rowhouses are waived.
- Form 3: Homeowners XL Credit: When eligibility & coverage requirements are met. Variable credits.
- Form 3: Deductible credits/charges \$500 - 12%; \$1000 - 24%.
- The one family premiums for all Section I & Section II coverages shall apply regardless of number of families.
- Form 4: Amount of insurance deviation; \$15000 - \$30000 & above. Credit varies 2% - 22%, except for a few specific counties which receive 5% less.
- Form 6: Amount of insurance deviation; \$20000 - \$30000 & above. Credit varies 8% - 25%, except for a few specific counties which receive 5% less.
- Forms 4 & 6: Deductible credits/charges; \$500 - 17%; \$1000 - 30%.
- Alarm systems: Premium credits vary.

- Jewelry & Furs: Forms 3, 4 & 6; \$2500 limit \$33; \$5000 limit - \$60. Form 3 w/XL coverage \$5000 included in base premium. To reduce to \$2500 limit subtract \$35. \$1000 limit subtract \$56.
- Form 3: Replacement Cost (HO-290) Coverage C is increased to 70% of Coverage A at no extra charge; Charge of 9% (7% in Beach area) is added to basic premium.
- Forms 4 & 6: Replacement Cost (HO-290); Charge of 30% is added to basic premium.
- All Forms: Include Personal Injury HO-82 at no charge.
- Form 3: Replacement or Repair Cost Protection Coverage A dwelling HO-500; No charge.
- Form 6: Coverage A increased limits; Basic coverage rate per \$1000 increase \$2.70.
- Form 3: New Home Credit; Current yr. - 15%; one yr. preceding current yr. - 12%; 2nd, 3rd & 4th yrs. -10%; 5th & 6th yrs. - 6%; 7th, 8th & 9th yrs. - 4%.
- Form 3: New dwelling under construction; 20% when certain requirements are met.
- Renewal credit for consecutive yrs. with American States Group; 3-5 yrs. - 5%; 6 or more yrs. - 10%.
- Eff. 10-30-97

27. **American Strategic Insurance Corporation**

- Territory Zone Deviation
- Protection Class Construction – Forms HO 00 03 and HO 00 05.
- Protection Class Construction – Form HO 00 04.
- Key Factors – Forms HO 00 03 and HO 00 05.
- Key Factors – Form HO 00 04.
- Age of Home.
- Tier Forms HO 00 03 and HO 00 04.
- Companion Policy – All Forms.
- “E Policy” – All Forms.
- New Purchase – HO 00 03.
- Senior Retiree – Forms HO 00 03 and HO 00 05.
- Age of Insured – Form HO 00 04.
- Non Smoker – All Forms.
- Accredited Builder – Forms HO 00 03 and HO 00 05.
- Personal Property Replacement Cost – All Forms.
- Protective Devices - All Forms.
- Wind Mitigation Forms HO 00 03 and HO 00 05.
- Eff 3-1-13 AMSI-128892284 [NCDOI](#)

28. **AMICA Mutual Insurance Company**

- Waive the additional premium for Coverage C, Personal Property at 75% of Coverage A.
- Form HO 00 04 rate deviation by policy amount.
- Additional Amounts of Insurance-1.00 All territories with exceptions.
- Personal Property-Increased Limit, \$1.60 for all forms.
- Premium Payment Option.
- Multi-Line Discount, Optional Rating Characteristics. Various discounts in all territories with exceptions.
- Preferred Risk Deviation, Optional Rating Characteristics.
- Eff.7-1-13 AMMA-128944454 [NCDOI](#)

29. **Amerisure Insurance Company**

- All Forms: Minimum additional charge of \$30 for \$100 deductible is waived.
- Mature Homeowners Credit Factor .95 insured age 55 or older & dwelling is primary.
- Multi Policy Credit: Forms 2, 3 & 6: 15% multi-policy credit when personal auto coverage in force in Amerisure Group.
- New Home Credit Factors: Current year -.80; 1 yr.- .81; 2 yrs. -.82; 3 yrs -.84; 4 yrs. -.86; 5 yrs. -.88; 6 yrs. -.90; 7 yrs. -.93; 8 yrs. -.96; 9 yrs. - .99.
- Form 3: Deviation by Territory: 0% - 18% credit based on territory, protection class & construction.
- Form 1, 2 & 3: Amount of Insurance Deviation; Coverage A amount \$60000+-\$199000 credit varies 0.46% - 9.77%.
- Form 6: Relativity .85.
- Eff. 10-1-94

30. **Amerisure Mutual Insurance Company**

- All Forms: Minimum additional charge of \$30 for \$100 deductible is waived.
- Multi-Policy Credit: Forms 2, 3 & 6 - 15% multi-policy credit to homeowners rates when automobile policy is written with Amerisure Group.
- Form 6: Relativity is .85.
- Eff. 10-194

31. **Armed Forces Insurance Exchange**

- Deductible Credits.
- Newer Home Discount; All Forms, except HO 00 04 & HO 00 06.
- Earthquake Coverage.
- Sinkhole Collapse Coverage: All Forms except HO 00 04 and HO 00 06. (Does not include basic, only increased amount)
- Base Premium Computation.
- Minimum policy premium waived.
- Protective Devices-Maximum credit.
- Personal Property Increased Limits charge per \$1000.
- Eff 7-1-13 ARMD-128953788 [NCDOI](#)

32. **Arrowwood Indemnity Company**

- Additional Amounts of Insurance: Forms HO 00 02 HO 00 03 \$8 per policy.
- Deductible Credits: Credit varies by form & deductible amount.
- Personal Property (Coverage C) Replacement Cost Coverage: Forms 2 & 3 - Coverage A amount under \$100000 - 11% surcharge; \$100000 & over - 8% surcharge: Forms 4 & 6 - 40% surcharge.
- Preferred Customer Renewal Credit: 5% credit: Certain criteria must be met.
- Homeowners Enhancement Program: 1.25 factor applies to base premium.
- Installment Payment Plan: Policies billed by agent through account current payroll deduction program are not subject to installment fees.
- Deviation by Forms: Forms 2, 3, & 3w/15- 10%: Form 6- 20%.
- Eff. 5-15-04 PC069340 [North Carolina Department of Insurance](#)

33. **Associated Indemnity Corporation**

- Forms 2, 3 & 3w/15: New Home Credits; 20% current yr. & one yr. preceding current yr.; 2% less each added yr. Credit applies base premium.
- Protective Device Credits: All territories; 1% - 15%; Credit applies to company base premium.
- Forms 1, 2, 3, 3w/15 & deductible credits; \$500-10%;\$1000-20%;\$2500-30%. Credit applies to company base premium.
- HO-3w/15 Key Premium: Multiply HO-3 key premium by factor of 1.08.
- Discount of Replacement Cost on Contents: Surcharge of 10% to HO-3 company base premium.
- Form 4 & 6: Ded credits all territories; Credits for Coverage C \$10000 & above, \$500-10%,\$1000-20%, \$2500-30%. Credit applies to base premium.
- Eff. 6-1-93

34. **Association Insurance Company**

- Deviation by Coverage A limit \$100000 & above - 30% credit.
- Forms 1, 2 & 3: RC Coverage HO-290; Personal property incr. limits charge \$1 per \$1000; Waive 5% surcharge.
- New Home Credit: Cov A amount \$100000 & above; Age of dwelling 0-5 yrs - 15%, 6-10 yrs - 10%, 11-15 yrs - 5%.
- 44% deviation off N.C. Rate Bureau Rates if Cov A amount is \$100000 or above for all SAS Institute Inc. Employees.
- Eff. 1-1-96

35. **Assurance Company of America**

- All Forms, except 4 & 6: Age of dwelling credit; New-20%; 1yr.-18%; 2yrs.-16%; 3yrs-14%; 4yrs-13%; 5yrs.-12%; 6yrs-10%; 7yrs.-8%; 8yrs.-6%; 9yrs.-4%. 10yrs.-2%.
- Forms 4 & 6: Replacement Cost on Contents; Factor 1.35.
- Forms 2 & 3: Charge \$1 per \$1000 for increase in Coverage C limit.
- Form 4: 15% deviation.

- Form 6: 20% deviation.
- Base Premium Discount: All Forms, except 4 & 6; Factor varies .95 -1.25.
- Forms 2, 3 & 3w/15: Deviation by territories: Variable credits.
- All Forms: Fixed dollar amount deductibles factors: \$500-.85; \$1000-.75; \$2500-.70.
- Account Credit: 10% credit when insured has home & auto coverage with Zurich Insurance Cos. when criteria is met.
- Protective Device Credit: Factor varies. Maximum credit of \$75 is waived.
- Eff. 7-1-98

36. **Automobile Insurance Company of Hartford, Connecticut**

- Deductible Credits Homeowners written in conjunction with Private Passenger Auto Policy.
- Protective Devices.
- Account Credit.
- Installment Payment Plan.
- Eff 11-30-11 TRVA-127651839 [NCDOI](#)

37. **Auto-Owners Insurance Company**

- Form HO 00 06 – rate deviation.
- Deductibles – Waiver of Minimum charges.
- Protective Device Credit.
- Protective Device Credit – alarm systems.
- Mature Homeowner Discount.
- Townhouse or row house deviation.
- Credit card, fund transfer card, forgery and counterfeit money.
- Form HO-6 coverage A Dwelling increased Limits and special coverage.
- Loss Assessment Coverage.
- Personal Injury coverage-no charge.
- Special Personal Property Coverage HO 00 05.
- Multi-Policy Discount.
- Section II liability watercraft.
- Life/Homeowners Multi-Policy Discount
- Insurance Score Credit.
- Home/Umbrella Multi-Policy discount.
- Paid in Full discount.
- Personal Property Increased Limits.
- Claim Free Discount.
- Loss History Rating.
- All Forms except HO 00 04 and HO 00 06.
- Mortgage Free Discount.
- Protection Class Relativities.
- Age of Construction Discount.
- Base Class Premium.
- Windstorm or Hail Exclusion.
- Windstorm Mitigation.
- Changes or Cancellations.
- Theft Coverage.
- Minimum Premium.
- Eff. 8-9-13 AOIC-127839366 [NCDOI](#)

38. **Balboa Insurance Company**

- Age of Dwelling Credit: 0 - 9 yrs. of age: Credit varies.
- Deductible Factors Deviation: Credit varies.
- Protective Device Credits: Credit varies.
- Brick or Masonry Construction.
- Eff. 5-1-09 BALB-126027963 [North Carolina Department of Insurance](#)

39. **Bankers Standard Insurance Company**

- Deviation forms HO 00 02, HO 00 03, HO 00 04, HO 00 06, HO 00 05 and HE-7.
- Key Factors Coverage A over \$750,000.
- Protective Devices maximum credit allowed is deleted.
- Optional Higher Deductibles forms HO 00 04 and HO 00 06.
- Named Storm Percentage Deductible.
- Additional Amounts of Insurance.
- Gated Community Credit.
- Valuable Articles Credit-Multi Policy.
- Mass Merchandising Discount.
- Eff. 2-1-13 ACEH-128729770 [NCDOI](#)

40. **Camden Fire Insurance Association, The**

- All Forms, except 4 & 6: New Home Credit.
- All Forms, except 4: Account credit applies to homeowner premium when personal automobiles in any of the General Accident Companies.
- All Forms: Protective devices: Credit varies 2% - 15%.
- All Forms: Fixed Dollar Amount Deductible Factors; \$500 - .90; \$1000 - .77.
- Forms 1, 2, 3 & 3w/15: Personal Property Increased Limits; \$1 per \$1000 of insurance.
- Forms 1, 2 & 3: Personal Property Replacement Cost coverage; Waive charge to increase Coverage C limit 70% of Coverage A limit. Premium for replacement cost coverage developed by applying factor of 1.05 to base premium including any premium adjustment for Coverage C in excess of 70% of Coverage A.
- All Forms, except 4 & 6: Deviation by policy size; Coverage A Amounts. Credit varies.
- Uniform base rate deviation – all forms except HO 04 and HO 06 10% credit applied when written in the Camden Fire Insurance Association.
- Eff.8-15-02 PC054137 [North Carolina Department of Insurance](#)

41. **Central Mutual Insurance Company**

**Owners Program**

- Deviation by territory and protection class.
- Homeowners Enhancement Program – Deviation by form HE-7 and HE-7 with HE-20.
- Deviation by amount of insurance and insurance score.
- Insurance Score Deviation.
- Customer loyalty deviation.
- Company Deductible Credits B. Optional Deductibles.
- Payment timelines deviation.
- Loss history deviation.
- Personal Property Replacement Cost.
- Accompanying schedule or boat deviation.
- Age of dwelling.
- Home buyer deviation.
- Gated community deviation.
- Non-Packaged Risk deviation.
- Wood Roof Factor.
- Residence held in trust deviation.
- Package deviation.
- Installment Payment with Electronic Transfer.
- Deviation for Waiver of Premium.
- Deviation by Group Rating.
- **Condo Program**
- Deviation by territory, protection class.
- Deviation by amount of insurance.
- Deviation by insurance score.
- Customer loyalty deviation.
- Deductible Optional Higher Deductibles.
- Payment timelines deviation.
- Loss history Deviation.
- Accompanying schedule or boat deviation.

- Form HO 00 06 Coverage A Dwelling Basic and Increased Limits and Special Coverage.
- Residence held in trust.
- Package Deviation.
- Installment Payment Plan.
- Deviation for waiver of premium.
- Deviation by Group Rating.

**Tenants Program**

- Base Class territory and protection class.
- Amount of insurance deviation.
- Insurance score deviation.
- Customer loyalty deviation.
- Deductibles B. Optional Higher Deductibles.
- Payment timelines deviation
- Loss history deviation.
- Accompanying schedule or boat deviation.
- Package Deviation.
- Installment Payment Plan with Electronic Transfer.
- Deviation for waiver of premium.
- Deviation by Group Rating.
- Eff 7-1-13 CEMC-128958060 [NCDOI](#)

42. **The Charter Oak Fire Insurance Company**

- Deductible Credits HO 00 02, HO 00 03, HE 00 07 HO 00 04 and HO 00 06.
- Protective Devices.
- Personal Property - Increased Limit Coverage C.
- Account Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.
- Loss Free Customer Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.
- Home Buyer Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.
- Installment Payment Plan.
- Eff 6-1-12 TRVA-128193380 [NCDOI](#)

43. **Chartis Property Casualty Company**

- Base Premium by Territory Form HO 00 03.
- Key Factor Deviation.
- Protective Devices.
- Eff 1-1-11 APCG-126633095 [North Carolina Department of Insurance](#)

44. **Cincinnati Indemnity Company**

- New home credit Forms 2, 3 & 3w/32 36; New – 9 years, credit varies.
- Installment Payment Plan: Delete the \$3 charge for each installment.
- Homeowners Enhancement Deviation.
- Eff 4-1-04 PC065697 [North Carolina Department of Insurance](#)

45. **The Cincinnati Insurance Company**

- Year of construction-Newly Constructed Dwellings Age of Dwelling Credits.
- Base Rate Deviations by Territory.
- Installment Payment Plan.
- Homeowners Enhancement Deviation.
- Watercraft Liability deviation.
- Preferred Risk credit.
- Superior Risk Credit – Forms HO 00 03 and HE 00 07 only.
- Insurance Score Factor – All Forms.
- Package Credit-Multi Policy credit – All Forms.
- Automatic Water Shut-Off System Credit.
- Mature Homeowners Discount – All Forms.
- Secured Community Credit.

- Wood Burning or Solid Fuel Heating Appliances.
- Earthquake Coverage.
- Eff 7-1-13 CNNB-128958622 [NCDOI](#)

46. **Continental Indemnity Company**

- Form 3: Age of Dwelling Discount: 0 - 9 yrs. of age: Credit varies 2% - 20%.
- Account Credit Program: .85 factor applies when both the homeowner & auto policy is written through CNIC.
- Deductible Credit/Charges Deviation: Credit varies by deductible amount.
- Form 6: .80 factor applied to HO-4 base premium.
- Protective Device Deviation: Credit varies 1% - 15%.
- Forms 3, 4 & 6: Eliminate minimum premium for Replacement Cost Coverage.
- Form 3: Additional Limits of Liability for Coverages A, B, C & D: 6% applies to base premium when certain criteria is met.
- Form 3: Personal Property Replacement Cost will be 5% of base premium, no minimum additional premium & no charge to increase Coverage C when certain criteria is met.
- Form 3: Personal Injury charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Water Back-Up of Sewers or Drains, charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Credit Card, Fund Transfer Card, Forgery & Counterfeit Money, to increase coverage charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Special Computer Coverage, charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Cov C Increased Special Limits of Liability, charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Fire Department Service charge will be increased to \$1000 when certain coverages & increased limits options are selected.
- Form 3: Increasing Coverage D to 30% of Coverage A, charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Coverage A Relativities Deviation: Credit varies 3.8% - 6.5%.
- Form 3: Ordinance or Law-Increased Amount of Coverage will be 4% of base premium when certain coverages & increased limits options are selected.
- Form 3: Refrigerated Property Cov, charge will be deleted when certain coverages & increased limits options are selected
- Eff. 1-1-01 PC038500 [North Carolina Department of Insurance](#)

47. **Continental Insurance Company**

- Amount of Insurance Deviation forms HO-2, HO-3, and HO-8.
- Amount of Insurance Deviation forms HO-4
- Amount of Insurance Deviation forms HO-6
- Earthquake Rate Deviations.
- Companion Policy Discount: applies when named insured has an auto policy with any Encompass Ins Co.
- Gated Community Discount. 10% credit when criteria are met.
- New Home Discount: 1 year – 18%, 1-5 yrs. -15%; 6-10 yrs. - 10%.
- Deductible Credits Deviation – based on Coverage A Limit.
- Additional Limits Deviation Coverage F: Deviation.
- Business Pursuits Rate Deviation. Credits vary .14% - .33%.
- Incidental Farm Rate Deviation. Residence Premises - 48%; Other Residence - 65%.
- Superior Construction Discount: 15% credit applies to masonry base premium or apartment unit.
- Protective Device Credits: Credit varies 1% - 9%.
- Automatic Sprinkler System Deviation: Credit of 7% or 13% applies.
- Preferred Rate Deviation 5% conditions vary.
- Special Personal Property Coverage HO 00 06 only – deviation 4.3%
- Eff. 8-15-02 PC052786 [North Carolina Department of Insurance](#)

48. **Economy Premier Assurance Company**

- PAK II Program – HE 00 07 Base Rates and Policy Amount.
- PAK II Program – HO 00 06 Base Rates by Territory.

- PAK II Program – HO 00 04 Base Rates by Territory.
- PAK II Program – HO 00 04 and HO 00 06 Policy Amount Relativities by Territory.
- Homeowners Enhancement Program HE 00 07 with HE 32 20.
- Homeowners Enhancement Program HE 00 07 with HE 32 21.
- PAK II Package Credit Multi Policy.
- Renewal Credit.
- Year of Construction.
- Personal Injury Protection Liability Deviation.
- Deductible credits.
- Protective Devices Credit and Home Safety Coverage.
- Business Pursuits Deviation.
- Outboard motors and watercraft.
- Home day care.
- Personal Property Increased Limits.
- Earthquake Coverage-Ordinance or Law Coverage.
- Residence Premises Basic and Increased Limits Coverage F- Medical Payments.
- Other Exposures-Medical Payments to Others Increased Limits.
- Other Structures – On Premises Structures Specific Structures – Increase Limits.
- Other Structures-On Premises Structures Specific Structures-Rented to Others.
- Eff. 7-1-13 METX-G129007172 [NCDOI](#)

49. **Electric Insurance Company**

- Protective Device Credits.
- Deductible Factors.
- Unscheduled Jewelry, Watches and Furs.
- Silverware, Goldware and Pewterware.
- Firearms.
- Group Marketing discount.
- Eff. 3-16-13 ELEC-128801672 [NCDOI](#)

50. **EMCASCOS Insurance Company**

- Personal Property (Coverage C) Replacement Coverage
- Deductible Credits
- Additional Amounts of Insurance
- Base Rate Deviation on Forms HO 00 02 and HO 00 03
- Combination Policy Discount
- Renovated Dwelling Components
- 15% Deviation applicable to Optional Section I and II rates
- Electronic Funds Transfer
- Insurance Scoring
- Eff. 3-15-07 PC097670 [North Carolina Department of Insurance](#)

51. **Employers Mutual Casualty Company**

- Optional Higher Flat deductible credits all forms,
- Additional Amounts of Insurance forms HO 00 02 and HO 00 03.
- Combination Premium Credit: 15% when homeowners & auto policies are written in one of the EMC Companies.
- Renovated Dwelling Components: Variable credits when criteria is met.
- Electronic Fund Transfer transaction fee is waived when the electronic funds transfer options is selected.
- Insurance Scoring.
- Eff. 3-15-07 PC097669 [North Carolina Department of Insurance](#)

52. **Encompass Indemnity Company**

- Forms 2, 3, and 8 Base Rate Deviations by Territory.
- Form 4 Base Rate Deviation by Territory.
- Form 6 Base Rate Deviation by Territory.
- Gated Community Discount.
- New Home Discount.

- Deductible Credits Discount.
- Additional Limits Deviation, Coverage F
- Business Pursuits Rate Deviation.
- Incidental Farming Personal Liability Deviation.
- Superior Construction Discount.
- Protective Devices.
- Automatic Sprinkler Systems.
- Special Personal Property Coverage HO 6 only.
- Companion Policy Discount.
- Preferred Rate Deviation.
- Windstorm or Hail deviation.
- Policy Group Determination.
- Effective 10-11-13 ALSE-129953793 [NCDOI](#)

53. **Erie Insurance Exchange**

- Base Rate Deviations.
- Amount of Insurance Deviation all forms except HO 00 04 & HO 00 06.
- Multi-Policy Discount.
- New Home Discount.
- Optional Deductible Factors - all forms, deviation varies.
- Protective Device Credit Deviation.
- Increased Special Limits of Liability HO 04 64 (all forms except HE-7) Credit varies.
- Personal Property Replacement Cost.
- Townhouse or rowhouse charge eliminated except HO 00 04 and HO 00 06.
- Earthquake Coverage.
- Outboard Motors & Watercraft.
- Building Addition & Alterations Increased Coverage C limit - Form HO 00 04 (HO 0451).
- Seasonal Dwelling Factors.
- Rented Personal Property: HO 32 21 No charge.
- Business Pursuits: No charge.
- Waterbed Liability HO 04 00 HO 00 06.
- Refrigerated Property Coverage.
- Personal Property Increased Limits; HE 7.
- Premium payment plan service charge – installment payments.
- Tiered Rating
- Other Members of a Named Insured's Household.
- Advance Quote Discount – New business.
- Claims Experience Rating Program.
- Age of Insured Discount.
- Windstorm or Hail Exclusion Credit.
- County Factors.
- Windstorm Mitigation Credits.
- Eff. 9-1-13 ERPP-129039713 [NCDOI](#)

54. **Fairmont Premier Insurance Company**

- All Forms: Age of Dwelling Credit; 0-3 yrs. old - 21%; 4-6 - 14%; 7-9 - 7%.
- Forms 1, 2 & 3: 38.0%.
- Form 6: 17.5%.
- Eff. 5-1-92

55. **Farmers Insurance Exchange Farmers Underwriters Association**

- Form Factor Deviations: Forms 3w/15 & 4.
- Territory Relativity Factor deviation.
- Amount of Insurance Deviations: Forms, HO 00 04 and HO 00 06.
- Rule 403. Personal Property –Coverage C Replacement Cost Coverage.
- Rule 404 Protective Devices.
- Deductible Rule 406 credits.

- Loss Assessment Coverage Deviation.
- Rule 515 personal property.
- Other Insured Location Occupied by Insured.
- Additional Residence Rented to Others.
- Permitted Incidental Occupancies - Residence Premises & Other Residences: Deviation applies to Residence Premises.
- Business Pursuits Deviation for \$200,000 limit.
- Optional Rating Characteristics Age 50 Plus Discount.
- Optional Rating Characteristics Auto/Homeowners Discount: All Forms: Factor of .90: Certain criteria apply.
- Affinity Banking Discounts HO 00 03 and HO 00 06 only. Certain qualifications apply. Credit varies.
- Ordinance or Law-Increased Amount of coverage.
- Eff 5-16-08 PC112928 [North Carolina Department of Insurance](#)

56. **Federal Insurance Company**

- Maximum credit for protective devices.
- Optional Higher Deductibles.
- Named Storm Deductible.
- Additional Amount of Insurance deviation.
- Water Back-Up and Sump Discharge or Overflow.
- Gated Community Credit.
- Effective 6-4-12 CHUB-127972268 [NCDOI](#)

57. **Federated Mutual Insurance Company**

- Forms 1, 2, 3 & 3w/15: New Home Credit: 14% dwellings 0-1 yr. old; 2% less credit each added yr.; applies to \$250 deductible basic premium & premium for amended Coverage C limit.
- Forms 1, 2, 3 & 3w/15: Fixed dollar amount deductibles; \$100 +10%; \$500 -10%; \$1000 -20%; \$2500 -30%.
- Forms 4 & 6: Fixed dollar amount deductibles; \$100 +10%; \$500-15%; \$1000-30%; \$2500-40%.
- Forms 1, 2, 3 & 3w/15: Deviation by policy amount varies 0%-25%.
- Form 4: 10%.
- Form 6: 25%.
- Forms 3 & 3w/15: Special Additional Credit Rule: 10% when eligibility & mandatory coverage requirements are met.
- Multiple Policy Discount: 5% applied to HO Policy when private passenger auto policy & personal umbrella policy is written by this Company.
- Installment Pay Plan: \$5 maximum charge per account for all policies.
- Eff. 11-15-94

58. **Fidelity & Guaranty Insurance Company**

- Waive additional premium of \$5 or less.
- Deviation of HO-3 Base Rates by territory & policy amount: Credits vary.
- Forms 4 & 6: Personal Property Replacement Coverage: Reduced premium charge.
- Special Package Discount: 5% credit to total residential premium when underwriting criteria is met.
- Form 6: Relativity factor .750 in lieu of .855.
- Employees Discount: 20%.
- Forms 2 & 3: Additional amount of insurance: HO 3211 \$5 premium charge.
- Deductible Credits.
- Increase in Coverage C: Reduced rate per \$1000.
- Multi-Policy Discount: 10% credit when private passenger auto policy is also purchased with USF&G.
- All Forms, except 4, 6 & 8: New Home Discount; 1 yr.-20%; 2% less credit each added yr. to 9th yr.
- Eff. 4-15-00 PC030961 [North Carolina Department of Insurance](#)

59. **Fidelity & Guaranty Insurance Underwriters**

- Deviation of HO-3 Base Rates by territory & policy amount: Credits vary.
- Forms 4 & 6: Personal Property Replacement Cost Coverage; Factor 1.35.
- Waive additional premium of \$5 or less.
- Special Package Discount: 5% credit applied to total residential insurance premium when underwriting criteria is met.
- Form 6: Form Relativity of .800 in lieu of .855.

- Employees Discount: 20%.
- Forms 2 & 3: Additional amount of insurance: HO 3211 - \$5 premium charge.
- Deductible Credits.
- Increase in Coverage C: Reduced rate per \$1000.
- Multi-Policy Discount: 10% credit when private passenger auto policy is also purchased with USF&G.
- All Forms, except 4 6 & 8: New Home Discount; 1 yr.-20%, 2% less credit each added yr. to 9th year.
- Forms 2, 3 & 3w/15: Protection Class Deviation.
- Eff. 4-15-00 PC030953 [North Carolina Department of Insurance](#)

60. **Fidelity National Property and Casualty Insurance Company**

- Windstorm or Hail Exclusion Credit.
- Insurance Bureau Score Deviation.
- Eff 7-30-10 FDLY-126720295 [North Carolina Department of Insurance](#)

61. **Firemans Fund Insurance Company**

- Protective Device Credits: All territories: Credit varies 1% - 15%.
- Portfolio Credit: 5% applies to all HO policies when Personal Catastrophe Coverage and Inland Marine Coverage is written with Fireman's Fund.
- Eff. 12-01-03 PC065121 [North Carolina Department of Insurance](#)

62. **Firemen's Insurance Company of Washington D.C.**

- Deluxe Program: Form 3: 5% deviation off base premiums.
- All Forms: Protective Device Credit: Credit varies 2% - 13%.
- All Forms, except 4 & 6: Age of Home Discount: Credit varies 4% - 20% for age of dwelling 0 - 25 yrs. with greatest credit for newest homes.
- All Forms, except 4 & 6: Senior Citizen Discount; Factor of .92 of base premium age 50-54 yrs. Factor .95 age 55 yrs. & older.
- All Forms, except 4 & 6: Renovation Discount 0-15 yrs. factors apply when underwriting guidelines are met. Credit applies to base premium.
- Renewal Discount: Factor .95 applies to base premium when criteria is met.
- Form 3: Loss Free Credit; 1yr. - 5%; Renewal with 2 yrs. loss free - 10%. Credit applies to base premium.
- All Forms, except 4 & 6: Optional deductible credits applies to base premium. Coverage A limit under \$200,000 - \$500 ded. - .87; \$1000 - .76; \$2500 - .73. \$20000-\$400,000 - \$500 ded - .89; \$1000 - .80; \$2500 - .77. Over \$400,000 - \$500 - .92; \$1000 - 86; \$2500 - .83.
- Eff. 10-1-97

63. **First Community Insurance Company**

- Base Premium HO 00 03.
- Base Premium HO 00 04.
- Base Premium HO 00 06.
- Windstorm or Hail Exclusion HO 00 03.
- Age of Home.
- Book Transfer Discount.
- Multiple Policy Discount.
- Prior Insurance HO 0003 and HO 0006.
- Occupancy Factors HO 00 03 and HO 00 06.
- Claim Free Discount, All Forms.
- Experience Rating Factors.
- Mature Homeowners Discount All Forms.
- New Purchase Discount.
- Underwriting Tier.
- Hip Roof Discount.
- Preferred Builder Discount.
- Renovation Discount.
- Secured Community.
- Key Factor Table HO 00 03 Discount.
- Key Factor Table HO 00 04 Discount.
- Key Factor Table HO 00 06 Discount.

- Superior Construction-All Forms.
- Eff 11-1-12 BKIC-128582608 [NCDOI](#)

64. **Garrison Property and Casualty Insurance Company**

- Tier Discount, HO 00 03.
- Tier Discount HO 00 06.
- Base Premium HO 00 03.
- Base Premium HO 00 06.
- Deductibles.
- Windstorm or Hail Exclusion Credits.
- Ordinance or Law.
- Personal Property-Additional Coverage-Jewelry and Furs.
- Sinkhole Collapse Coverage.
- Coverage A Dwelling Basic and Increased Limits.
- Earthquake Coverage.
- Protective Devices.
- Loss History.
- Auto and Home Combination Discount.
- Refrigerated Personal Property.
- Installment Payment Plan.
- Eff 7-1-13 USAA-128958357 [NCDOI](#)

65. **General Insurance Company of America**

- Base Key Premiums all forms by Territory Deviation.
- Deductible Debit/Credits Deviation.
- Renewal Credit all forms: 3-5 yrs. - 5%; 6 yrs.+ - 9%.
- Account Credit all forms: 5% credit for total policy premium when insured has a Safeco auto policy also.
- Condominium Unit Owners Coverage A Increased Limits & Special Coverage Deviation.
- Business Pursuits (HO 24 71) all forms: the charge is deleted.
- Credit Card Forgery & Counterfeit Money Coverages (HO 04 53): Delete \$1 charge for \$1000 limit.
- Personal Injury (HO 24 82): \$10 charge per policy.
- Landlord's Furnishing (HO 32 21): \$10 premium per policy to increase coverage to total \$5000 with burglary coverage added.
- Ordinance or Law Cov (HO 04 77) Deviation for Quality Plus Form, Quality Crest Form & Condominium Form.
- Medical Payments: Other exposures - Higher limits all forms: Additional charge for higher limits of medical payments will be waived.
- Additional Residence Rented to Other (HO 24 70): Limit of Liability \$100,000 - \$1,000,000: Premium charge varies.
- Outboard Motors & Water Craft: Reduced premiums based on limits, length and horsepower.
- Personal Liability - Residence Premises Deviation: Increased Limits: Coverage E base \$300,000: Coverage F no charge.
- Special Personal Property Coverage HO-OO 15 & HO-17 31: Quality Plus Form & Condominium Form- Increase basic premium 8%. Quality Crest Form automatically included.
- Installment Payment Charge: \$2 each installment.
- Eff. 8-15-02 PC052887 [North Carolina Department of Insurance](#)

66. **Government Employees Insurance Company**

- Forms 1, 2, 3 & 3 w/15: New Home Discount: 10% for dwellings 5 yrs. old or less.
- Homeowners Theft Deterrent Premium Credit Program: Forms 1, 2, 3 & 3 w/15 - 7%; Forms 4 & 6 - 20%.
- Forms 1, 2 & 3: Amount of Insurance Credit; Classes 1-9 - \$10,000-\$200,000 & over. Credit varies.
- Form 6: 10%.
- All Forms: Protective Devices: Variable credits.
- Forms 2, 3, 4 & 6: Retired Discount Credit; 20% when specified criteria are met.
- All Forms: Dual Policy Discount: 10% when specified criteria are met.
- Forms 4 & 6: Key factor +.074 for each additional \$1000 of coverage.
- Installment Payment Plan: Waive the charge of \$3 first installment if first payment received with application.

- Form 4 & 6: Waterbed Liability Endorsement: No premium charge.
- Eff. 3-1-95

67. **Grain Dealers Mutual Insurance Company**

- Continuous policyholder discount.
- Account Credit.
- New Home Discount.
- Personal Property, over 70% of Coverage A.
- Insurance Score.
- Eff. 7-1-13 NGMC-128962658 [NCDOI](#)

68. **Granite State Insurance Company**

- Forms 1, 2, 3, 4, 3w/15 & 6: 20% deviation.
- Replacement or Repair Cost protection Coverage A premium \$1.
- Age of Dwelling Deviation: 0 - 20 yrs. old - 10%.
- Forms 1, 2, 3, 3w/15, 4 & 6: 20%.
- Eff. 7-1-87

69. **Graphic Arts Mutual Insurance Company**

- Personal Property Replacement Cost.
- Mass Merchandising Plan.
- -5% W.I.S.E./Affinity program discount,
- Deviation for Owners Forms for risks located in territories 7, 8, 41, 45, 46, 48, 49 and 52.
- Deviation for Owners Forms for risks located in territories 36, 44 and 60.
- Deviation for Owners Forms for risks located in territories 38 and 39.
- Deviation for Owners Forms risks located in territory 34.
- Deviation for Owners Forms for risks located in territory 57.
- Deviation for Owners Forms for risks located in territory 53.
- Deviation for Owners Forms 32.
- Deviation for Owners Forms in territory 47.
- Deviation for Non-Owners Forms for risks in territories 36, 44, 57 and 60.
- Deviation for Non-Owners Forms for risks located in territories 38 and 39.
- Deviation for Non-Owners Forms for risk located in territories 7, 8, 34, 41, 45, 46, 47, 48, 49, 52 and 53.
- Personal Lines Account Credit
- Homeowners Extension Package
- Protection Class deviation/Suburban Rating.
- Eff. 7-1-13 UTCX-G128995997 [NCDOI](#)

70. **Hanover American Insurance Company**

- Mature Homeowners Credit.
- Deductible Credits for all forms except HO 00 04 and HO 00 06.
- Deductible Credits for Forms HO 00 04 and HO 00 06.
- Windstorm & Hail Deductible Credits.
- Personal Property Replacement Cost for all forms except HO 00 04 and HO 00 06.
- Personal Property Replacement Cost for forms HO 00 04 and HO 00 06.
- Account Credit Discount.
- Loss of Use-Increased Limits – Reduced premium charge.
- Condominium Unit Owners-Coverage A Dwelling – Basic and Increased Limits.
- Coverage A Dwelling: Basic & Increased Limits for form HO 00 06.
- Watercraft Liability Rates: All forms.
- Personal Property, Increased Limits All forms, except HO 00 04 and HO 00 06.
- Special Personal Property, all forms except HO 00 02, HO 00 04 and HO 00 06.
- Electronic Funds Transfer Plan Discount.
- Group Modification Plan Discount.
- Direct Bill Policies.
- Cap on total credits/discounts.
- Territorial Deviation.

- Relativity Curve Deviation Forms HO 00 03.
- Relativity Curve Deviation Forms HO 00 04 and HO 00 06.
- Eff. 2-1-12 HNVX-G127879116 [NCDOI](#)

71. **Hanover Insurance Company**

- Mature Homeowners Credit.
- Deductible Credits for all forms except HO 00 04 and HO 00 06.
- Deductible Credits for Forms HO 00 04 and HO 00 06.
- Windstorm & Hail Deductible Credits: All forms, except 4 & 6.
- Personal Property Replacement Cost on Coverage C: All forms, except 4 & 6.
- Personal Property Replacement Cost on Coverage C: Forms 4 & 6.
- Account Credit: All forms.
- Loss of Use-Increased Limits: All forms.
- Condominium Unit Owners-Coverage A Dwelling: Basic & Increased Limits.
- Watercraft Liability Rates: All forms.
- Personal Property Increased Limits.
- Special Personal Property.
- Electronic Funds Transfer Installment Payment Plan.
- Group Modification Plan Discount (Mass Merchandising Plan)
- Direct Bill Policies Installment payment plan.
- Cap on credits/discounts
- Relativity curve deviation HO 00 03.
- Relativity Curve deviation forms HO 00 04 and HO 00 06.
- Eff. 2-1-12 HNVX-G127879210 [NCDOI](#)

72. **Harbor Specialty Insurance Company**

Preferred:

- Homes 25 yrs. of age or less insured for \$50,000 or more.
- Form 3: Base Rate Deviation by territories; Credit varies 20.2% - 24.3%.
- Form 4: Credits off Key Premiums; 2% Alamance County.
- Form 6: Base Rate Deviation by territories; Credit varies 19.4% - 22%.
- Form 3: Replacement Cost Protection (HO-500): Charge \$1 in lieu of \$5 when requirements are met.
- Form 3: Protective Devices Credit; Class 1-9, credit varies 2%-15%.
- Form 3: New Home Credit; 0-1 yr. old - 21%; 1% less credit each added yr. thru 8th yr.; 9 yrs. - 12%; 10 yrs. - 10%; 11 yrs. - 8%; 12 yrs. - 6%; 13 yrs. - 4%; 14 & 15 yrs. - 3%. Credit applicable to annual premium.
- Form 3: Personal Property Increased Limits; \$.50 per \$1000 of insurance.
- Form 3: Deductible Credits; \$500 ded. - 10%; \$1000 - 20%.
- Forms 3, 4 & 6: 20% deviation for policies written as part of Personal Protection Package Policy.
- Forms 4 & 6: Deductible Credits; \$500 ded. - 10%; \$1000 ded. - 23%.

Standard:

- Form HO-3 only - Homes 25 years of age or older and/or insured for less than \$50,000.
- Form HO 3 Credit off Key Premiums; 13.4% Alamance County; 9.4% territory 34; 8.6% territories 30 & 31; 11.4% territories 4, 32, 33, 36, 37, 38, 39, 40, 41, Lincoln & Rockingham County; 11.4% for remainder of Alamance County & remainder of territories. Form 3: Coverage C increased limit charge \$.50 per \$1000 of insurance.
- Form 3: Deductible Credits; \$500 - 10%; \$1000 - 20%.
- Form 3: Protective Credit; Same as for preferred.
- Form 3: New Home Credit; Same as for Preferred.
- Form 3: 20% deviation applies to HO program when written as part of Personal Protector Package Policy.
- Eff. 3-1-94

73. **Harford Mutual Insurance Company**

- Forms 1, 2 & 3: New Home Discount; 10% - dwellings 15 yrs. old or less.
- Forms 1, 2, 3 & 8: Fixed dollar amount deductible factors; \$500 - .90; \$1000 - .83; \$2500 - .75. \$100 deductible amount - minimum \$30 - maximum \$60.
- Forms 4 & 6: Fixed dollar amount ded. factors; \$500 .90; \$1000 .77; \$2500 .63. \$100 deductible amount min. \$30, max. \$60.
- All Forms: Protective devices factors for all territories & all protection classes - factors varies .98 to .85.
- Eff. 5-1-92

74. **Harleysville-Atlantic Insurance Company**

- Forms 1, 2, 3 & 8: Base rate credits; Coverage A limit \$48,000 & under \$95,000 & over; Credit varies 0.0% - 27.5%.
- All Forms: 13%; Optional coverage rates Section I & II.
- Forms 1, 2, 3 & 8: New Home Discount factor; 1 yr. old or less .80; Discount factor increased by .01 thru 11th yr. - discount factor increased by .02 - 12th thru 15th yr.
- Eff. 5-1-92

75. **Harleysville Preferred Insurance Company**

- Group Mass Marketing Discount.
- Preferred customer discount – all territories except 07, 08, 41, 48, 49, 81 and 86.
- HE-7 Enhancement Deviations by certain Territories.
- StarPak Program Discount
- Companion Credit (homeowners and private passenger auto policy).
- Newly Purchased Home Credit Forms HO 02, HO 03, HO 05, and HE 7.
- Mature Homeowner Discount (HO 03, HO 05 and HE 7 only) 55 years of age or older.
- Life Insurance Policy Discount (life insurance/annuity policy).
- Coverage A Key Factors discount.
- HO 00 04 or HO 00 06, Base Premium deviation for certain Territories.
- Personal Property Increased Limit.
- Other Members of a Named Insured's Household.
- Electronic Funds Transfer (EFT).
- Eff 7-30-12 HRLV-128579077 [NCDOI](#)

76. **Hartford Accident and Indemnity Company**

- Age of Dwelling Credit for all territories except 7, 8, 41, 48, 49, 52.
- Account Credit for all territories.
- Retiree Credit named insured is age 50 and older.
- Limited Access Credit Forms 4 & 6: if complex meets the protection requirements.
- Product Factor – Forms HO 00 04 and HO 00 06.
- Retirement Community/Limited Access Community Credit.
- Key Factor for Premier, CCRL and Elite.
- Insurance Score.
- Prior Losses.
- Territory Deviation.
- Effective 3-3-13 HART-128759763 [NCDOI](#)

77. **Hartford Casualty Insurance Company**

- Age of Dwelling Credit for all territories except 7, 8, 41, 48, 49 and 52.
- Account Credit for all territories.
- Retiree Credit, named insured is age 50 or older.
- Limited Access Credit-Forms HO 00 04 and HO 00 06 is protected 24 hours a day.
- Product Factor- Forms HO 00 04 and HO 00 06.
- Retirement community/Limited Access community Credit.
- Key Factor for Premier, CCRL and Elite.
- Insurance Score.
- Prior Losses.
- Territory Deviation.
- Eff. 3-3-13 HART-128759773 [NCDOI](#)

78. **Hartford Fire Insurance Company**

- Age of Dwelling Credit for all territories except 7, 8, 41, 48, 49 and 52.
- Account Credit deviation for all territories.
- Retirees Credit, named insured is age 50 and older.
- Limited Access Credit-Forms HO 00 04 and HO 00 06 is protected 24 hours a day.
- Product Factor (Merit, Elite, CCRL, Premier), - Forms HO 00 04 and HO 00 06.

- Retirement community/Limited Access Community Credit.
- Key Factor for Premier, CCRL and Elite.
- Insurance Score.
- Prior Losses.
- Territory Deviation Factor.
- Eff. 10-9-10 HART-126607350 [North Carolina Department of Insurance](#)

79. **Hartford Insurance Company of Midwest**

- Age of Dwelling credit for all territories except 7, 8, 41, 48, 49 and 52.
- Account Credit all territories.
- Retirees Credit: named insured is age 50 and older.
- Limited Access Credit Forms 4 & 6: is protected 24 hours a day.
- Product Factor – Forms HO 00 04 and HO 00 06.
- Retirement Community/Limited Access Community Credit.
- Key factors.
- Insurance Score.
- Prior Losses.
- Territory Deviation Factor.
- Effective 3-3-13 HART-128759931 [NCDOI](#)

80. **Hartford Underwriters Insurance Company**

- Retirees Credit.
- Eff. 7-2-13 HART-128967305 [NCDOI](#)

81. **Homesite Insurance Company**

- Preferred Risk Group 1 Discount 10% when certain criteria are met.
- Preferred Risk Group 2 Discount 10% when certain criteria are met.
- Eff 6-1-09 HMSS-126064634 [North Carolina Department of Insurance](#)

82. **Horace Mann Insurance Company**

- Installment Payment Plan.
- Master Program.
- Installment Payments - Electronic Funds Transfer.
- Eff. 12-1-12 HRMN-128543039 [NCDOI](#)

83. **Horace Mann Property & Casualty Insurance Company**

- Protection Class/Territories/Form HO 00 03.
- Installment Payment Plan Waive initial \$3 installment fee.
- Multi-Line Deviation.
- Masters Program.
- Credit Rating Tier/Insurance Score.
- Home Buyer Loyalty Program.
- Installment Payments - Electronic Funds Transfer.
- Eff 7-1-13 HRMN-128964171 [NCDOI](#)

84. **IDS Property casualty Insurance Company**

- Form HO 00 03 – Amount of Insurance.
- Form HO 00 04 – Amount of Insurance.
- Form HO 00 06 – Amount of Insurance.
- Protective Device Credits
- Deductible Credits Forms HO 00 03, HO 00 04 HO 00 06.
- Home and Auto Discount.
- Replacement Cost on Contents Discount Forms HO 00 03, HO 00 04 HO 00 06.
- Condo Coverage A increased limits.
- Newly Constructed Dwellings-Utilities Rating Plan.
- Coverage C Increased Limits.

- Refrigerated Personal Property
- Townhouse/Rowhouse
- Costco Discount
- Base Rates (Form HO 00 03) by territories
- Base Rates (Form HO 00 06) by territories
- Electronic Funds Transfer.
- Eff 7-1-13 PRCA-128947193 [NCDOL](#)

**85. Indemnity Insurance Company of North America**

- New Construction Credit: New - 20%; 2% less credit for each yr. to 9th yr.
- All Forms: Fixed Dollar Deductible: Credit varies 15% - 40%.
- Personal Property Increased Limit: \$2 premium charge per \$1000 of coverage.
- Forms 2 & 3: Replacement Cost Coverage Personal Property: HO 0490; Factor 10.5% includes increased Coverage C to 70% of Coverage A at no additional premium charge.
- Protective Device Credits: All zones & protection classes: Credit varies 2% - 15%.
- Rated Deviation: Homeowners - 11%; Tenants - 10%; Condominiums - 15%.
- Eff. 9-1-99

**86. Indiana Lumbermens Mutual Insurance Company**

- Forms 1, 2, 3 & 3 w/15: 15% 0-10 yrs. old; 10% 11-15 yrs. old; 0% 16 yrs. & over.
- Eff. 9-1-85

**87. Insura Property & Casualty Insurance Company**

- Form 3: Deductible credits; \$500 - 15%; \$1000 - 25%; \$2500 - 38%.
- All Forms: Personal property increased limits \$2 per \$1000.
- Protective Device Credits; Credit varies 2% - 15%.
- Personal Injury (HO-82) included at no charge.
- Personal Property Replacement Cost Coverage; Eliminate 5% surcharge.
- New Home Credit: Current calendar yr. - 20%; 1 yr. preceding current calendar yr. - 18%; each added yr. 2% less credit until 10+ yrs. - 0%.
- Multi-Policy Credit: 10% applies to total HO policy prem. when auto policy is written in the Anthem Casualty Ins. Group.
- Amount of insurance deviation based on territory, protection class & amount of Coverage A: \$70,000-\$200,000 credits varies 8.6% - 21.9%; Each additional \$10,000 credit varies 15% - 30%.
- Forms 2 & 3: Amount of Insurance Deviation; 3% charge of basic premium.
- Base premium deviation by territory.
- Eff. 6-1-99

**88. Insurance Company of North America**

- Forms 1, 2 & 3: Fixed dollar deductible credits; \$500-11%; \$1000-21%; \$2500-34%.
- Form 4: Fixed dollar deductible credits; \$500-11%; \$1000-25%; \$2500-40%.
- Forms 1, 2 & 3: Rate for increase in Coverage C; \$1 per \$1000.
- Forms 1, 2 & 3: Personal Property Replacement Cost coverage HO 290; Charge shall be 4% of adjusted base premium. Coverage C must be increased to 70% of A & \$1 per \$1000 charge made.
- Protective Device Credits: All zones & all protection classes: Credits vary from 1%-15%.
- Eff. 5-1-92

**89. Insurance Company of the State of Pennsylvania**

- Form 6: 35%.
- Form 4: 20%.
- Forms 2 & 3: Deductible Credits; \$250 - 15%; \$500 - 25%; \$1000 - 35%.
- Forms 2, 3, 3w/15 & 6: Age of Dwelling Discount; 0-5 yrs. - 15%; 6-10 yrs. - 10%; 11-20 yrs. - 5%.
- Forms 1, 2, 3, 3 w/15 & 8: 28%.
- Home Buyers Discount: 10% first 3 yrs. ownership; 5% second 3 yrs.
- Forms 1, 2, 3 & 3 w/15: Delete 5% surcharge for replacement cost of contents.
- Eff. 6-15-88

90. **Integon General Insurance Corporation**

- Delete the surcharge for \$100 deductible.
- Form 6: 10% deviation.
- Deviation by amount of insurance: Coverage A amount \$50,000 - \$250,000 & above based on territory; Credit varies - 0% - .340%.
- Deductible Credits: Form 3; Terr. 32, 33, 34-41- \$250 ded., \$500 ded., \$1000 ded. & \$2500 ded.: Credits varies .05%- .41%.
- Long-Term Customer Discount: 5-9 yrs. with Co.- 5%; 10 yrs. or longer with company -10%.
- Eff. 5-1-92

91. **Integon Indemnity Corporation**

- Delete surcharge for \$100 deductible.
- Form 6: 15% deviation.
- Replacement Cost Coverage C: Delete surcharge for replacement cost on contents.
- Deviation by Amount of Insurance: Cov. A amount \$50,000 - \$250,000 & above & based on territory. Variable credit.
- Deductible Credits Form 3; Terr. 32, 33, 34-41 - \$250 ded; \$500 ded. \$1000 & \$2500 ded. Credits vary .05%-41%.
- Long Term Customer Discount: 5-9 yrs. renewal with company - 5%; 10 yrs. or longer with Company - 10%.
- Eff. 5-1-92

92. **Integon National Insurance Company**

- Companion policy discount Form HO 00 04 with auto or recreation vehicle.
- Deviation of 6% Form HO 00 04.
- Eff 5-15-12 GMMX-128088782 [NCDOI](#)

93. **Liberty Mutual Fire Insurance Company**

- Mass Merchandising Program – 5% deviation when certain criteria is met
- Installment Payment Plan all forms.
- Coverage A Dwelling Limit for form HO 00 06.
- Watercraft Deviation by limits of liability.
- Multi-Policy Discounts.
- Property Tiering Program.
- Condominium and Renters Tiering Program.
- Eff. 8-23-10 LBPM-126601313 [North Carolina Department of Insurance](#)

94. **Liberty Mutual Mid-Atlantic Insurance Company**

- Forms 2,3,4, & 6 35% deviation.
- Forms 2 & 3 Dwellings 0-10 years – 10%.
- Eff 11-1-86

95. **Lititz Mutual Insurance Company**

- New Home Credit.
- Specified Additional Amount of Insurance.
- Optional Higher Deductibles Deviation.
- Eff 7-1-13 LITZ-128956310 [NCDOI](#)

96. **LM Property and Casualty Insurance Company**

- New Home Credit: Age of Home 0 - 7 yrs. of age: Credit varies 0%-20%.
- Deductible credits
- Personal Property Replacement Cost: - HO-3 Apply 4% surcharge to adjusted base premium.
- Enhanced Dwelling Limit (EDL) – Form HO-3 \$1.00 per policy.
- Protective Device Credits: Variable Credits 2%-15%.
- Forms 3, 3w/15, Premier & 6: 5% Mature Homeowners Credit.
- Personal Property – Increased Limit Form HO-3: \$1.00 per \$1,000 increase of insurance
- Mature Homeowner Credit – Forms HO-3 and HO-6 5% credit. A premium credit applies if any named insured is age 55 or older as of the effective date of the policy.
- Companion for Life Discount all forms 10% credit.
- Secured Community Credit: Credit applies if primary residence is located in a fully secured or partially secured

community. Fully secured - 10%: Partially secured -5%.

- Electronic Funds Transfer Fee: No charge.
- Increased Limits Jewelry, Watches & Furs: \$14 per \$1000 of Coverage.
- Personal Property Replacement Cost: Form HO4 and HO 6 Minimum charge of \$20.
- Silverware, Goldware, & Pewterware: \$2.50 per \$500.
- Deviation for 3 & 4 Family Liability Rates.
- Deviation by Liability Coverage.
- Outboard Motors & Water Craft Deviation for Coverage E, Increased Limits: Certain criteria apply.
- Outboard Motors & Water Craft Deviation for Coverage F, Increased Limits: Certain criteria apply.
- Business Property - Increased Limits Deviation: \$10 per \$2500.
- Eff. 3-14-03 PC058007 [North Carolina Department of Insurance](#)

97. **Lumbermens Mutual Casualty Company**

- Premium Credits for Protective Devices: Certain criteria apply.
- Mature Homeowners Credit: 5% credit applies to base premium if insured is 55 yrs. of age & is home during the day.
- Personal Property (Coverage C) Replacement Cost Coverage Deviation.
- \$100 Deductible: Waive minimum premium.
- \$250 Theft Deductible Factors: Certain criteria apply.
- All Forms: Optional Higher Deductibles deviation.
- Form 3: Special Personal Property Coverage: Apply a factor of 1.10 to base premium.
- Form HO 6: Special Personal Property Coverage: Apply a factor of 1.20 to base premium.
- Form 4: Building Addition & Alterations Increased Limit deviation.
- Form HO 6: Coverage A Dwelling Basic & Increased Limits Special Coverage Deviation.
- Ordinance or Law Increased Amount of Insurance: Form 4 & 6.
- Deferred Premium Payment Plan Option.
- New Home Discount: 0 - 6+ yrs. of age: Credit varies 0% - 18%.
- 5% Kemper Network Discount: Certain criteria apply.
- Eff. 2-25-02 PC047939 [North Carolina Department of Insurance](#)

98. **Maryland Casualty Company**

- All Forms, except 4 & 6: Age of Dwelling Credit; New-20%; 1 yr.-18%; 2 yrs.-16%; 3 yrs.-14%; 4 yrs.-13%; 5 yrs.-12%; 6 yrs.-10%; 7 yrs.-8%; 8 yrs.-6%; 9 yrs.-4%; 10 yrs.-2%.
- Forms 4 & 6: Replacement Cost on Contents: Factor 1.35.
- Protector Series Program: Reduce homeowners premium by 5%, if insured has auto policy with Maryland Casualty Group.
- Forms 2 & 3: Charge \$1 per \$1000 for increase in Coverage C limit.
- All Forms: Deductible Credits: \$500 - 15%; \$1000 - 20%; \$2500 - 30%.
- Deviation by Territory: Form 2, 3, 3w/15; Credit varies 0% - 14%.
- Base Premium Deviation: All Forms, except 4 & 6; Credit varies.
- Account Credit: 10% credit when insured has home & auto coverage with Zurich Insurance Companies when criteria is met.
- Protective Device Credit: Factors vary. Maximum credit of \$75 is waived.
- Eff. 7-1-98

99. **Massachusetts Bay Insurance Company**

- Mature Homeowners Credit.
- Deductible Credits for all forms except HO 00 04 and HO 00 06.
- Deductible Credits for Forms HO 00 04 and HO 00 06.
- Windstorm & Hail Deductible Credits: All forms, except HO 00 04 and HO 00 06.
- Personal Property Replacement Cost.
- Personal Property Replacement Cost on Coverage C: Forms HO 00 04 and HO 00 06
- Account Credit: All forms.
- Loss of Use-Increased Limits.
- Condominium Unit Owners-Coverage A Dwelling: Basic & Increased Limits.
- Watercraft Liability Rates: All forms.
- Personal Property - Increased Limits.

- Special Personal Property.
- Electronic Funds Transfer Installment Payment Plan Discount.
- Group Modification Plan (Mass Merchandising Plan).
- Direct Bill Policies installment payment plan.
- Cap on total credits/discounts of 35%.
- Territorial Deviation: All forms, except HO 00 04 and HO 00 06.
- Relativity Curve Deviation Forms HO 00 03.
- Relativity Curve Deviation Forms HO 00 04 and HO 00 06.
- Eff 2-1-12 HNVX-G127879161 [NCDOI](#)

100. **Max America Insurance Company**

- Forms 1, 2, 3 & 3 w/15: Amount of insurance credit.
- Forms 1, 2, 3 & 3 w/15: New Home Credit.
- All Forms: Eliminate 5% surcharge for personal property replacement cost (HO 290) endorsement.
- All Forms: Reduced key premiums for protection classes 7 & 8.
- Eff. 03-5-02

101. **Medmarc Casualty Insurance Company**

- New Home Credit: 0-1 yr.-20%; 2 or 3 yrs.-18%; 4 yrs.-15%; 5 yrs.-12%; 6 yrs.-10%; 7 yrs.-9%; 8 yrs.-6%; 9 yrs.-3%; 10 yrs.- 2%.
- Smoke Detectors Discount: 2.0%.
- Eff. 7-15-90

102. **The Members Insurance Company**

- Account Credit, Forms HO 00 03 and HE 00 07 By Territories, Tier.
- Unit Owner's Building Increase Limits and Special Coverage-Form HO 00 06.
- Form HE 00 07,Coverage A Amount.
- Base Premium Form HO 00 03, By Territory and Tier.
- Base Premium Form HO 00 06, By Territory, and Tier Bronze.
- Key Factors HO 00 03,Coverage A Amount.
- Tier Bronze, Key Factors HO 00 06, Coverage C Amount.
- Form HE 00 07 Factor Deviations, By Territory.
- Home Buyer Credit, Forms HO 00 02, HO 00 03 and HE 00 07.
- Loss Free Credit, Platinum, Gold, Silver, and Bronze.
- AAA Affinity Factors.
- Personal Property Deviation.
- Eff 11-15-12 NCPC-128441043 [NCDOI](#)

103. **Merastar Insurance Company**

- New Home Credit.
- Safe and Sound Discount.
- Auto-Home Discount.
- Waiver of installment charge.
- Increased Special Limits of Liability.
- Merastar Maximum Credit.
- Deductible credits;Forms 3 & 5: \$500 - \$1000
- Deductible credits;Forms 4 & 6: \$500 - \$1000
- Protective Device Credits.
- Boat Liability Rate Deviation.
- Base rate deviation Forms 3 & 8: based on territory: Credit varies.
- Base rate deviation Forms 4 & 6: based on territory.
- Account Discount.
- Eff. 6-1-11 UNTR-126984235 [NCDOI](#)

104. **Meritplan Insurance Company**

- Affinity Discount.
- Electronic DFT and Online Processing Discount.

- Eff 11-5-10 BALB-126700430 [North Carolina Department of Insurance](#)

105. **Metropolitan Direct Property & Casualty Insurance Company**

- Deductible Deviation.
- Additional Limits of Liability
- Personal Property Replacement Cost Loss Settlement.
- Year of Construction – Newly Constructed Dwellings.
- Protective Devices
- Mature Homeowners Discount.
- Multi-Policy Discount.
- Mass Merchandising Account Deviation
- Met ReWards Claim Free Discount.
- Increased Ordinance or Law Coverage
- Earthquake Coverage
- Other Structures – On Premises Specific Structures – Increased Limits.
- Other Structures – On-Premises Structures – structure on the Residence Rented to Others.
- Platinum Coverage Package.
- Tier Program.
- Eff. 3-15-13 METX-G128460544 [NCDOI](#)

106. **Metropolitan Property & Casualty Insurance Company**

**Standard Program**

- Deductible Deviation.
- Additional Limits of Liability.
- Personal Property Replacement Cost Loss Settlement.
- Year of construction – Newly Constructed Dwellings.
- Protective Devices.
- Mature Homeowners Discount.
- Multi-Policy Discount.
- Mass Merchandising Account Deviation:
- Small Employer Group Program.
- Claim Free Discount.
- Increase Ordinance or Law coverage.
- Earthquake Coverage.
- Other Structures – On Premises Specific Structures – Increased Limits.
- Other Structures – On-Premises Structures – structure on the Residence Rented to Others.
- Platinum Coverage Package – Form HO 00 05.
- Waterbed Liability.
- Coverage A Dwelling Special Coverage HO 00 06.
- Grand Protected Coverage Package.
- Water Back-Up and Sump Discharge or Overflow.
- Tier Program.

**Conversion Program**

- Deductible Deviation.
- Windstorm or Hail Percentage Deductible.
- Personal Property Replacement Cost.
- Year of Construction New Home Discount.
- Protective Devices Premium Credits for Alarm Systems: Credit applies to base premium.
- Mature Homeowners Discount.
- Multi-Policy Discount.
- Met Rewards Claim Free Discount when criteria are met.
- Increased Ordinance or Law Coverage.
- Earthquake Coverage.
- Other Structures – On Premises Specific Structures – Increased Limits.
- Other Structures – On-Premises Structures – structure on the Residence Rented to Others.
- Platinum Coverage Package – Form HO 00 05.
- Waterbed Liability.

- Coverage A Dwelling Special Coverage HO 00 06.
- Tier Program.
- Eff 7-31-13 METX-G129060947 [NCDOI](#)

107. **Montgomery Mutual Insurance Company**

- Forms 3, HE-7, HE-7w/20 & HE-7w/21: Pers Prop Increased Limits: .50 per \$1000 of insurance for Coverage C.
- Deductible Amount Deviation: Forms 3, HE-7, HE-7w/20 & HE-7w/21: Credit varies
- 10% Account Credit when auto policy is written for the same insured through Montgomery Mutual Insurance Co.
- Forms 3, HE-7, HE-7w/20 & HE-7w/21: New Home Credit: New - 6 yrs. of age: Credit varies 0% - 20%.
- Base Rate Deviation by Territory: Forms 3, HE-7, HE-7w/20 & HE-7w/21 Credit varies 0% -7.1%
- Form 4: Base Rate Deviation by Territory: Credit varies 0% - 14.8%.
- Form 6: Base Rate Deviation by Territory: Credit varies 9.3% - 32%.
- Protective Device Credits: Credits vary 2% - 15%.
- Base Rate Deviation on HE-7 - 1.15, HE-7w/20 - 1.20 & HE-7w/21 - 1.25.
- Replacement or Repair Cost Protection(HO 3211): \$5 per policy when criteria is met.
- All Forms: 10% Account Credit.
- Water Craft Liability Deviation - 70%.
- Form 3: Amount of Coverage A Relativity Curve Deviation: Credit varies 0.6% - 7.4%.
- Eff. 8-15-02 PC052789 [North Carolina Department of Insurance](#)

108. **Mosaic Insurance Company**

- Discount on Installment Payment Plan: \$1 - \$2 charge.
- Three or Four Family Dwelling Discount.
- Townhouse or Rowhouse Discount.
- Waterbed Liability waived.
- Base Premium Deviation.
- Forms 2, 3, 4, 6 or 8: Deviation by Amount of Insurance.
- New Home Discount: 0-9 yrs. of age: Credit varies 2%-9%.
- Protective Devices Discount: Credit varies 1%-7%.
- Multi Policy Discount: 5% of the base premium.
- Personal Property Increased Limits Discount: \$2 rate per \$1000.
- Personal Property Replacement Cost Coverage Discount.
- Form 4: Building Additions & Alterations Increased Limits Deviation.
- Personal Property Increased Limits of Liability: Charge varies by additional amount of insurance.
- Rented Personal Property: No charge.
- Form 6: Coverage A - Dwelling Basic & Increased Limits Deviation.
- Forms 3 & 3 Plus: Inflation Guard Discount.
- Watercraft Discount: Up to 50 HP, no charge.
- Business Pursuits Discount.
- Form 3 Plus: Personal Injury Liability: No charge.
- Eff.10-18-00 PC035279 [North Carolina Department of Insurance](#)

109. **NGM Insurance Company**

- Age of Dwelling Deviation: Forms HO 00 02, HO 00 03 and HO 00 05.
- Combined Personal Protection Program.
- Deductible credits/charges, factor varies by ded amount.
- Protective device credits.
- Replacement Cost on Contents.
- Specified Additional Amount of Insurance Coverage A Dwelling.
- Personal Property Replacement Cost.
- Personal Injury.
- Water Back-up of Sewers or Drains.
- Credit Card, Fund Transfer Card, Forgery, & Counterfeit Money.
- Special Computer Coverage.
- Coverage C Special Limits of Liability.
- Fire Department Service Charge.
- Charge to increase Coverage D to 30% of Coverage A.

- Installment Payment Plan Deviation.
- Coverage A relativities for Preferred and Revitalized.
- Ordinance or Law Deviation – Increased Amount of Coverage.
- Refrigerated Property Coverage.
- Insurance Score Discount factor varies by Insurance Score.
- Eff. 12-4-11 NGMC-127788354 [NCDOI](#)

110. **National General Insurance Company**

- All Forms: Protection Device Credits: Variable credits from 2% to 15%.
- All Forms, except 4 & 6: Deductible/factors; \$100-1.10 - no minimum or maximum charge; \$500-.90; \$1000-.80.
- Forms 4 & 6: Deductible/factors; \$100/\$250 theft - 1.05. No minimum or maximum charge; \$500-.90; \$1000-.77.
- Form 3: New/Renovated Home Discount; Variable credits based on age of dwelling & type of renovation.
- Forms 4 & 6: Thrifty Fifty Discount; 10% credit if insured meets criteria.
- Forms 1, 2 & 3: \$5 Photo Credit New Business.
- Form 4: Building additions & alterations increased limits \$5 per \$1000 of insurance.
- Form 6: Coverage A Dwelling; Basic & Increased Limits, \$5000 Coverage A is provided at no additional charge. Charge \$5 per \$1,000 for increased limit up to total of \$15,000.
- Forms 4 & 6: Loss of Use; Increased limits \$3 per \$1000 of additional insurance.
- Form 3: Base rate deviation; Rating factor of .80 applies.
- Form 6: Base rate deviation; Rating factor of .80 applies.
- Installment Payment Plan: Two payment plan - \$2 per installment.
- Eff. 6-1-99

111. **National Specialty Insurance Company**

- Forms 2 & 3: Base deviations vary by amounts of insurance - \$55,000 - \$120,000 & over; Territory 34 Cumberland County - 0% - 22.1%; Territories 32, 33, 35 & 41 - 0% to -35.1% deviations vary by amount of insurance. \$50,000 - \$120,000 & over; all other territories 0% - 35.1%. Deviation vary by amounts of insurance \$50,000 - \$120,000 & over.
- Forms 4 & 6: 10% credit applies to optional coverages that are applicable exclusively to Forms 4 & 6.
- All Forms, except 4 & 6: 20% credit applies to optional coverages.
- Forms 2, 3 & Homeowners Plus: Fixed dollar amount deductible credits; \$500-10%; \$1000 - 17%.
- Forms 4 & 6: Fixed dollar amount deductible; \$500 - 10%; \$1000 - 23%.
- Homeowners Plus Package: Form 3 Credit for amount of insurance \$50,000-\$69,000 - 10%; \$70,000 - 110,000 - 11%; \$120,000 - \$170,000 - 12%; \$180,000 - \$200,000 - 13%, each additional \$10,000 - 0% when special requirement are met.
- Forms 4 & 6: 10%.
- Forms 2, 3 & Homeowners Plus: New home credit - 25% current yr.; 2.5% less credit each added yr.
- Premium credit for alarm systems HO 216: 2-15%.
- All Forms: Manned Security Discount: 10% additional when property is residential area with limited entry & exit points manned by employed uniformed security guards.
- All Forms: 55 & Retired Discount: 10% if one insured is 55 or older & both insured & spouse, if any, are neither gainfully employed or seeking gainful employment. Residence must be principal residence of applicant.
- Earthquake Coverage: Superior construction will be rated same as frame construction.
- Form HO-6: Coverage A increased limits; \$3 for each additional \$1000.
- Form HO-6: Units regularly rented to others HO-33; Charge 25% of base premium.
- Eff. 5-1-92 *Name changed from State National Specialty Company effective 3/16/04*

112. **National Surety Corporation**

- Protective Device Credits: All forms & all territories: 1% - 15% credit applies to company base premium.
- Portfolio Credit: 5% credit applies to all homeowners policies when Personal Catastrophe Coverage and Personal Inland Marine Coverage is written with Company.
- Eff 12-01-03 PC065123 [North Carolina Department of Insurance](#)

113. **National Union Fire Insurance Company of Pittsburgh**

- Territorial Base Rate Deviation.
- Amount of Insurance Relatives Deviation.
- Maximum Credit for Protective Devices waived.
- Higher Deductible Credit.

- Increased Coverage C Limit Deviation.
- Renovated House Credit.
- Gated Community Credit.
- Loss Free/ Persistency Credit.
- Eff. 10-13-00 PC037427 [North Carolina Department of Insurance](#)

114. **Nationwide Mutual Fire Insurance Company**

- Nationwide Territory Deviation Forms HO 02, HO 03 & HO 05.
- Home & Car Deviation.
- Amount of Insurance Deviation.
- Personal Property Replacement Cost Deviation.
- Deductible Deviations.
- Protective Device Deviations by territory: Credit varies.
- Safe Home Rating Plan Deviation.
- Age of Home Component.
- Age of Construction Deviation.
- Nationwide Associate.
- Eff. 8-31-12 NWPC-128269916 [NCDOI](#)

115. **Nationwide Mutual Insurance Company**

- Nationwide Territory Definitions Forms HO 02, HO 03, HO 04, HO 05, and HO 06.
- Home and Car Deviation Forms HO 02, HO 03, HO 05, and HO 06.
- Deductible Deviations.
- Protective Device Deviation.
- Safe Home Rating Program – Form HO 02, HO 03, HO 05 and HO 06.
- Age of oldest Insured.
- Personal Status Deviation.
- Age of construction deviation.
- Amount of Insurance – Forms HO 02, HO 03, and HO 05.
- Age of Home Component Deviation.
- Home Purchase Deviation.
- Nationwide Associate Deviation.
- Prior Insurance Deviation Forms HO 02, HO 03 and HO 05.
- Eff. 8-31-12 NWPC-128269959 [NCDOI](#)

116. **Netherlands Insurance Company**

**Preferred Homeowners**

- Personal Property Increased Limits: Forms 3, HE-7, HE-7w/20 & HE7w/21 \$.50 per \$1000 of insurance
- Deductible amounts deviation Credit: Forms 3, 4, 6, HE-7, HE-7w/20 & HE-7w/21 :Credit varies
- New Home Credit: Forms 3, HE-7, HE-7w/20 & HE-7w/21: Credit varies.
- Protective Device Credit: Forms 3, HE-7, HE-7w/20 & HE-7w/21: Credit varies
- Base Rate Deviation by Territory Forms 3, HE-7, HE-7w/20 & HE7-21:: Credit varies.
- Form 4: 3% Key Premium Deviation by Territory.
- Form 6: Key Premium Deviation: Credit varies 29.3%-31.6%.
- Forms 3, HE-7, HE-7w/20 & HE-7w/21: HO-3211- Replacement or Repair Cost Protection: Premium charge \$5.
- Forms 3, 4, 6, HE-7, HE-7w/20 & HE-7w/21: 15% deviation for policies written as part of Personal Protector Package Policy.
- Water Craft Deviation of 70%.
- Base Rate Deviation on HE-7, HE-7w/20 & HE-7w/21: HE-7 factor - 1.15; HE-7w/20 factor - 1.20; HE7w/21 - 1.25.
- Amount of Coverage A Relativity: Deviation varies .6% - 7.4%.

**Standard Homeowners**

- Personal Property Increased Limits Forms 3, HE-7, HE-7w/20 & HE-7w/21: ; \$.50 per \$1000 of insurance.
- Deductible Credits; Forms 3, HE-7, HE-7w/20 & HE-7w/21: credit varies.
- New Home Credit: Forms 3, HE-7, HE-7w/20 & HE-7w/21: 0 -12 yrs. of age: Credit varies 0% - 25%.
- Protective Device Credit: Forms 3, HE-7, HE-7w/20 & HE-7w/21: Credit varies 2% - 15%.
- Base rate deviation by territory: Forms 3, HE-7, HE-7w/20 & HE-7w/21 Credit varies
- Base Rate Deviation HO 6 by territory: Deviation varies.

- Base Rate Deviation on HE-7, HE-7w/20 & HE-7w/21: credit varies
- Replacement or Repair Cost Protection: Forms 3, HE-7, HE-7w/20 & HE-7w/21: HO-3211 Premium charge \$5.
- Deviation will apply to HO 3 standard, HE 7 standard HE7/w20 standard, HE 7/ w21 standard for monoline homeowners premiums when they are written as part of the Personal Protector Package Policy.
- Water Craft Deviation of 70%.
- Amount of Coverage A Relativity curve: Deviation varies .6% - 7.4%.
- Eff 10-15-02 PC053999 [North Carolina Department of Insurance](#)

117. **New Hampshire Insurance Company**

- Forms 1, 2, 3, 3w/15 4 & 6: Age of dwelling credit; 0-20 yrs. - 10%.
- Replacement or Repair Cost prot. Coverage A (HO-500): \$1 per policy.
- Eff. 7/1/87

118. **New South Insurance Company**

- Deviation by Amount of Insurance: Coverage A amount: \$50,000 - \$250,000 & above based on territory.
- Long-term Customer Discount: 5-9 yrs. with Co. on HO policy - 5%; 10 yrs. or longer with Co. on HO policy - 10%.
- Deductible Credits.
- Form 6: 15%.
- Delete surcharge for \$100 deductible.
- Replacement Cost- Coverage C: Delete surcharge for replacement cost on contents.
- Eff. 5-1-92

119. **North Carolina Farm Bureau Mutual Insurance Company**

- Personal Property (Coverage C) Replacement Cost.
- Deductible Credits.
- Deductibles – Windstorm or Hail Deductibles.
- Personal Property.
- Additional Residence Rented to Others.
- Other Structures Rented to Others - Residence Premises.
- Outboard Motors and Water Craft.
- New Home Deviation, Forms HO 00 02 and HO 00 03.
- Enhancement Deviation.
- Value-Plus Deviation.
- Carolina Partner Plus Discount.
- Company Deviations.
- Deviation Forms HO 00 02 and HO 00 03.
- Deviations by territories 07, 08, 48, 49, 52.
- Deviations Forms HO 00 04 and HO 00 06.
- Windstorm or Hail Exclusion Credits.
- Eff. 7-1-13 NCFB-128969331 [NCDOI](#)

120. **North River Insurance Company**

- Forms 1, 2, 3 & 3 w/15: Age of dwelling credit; 0 - 1 yr. - 20%; 2% less credit each added yr.
- Preferred plan deviation for owners forms: Varying credits based on amount of insurance & territory.
- Forms 1, 2, 3 & 3 w/15: Replacement cost contents for preferred owners forms to \$1 per \$1000 of increased Coverage C.
- All Forms: Replacement cost on contents; Deletion of \$20 minimum additional premium.
- Forms 1, 2, 3 & 3 w/15: Higher deductible credits factors; \$500 - .89; \$1000 - .80; \$2500 - .67.
- Forms 4 & 6: Higher deductible credits factors; \$500 - .83; \$1000 - .67; \$2500 - .54.
- Premises Alarm System: Expand table of credits for protection classes 1 - 7 to include class 8.
- Form 6: 20%.
- Eff. 3-1-90

121. **Northern Assurance Company of America**

- New Home Credit.
- Personal Property Replacement Charge Reduced to \$1 per \$1,000.
- Additional Limits of Liability for Coverage A.

- Protective Devices Credits.
- No charge for Inflation Guard Endorsement.
- Fixed dollar amount deductibles.
- 5% discount for insured age 49 or older.
- Deviation to form HE-7.
- Deviation by Amount of Insurance for Coverage A between \$250,000 and \$500,000.
- Windstorm or Hail Deductibles.
- Eff. 8-15-02 PC053955 [North Carolina Department of Insurance](#)

122. **Northern Insurance Company of New York**

- Forms 1, 2, 3 & 3w/15: Age of dwelling credit.
- Forms 1, 2, 3 & 3 w/15: Replacement or repair cost protection HO-500.
- Forms 4 & 6: Replacement Cost on Contents.
- Forms 1, 2 & 3: Charge \$1 per \$1000 for increase in Coverage C limits.
- Eff. 2-15-92

123. **OneBeacon America Insurance Company**

- New Home Discount.
- Personal Property Replacement Charge Reduced to \$1 per \$1,000.
- Additional Limits of Liability for Coverage A.
- Protective Devices Credits.
- No charge for Inflation Guard Endorsement.
- Fixed dollar amount deductibles.
- Deviation on HO 00 06 Coverage A Increased Limits.
- Deviation to Form HO 00 06 rates.
- 5% discount for insured age 49 or older.
- Deviation to form HE-7.
- Deviation by Amount of Insurance for Coverage A between \$250,000 and \$500,000.
- Windstorm or Hail Deductibles.
- Eff. 8-15-02 PC053954 [North Carolina Department of Insurance](#)

124. **OneBeacon Insurance Company**

- Replacement on contents endorsement.
- Protective Devices Credit.
- Personal Property Increased Limits.
- Account Credit when the named insured insures personal auto in any of the General Accident Companies.
- Fixed Dollar Amount Deductible.
- New Home Credits.
- Eff 4-15-96

125. **OneBeacon Midwest Insurance Company**

- All Forms, except 4 & 6: New Home Discount; 0-1 yr. old -20%; 2% less credit each added yr. to 10th yr.
- Forms 2 & 3: Personal Property Replacement Cost; Charge to increase Coverage C to 70% of Coverage A; \$1 per \$1000.
- Replacement or Repair Cost Protection Coverage A (HO-3211): \$5 premium charge.
- Protective Devices Credits: PPC 1-7 - 2%-15%; PPC 8-9 - 1%-15%; Maximum credit of 20% applies.
- All Forms, except 4 & 6: Provide Inflation Guard endorsement coverage at 6% amount of annual increase at no charge.
- All Forms, except 4 & 6: Fixed Dollar Amount deductibles: \$500-15%; \$1000-21%; \$2500-38%.
- 5% discount for insured age 49 or older.
- Deviation to Enhancement Forms HE-7; HE-7w/20 & HE-7w/21: Credits vary.
- Deviation by amount of Coverage A: \$250000 - \$500000. Variable credits.
- Windstorm or Hail Deductibles
- Eff. 8-15-02 PC053952 [North Carolina Department of Insurance](#)

126. **Owners Insurance Company**

- Key factors.

- Deductibles - Waiver of Minimum Charges.
- Protective Device Credit.
- Protective Device-Alarm Systems.
- Mature Homeowners Discount.
- Townhouse or Row House discount factors.
- Credit Card, Fund Transfer Card, Forgery and Counterfeit Money.
- Form HO 00 06 Coverage A Dwelling Increased Limits and Special Coverage.
- Loss Assessment Coverage.
- Personal Injury coverage-no charge.
- Special Personal Property Coverage HO 00 05.
- Multi-Policy Discount.
- Section II, Liability-watercraft.
- Life-Homeowners Multi Policy Discount.
- Insurance Score Credit.
- Home/Umbrella Multi-Policy discount.
- Paid in full discount.
- Personal Property Increased limits.
- Claim Free Discount.
- Loss History Rating.
- All forms except HO00 04 and HO 00 06.
- Mortgage Free Discount.
- Protection Class Relativities.
- Age of construction discount.
- Base Class Premium.
- Windstorm or Hail Exclusion.
- Windstorm Mitigation.
- Changes or Cancellations.
- Theft Coverage.
- Company Deviation.
- Minimum Premium.
- .Eff 8-9-13 AOIC-127839403 [NCDOJ](#)

127. **Pacific Employers Insurance Company**

- Forms 1, 2 & 3: Fixed dollar deductible credits; \$500-11%; \$1000-21%; \$2500-34%.
- Form 4: Fixed dollar deductible credits; \$500-11%; \$1000-25%; \$2500-40%.
- Rate for increase in Coverage C: \$1 per \$1000.
- Forms 1, 2 & 3: Replacement Cost Coverage Charge shall be 4% of adjusted base premium. Coverage C must also be increased to 70% of Coverage A at \$1 per \$1000.
- Protection Device Credits: All zones & all protection classes; Credits vary 2%-15%.
- New Home Discount: Credit varies 2% -20% based on age of dwelling. Credit applies to base premium.
- Base Rate Deviation: Homeowners -25%; Tenants -15%; Condominiums -20%.
- Eff. 2-24-98

128. **Pacific Indemnity Company**

- Base Premium Computation - Forms HO 00 04 and HO 00 06.
- Base Premium Computation by territory and forms HO 00 02, HO 00 03, HO 00 05 and HE 00 07.
- Protective Devices – Maximum Credit of \$75. is deleted.
- Deductibles - Optional Higher Deductibles.
- Deductibles – Named Storm Percentage Deductible.
- Additional Amount of Insurance deviation. Forms HO 00 02, HO 00 03 & HO 00 05.
- Water Back-Up and Sump Discharge or Overflow.
- Gated Community Credit.
- Eff 6-4-12 CHUB-127974218 [NCDOJ](#)

129. **Peerless Insurance Company**

- Protective devices.
- Base Premium Computation (HO 00 06).

- Installment Payment plan – no charge for each installment for Electronic Fund Transfer.
- Eff. 9-1-12 LBRM-128206895 [NCDOI](#)

130. **Pennsylvania General Insurance Company**

- All Forms, except 4 & 6: New home credit; Current yr. - 20%; 1 yr. old -18%; 2 yrs. old -16%; 3 yrs. old - 14%; 4 yrs. old - 12%; 5 yrs. old - 10%; 6 yrs. old - 10%; 7 yrs. old - 8%; 8 yrs. old - 7%; 9 yrs. old - 6%; 10yrs.-6%; 11yrs-4%;12yrs-4%;13yrs-2%; 14yrs-2% .
- All Forms: Fixed dollar amount deductible factors; \$500 - .90; \$1000 - .77.
- Forms 1, 2, 3 & 3w/15: Personal property increased limits; \$1 per \$1000 of insurance.
- All Forms, except 4: Account Credit: 10% discount when named insured insures his/her personal auto in any of General Accident Companies.
- Forms 1, 2 & 3: Personal Property Replacement Cost Coverage.
- All Forms: Protective Device Credit: Credit Varies 2% - 15%.
- All Forms, except 4 & 6: 8.8% base rate deviation.
- Eff. 4-15-96

131. **Pennsylvania Lumbermens Mutual Insurance Company**

- Forms 1, 2 & 3: 10% dwellings 5 yrs. old or less; 5% dwellings 6-10 yrs. old.
- All Forms: 10%.
- Eff. 10-1-85

132. **Pennsylvania National Mutual Casualty Insurance Company**

- New Home Discount: Forms HO 00 02, HO 00 03, HO 00 05 and HE 00 07.
- Deductibles – Optional Higher Deductibles.
- Personal Property A Increased Limits.
- Preferred Program territory & protection class.
- Account Credit Program.
- Outboard motors and watercraft Deviation.
- Protective Device Credits.
- Additional Amount of Insurance HO 00 02 & HO 00 03.
- Deviation on Ordinance or Law Coverage.
- Preferred Advantage Program Deviation.
- Form HO 06 Coverage A Dwelling Basic and Increase Limits and Special Coverage.
- Credit Card, Fund Transfer Card, Forgery and Counterfeit Money Deviation.
- Loss Assessment coverage Forms HO 00 02, HO 00 03, HO 00 04, HO 00 05 and HO 00 06.
- Personal Property - Increased Special Limits of Liability.
- Personal Property – Refrigerated personal Property.
- Water Back Up and Sump Discharge or Overflow.
- Personal Injury Increased Special Limits of Liability
- Installment Charges-Recurring Payments automatically deducted.
- Affinity Group Discount.
- Agency Transfer Transaction Factor.
- Eff 7-1-13 PNPR-128976710 [NCDOI](#)

133. **Pharmacists Mutual Insurance Company**

- -25% base rate deviation.
- Waiver of premium is amended to \$5.
- Installment Payment Plan: Charge varies based on installment plan.
- Personal Package Discount: Credit varies when criteria is met.
- Automatic Adjustments of Limits: Annual 4% increase at no charge.
- Effective 5-1-07 PC102682 [North Carolina Department of Insurance](#)

134. **Phoenix Insurance Company**

- Deductible Credits HO 00 02, HO 00 03,HO 00 07, HO 00 04 and HO 00 06.
- Protective Devices.
- Personal Property Increased Limit Coverage C.
- Account Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.

- Loss Free customer Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.
- Multi-Line Insurance & Financial Services Institution Employees Credit.
- Royal SunAlliance Employee Program.
- Home Buyer Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy..
- Installment Payment Plan.
- Eff 6-1-12 TRVA-128193494 [NCDOI](#)

135. **Platte River Insurance Company**

- Age of Dwelling
- Account Credit Program: 15% discount when insured has coverage for both auto & HO policies through UIC.
- Preferred Homeowners Credit: 0% - 23% Credit by territory, pPC, construction type: Other criteria apply.
- Revitalized Home Credit for dwellings 25 yrs. or older if certain criteria is met.
- Deductible Credits: Forms 3, 4, & 6.
- Base Premium Discount for Form 6: A factor of .80 applies.
- Protective Device Credits: All Forms: Credit varies 1% - 15%.
- Replacement Cost on Contents: Forms 3, 4, & 6: Minimum premium does not apply.
- Additional Limits of Liability for Coverages A, B, C, & D: Form 3: 6% credit when certain options are selected.
- Pers Prop Replacement Cost: Form 3: 5% of base prem with min prem waived when certain options are selected.
- Personal Injury: Form 3: Charge waived if certain coverages and options are selected.
- Water Back-Up of Sewers or Drains: Form 3: Charge waived if certain coverages and options are selected.
- Credit Card, Fund Transfer Card, Forgery & Counterfeit: Form 3: Charge waived if certain coverages and options are selected.
- Special Computer Coverages: Form 3: Charge waived if certain coverages and options are selected.
- Coverage C Increased Special Limits of Liability: Form 3: Charge waived if certain coverages and options are selected.
- Fire Department Service Charge: Form 3: Increased to \$1000 in lieu of \$500 if certain coverages and options are selected.
- Form 3: Coverage D Increased to 30% of Coverage A will be deleted if certain coverages & increased limits options are selected.
- Form 3: Coverage A Relativities Deviation.
- Form 3: Ordinance or Law will be 4% of base premium if certain coverages & increased limits options are selected.
- Form 3: The charge for Refrigerated Property Coverage will be deleted if certain coverages & increased limits options are selected.
- Eff.10-1-99

136. **Privilege Underwriters Reciprocal Exchange**

- Years Renovated
- Territory Deviation
- Coverage A Deviation
- Superior Construction Credits
- Generator Credit
- Financial Responsibility Factor
- Seasonal/Secondary Home
- Occupancy Deviation
- Multi Policy Credit (Personal Automobile)
- Multi Policy Credit (Personal Excess Liability)
- Multi Policy Credit (Jewelry & Art)
- Protective Devices
- Loss Free Credits
- Renewal Credit.
- Eff 1-3-13 PRIV-128715729 [NCDOI](#)

137. **Providence Washington Insurance Company**

- Forms 2 & 3: Deviation by territory, Coverage A amount & protection class: Credit varies.
- All Forms, except 4 & 6: New Home Credit: 1 to 20 yrs. old: Credit varies 1% to 20%.

- All Forms, except 4 & 6: Deductible credits: \$500 - 10%; \$1000 - 17%; \$2500 - 25%.
- Protective Devices for all protection classes & territories: Credits vary 1%-15%.
- Forms 2, 3 & 6: 15% Multiple Policy Credit when Providence Washington writes auto & homeowner.
- Waiver of Premium: \$5 or less.
- Personal Property Replacement Cost: Minimum charge not applicable.
- Eff. 4-18-00 PC033008 [North Carolina Department of Insurance](#)

138. **QBE Insurance Corporation**

- Affinity Discount for Financial Institutions Partners Customers HO 00 04.
- Online processing discount HO 00 04.
- Eff 6-1-12 QBEC-127370538 [NCDOI](#)

139. **Republic-Franklin Insurance Company**

Edge Program

- Protection Classification credit.
- Edge Program Tiered.
- Personal Property.
- Mass Merchandising Plan.
- Affinity Group-Wise Program.
- Personal Lines Account Credit.
- Package Additional Coverages.
- Flexible Hose Credit.
- High Efficiency Gas Furnace Credit Rule.

Essentials Program

- Protection Classification credit.
- Personal Property.
- Personal Lines Account Credit.
- Homeowners Extension Package.
- Flexible Hose Credit.
- High Efficiency Gas Furnace Credit Rule.
- Edge Essential Program Tiered Rating.
- Eff 11-15-12 UTCX-G128669380 [NCDOI](#)

140. **Response Worldwide Insurance Company**

- Protective Devices Discount: 3% for deadbolt locks on all main doors & fire extinguishers in house.
- Forms 1, 2, 3 & 3w/15: Deductible Credits; \$500 - 12%; \$1000 - 24%; \$2500 - 36%.
- Forms 4 & 6: Deductible Credits; \$500 - 17%; \$1000 - 30%; \$2500 - 37%.
- Replacement or Repair Cost Protection (HO-500); Waive \$5 charge.
- Forms 4 & 6: 10% deviation.
- Forms 4 & 6: Personal Property (Coverage C) Replacement Cost: 1.30 factor applies.
- Eff. 1-15-95

141. **Safeco Insurance Company of America**

- Deductible Debit/Credits.
- Account Credit: all forms certain criteria apply.
- Credit Card, fund transfer card, forgery and counterfeit money coverage.
- Medical Payments/Other Exposures/Higher Limits Deviation: all forms.
- Other Insured Locations Occupied by Insured.
- Special Personal Property Coverage – Coverage C (HO32 35)
- Market Tier Relativities.
- Employee Discount Plan.
- Company Territory Definitions.
- New Buyer discount.
- Age of Roof Discount.
- Eff. 7-1-13 LBRM-128890087 [NCDOI](#)

142. **Safeco Insurance Company of Indiana**

- Form 3: Preferred Business; 25% off Bureau rates when eligibility guidelines are met.
- Form 3: Standard Business; 5% off Bureau rates when eligibility guidelines are met.
- Form 6: 17% off Bureau rates when eligibility guidelines are met.
- Form 3: Preferred Business; Guaranteed Replacement Cost Coverage A charged waived.
- Form 3: New Home Credit; During calendar yr. - 10%; 1% additional credit each added yr. to 9th yr
- Eff. 2-15-95

143. **Seaton Insurance Company**

- Form 3: Credits vary by protection class, & Coverage A dwelling amounts; Coverage A amount under \$40000 - \$1000000 & over. Credit varies 0% - 19% based on territory.
- Form 3: Personal Property Replacement Cost; Delete 5% surcharge.
- Form 6: 19% to be applied to base rate of 10% off Form HO-4.
- Form 3: Fixed Dollar Amount Deductibles Credits; \$500-9%; \$1000-17%; \$2500-25%.
- Forms 4 & 6: \$500-10%; \$1000-23%; \$2500-37%.
- Form 3: New Home Credit; Current yr. - 20%; 2% less credit each added year.
- Personal Property Coverage C increased limits: Form 3; \$1; Form 3w/15 - \$2.
- Protection Device Credit: 5% in all territories & protection classes for an installed smoke detector, fire extinguisher & dead bolt locks.
- Reduced rates for Outboard Motors & Water Craft liability.
- Forms 3, 4 & 6: Personal Injury Coverage; HO-82 included at no charge.
- Form 3: Deviation of territorial relativities varies 0.0% - 15.8%.
- Form 4: 5% credit off base rates.
- Forms 4 & 6: Personal Property Replacement Cost Coverage; Surcharge reduced from 1.40 to 1.30.
- Eff. 6-13-94

144. **Select Insurance Company**

- Forms 1, 2, 3 & 3 w/15: 15%.
- Eff. 2/8/86

145. **Selective Insurance Company of South Carolina**

- Forms 4 & 6: 25%.
- Forms 1, 2, 3 & 3w/15: Replacement Cost on Personal Property; Delete 5% surcharge.
- Forms 4 & 6: RC Personal Property; shall be \$1 per \$1000 of ins. applied to Coverage C.
- Protective Devices Credit: Factors vary .85 to .98.
- All Forms, except 4 & 6: Fixed dollar amount deductible factors.
- Amount of Insurance Deviation: \$60000 - \$140000: Credit varies 0%-25%.
- Age of Dwelling Credits: New 20%; 1 yr. old 18%; 2% less credit each added yr. through 9th yr.
- Eff. 5/1/92

146. **Selective Insurance Company of the Southeast**

- Credit for protective devices: Factors vary .85 to .98.
- Forms 1, 2, 3, & 3 w/15: Replacement cost on personal property; Delete 5% surcharge.
- Forms 4 & 6: Charge an annual additional premium of \$1 per \$1000 of insurance applied to Coverage C. Minimum limit of Coverage is \$12000.
- All Forms, except HO 4 & HO 6: Fixed dollar amt ded factors; \$500 - .85; \$1000 - .80; \$2500 - .70.
- Amount of Insurance Deviation: \$20000 - \$75000; Credits vary 3.0% - 10.0%.
- Eff. 5-1-2

147. **Sentry Insurance A Mutual Company**

- All Forms, except 4 & 6: Fixed dollar amt ded; Factors for Cov A limits: \$500 ded. - .91; \$1000 ded. - .79; \$2500 ded. - .62.
- Eff. 11-1-96

148. **Service Insurance Company**

- Year of Construction Deviation by territory: Credit varies 3% - 30%.
- Deviation for Masonry Construction by protection class: Credit varies.
- Form 3: 10% Base Deviation by territory.

- Claim Free Credit: 5% applied to base premium: Not available in terr 5,6,42,43. Certain criteria apply.
- Mature Homeowner Credit: 5% credit by territory: Certain criteria apply.
- Gated Community Credit: 5% credit by territory: Certain criteria apply.
- Form 3: Increased Limit of Personal Property: \$1 per 1000.
- Windstorm or Hail Deductible Deviation: Credit varies.
- Key Premium Factors Deviation.
- 2% Protective Device Credit for auto smoke detectors, fire extinguishers & deadbolt locks on all exterior doors.
- Maximum Allowable Credit – The max allowable credit for newly constructed dwellings, gated community, and claim free combined, is limited to 30%.
- Auto Companion Credit: 4% credit when criteria are met.
- Deductible Credit Discounts.
- Percent Windstorm or Hail Deductibles Deviation.
- HO-6 Base Class Premium; Credit varies based on territories.
- HO-6 Protection-Construction factor deviation.
- HO-6 Key Premium Factor Deviation.
- Eff. 6-1-03 PC061674 [North Carolina Department of Insurance](#)

149. **Southern Guaranty Insurance Company**

- Form 3 & HE-7: Deviation by Territorial Relativities.
- Form 4: Deviation by Territorial Relativities.
- Form 6: Deviation by Territorial Relativities.
- Form 3 & HE-7: Amount of Insurance Deviation.
- Form 3 & HE-7: New Home Credit; 1 yr. - 18%; 2% less credit each added yr. to 9th yr.
- All Forms, except 4 & 6: Deductible Credits; \$500-.91; \$1000-.83; \$2500-.75. Forms 4 & 6: \$500-.90; \$1000-.77; \$2500-.63.
- Forms 4 & 6: Personal Property (Coverage C) Replacement Cost Coverage; Factor 1.30 from 1.40.
- Reduced charge for Personal Property Increased Limits: Form 3 - \$1; Form 3w/15 - \$2.
- Reduced rates for Outboard & Water Craft Liability.
- Forms 3, 4 & 6: Personal Injury Coverage at no charge.
- Form 3 & HE-7: Exceptional Homeowner: 10% credit when criteria are met.
- Protective Devices Credit: Credit varies.
- Multi-Policy Credit: 5% credit applies when insured has personal auto & homeowners with Southern Guaranty Insurance Company.
- Eff. 1-1-01 PC038720 [North Carolina Department of Insurance](#)

150. **Southern Insurance Company of Virginia**

**PREFERRED**

- Territory Deviation; for form HO 00 02, HO 00 03, and HO 00 05 Credit varies.
- Optional Deductible Credits: Change in credit for increasing the deductibles based on Coverage A limit.
- Protective Device Credits Combined – credit varies.
- Additional Amounts of Insurance – form HO 03 and HO 05.
- Personal Property Replacement Cost HO 00 02, HO 00 03 and HO 00 05.
- Southern Homeowners Account Credit Plan.
- Credits for newer homes.
- Outboard Motors and Watercraft reduced rates.
- HE-00 07 Program – 10% credit for policies written with HE 00 07, HE 00 07 with HE 32 20 or HE 00 07 with HE 32 21.
- Automatic Payment Plan.
- Multi-Protector Plus-Coverage C Increase Special Limits of Liability.
- Multi-Protector Plus – Business Property.
- Multi-Protector Plus-Personal Injury Coverage
- Multi-Protector-Water Backup
- Multi-Protector Plus-Refrigerated Property
- Multi-Protector Deluxe-Coverage C Increase Special Limits of Liability
- Multi-Protector Deluxe-Business Property
- Multi-Protector Deluxe Personal Injury Coverage
- Multi-Protector Deluxe Water Backup

- Multi-Protector Deluxe Refrigerated Property
- Multi-Protector Deluxe Loss Assessment Coverage
- Multi-Protector Elite Coverage C Increased Special Limits of Liability
- Multi-Protector Elite Business Property
- Multi-Protector Elite Personal Property Replacement Cost Coverage
- Multi-Protector Elite Personal Injury Coverage
- Multi-Protector Elite Water Backup
- Multi-Protector Elite Refrigerated Property
- Multi-Protector Elite Loss Assessment Coverage
- Multi-Protector Elite Increased Ordinance or Law Coverage
- Multi-Protector Elite Increased Section II Limits of Liability

**STANDARD**

- Territory Deviation for HO 00 02, HO 00 03, and HO 00 05.
- Optional Deductible Credits: Change in credit for increasing the deductibles based on Coverage A limit.
- Protective Device Credits Combined – credit varies.
- Additional Amounts of Insurance – form HO 03 and HO 05.
- Personal Property Replacement Cost HO 00 02, HO 00 03 and HO 00 05.
- Personal Property Replacement Cost Coverage HO 00 04 and HO 00 06.
- Credits for newer homes.
- Outboard Motors and Watercraft reduced rates.
- HE-00 07 Program – 10% credit for policies written with HE 00 07, HE 00 07 with HE 32 20 or HE 00 07 with HE 32 21.
- Southern Homeowners Account Credit Plan.
- Automatic Payment Plan.
- Multi-Protector Plus-Coverage C Increase Special Limits of Liability.
- Multi-Protector Plus – Business Property.
- Multi-Protector Plus-Personal Injury Coverage.
- Multi-Protector-Water Backup.
- Multi-Protector Plus-Refrigerated Property.
- Multi-Protector Deluxe-Coverage C Increase Special Limits of Liability.
- Multi-Protector Deluxe-Business Property.
- Multi-Protector Deluxe Personal Injury Coverage.
- Multi-Protector Deluxe Water Backup.
- Multi-Protector Deluxe Refrigerated Property.
- Multi-Protector Deluxe Loss Assessment Coverage.
- Eff 1-1-09 DNGL-125861191 [North Carolina Department of Insurance](#)

151. **Southern Pilot Insurance Company**

- Deviation by Territorial Relativities (HO-3 and HE-7).
- Deviation by Territorial Relativities (HO-4)
- Deviation by Territorial Relativities (HO-6).
- Amount of Insurance Deviation (HO-3, HO-5 and HE-7).
- New Home Credits
- Optional Deductible Credits.
- Personal Property (Coverage C) Replacement Cost Coverage.
- Reduced Charge for Personal Property Increased Limits.
- Reduced Rates for Outboard Motors and Watercraft Liability.
- Personal Injury Coverage At No Charge.
- Protective Devices Credit.
- Deviation for Multi-Policy Credit.
- HE-7 Level of Enhancement Factor.
- Eff. 5-5-13 QBEC-128993825 [NCDOI](#)

152. **SPARTA Insurance Holdings**

- New Home Credit All Forms, except 4 & 6; 0-1 yr. old - 20%; 2% less credit each added yr. to 10th yr.
- Personal Property Replacement Forms 2 & 3: Cost; Charge to increase Cov C to 70% of Cov A; \$1 per \$1000.
- Additional Limit of Liability for Coverage A. HO 3211. \$5 premium charge.

- Protective Devices Credits: PPC 1-7 - 2%-15%; PPC 8-9 - 1%-15%: Maximum credit of 20% applies.
- Inflation Guard Endorsement (HO-243) at 6% - at no charge.
- Fixed dollar amount deductible credits Forms 2 & 3:- \$500-15%; \$1000-21%; \$2500-38%.
- Fixed dollar amount deductible credits Forms 4 & 6:; \$500-10%; \$1000-23%; \$2500-37%.
- Increased Coverage A limits HO-6 \$3000 coverage A at no additional charge. Coverage A limit may be increased.
- Form 6: 6.4% deviation.
- 5% discount for insured age 49 or older.
- Form HE-7; HE7w/20 & HE7w/21: Reduced Factors.
- Deviation by amount of insurance for Coverage A \$250,000 - \$500,000. Variable credit.
- Windstorm or Hail Deductible credit varies by amount of deductible
- Eff. 8/15/02 PC053953 [North Carolina Department of Insurance](#)

153. **St. Paul Fire & Marine Insurance Company**

- Forms 1, 2, 3 & 3 w/15: New Home Discount: Yr. of construction; 0-1 yr. of age - 15%; 2-3 yrs. - 13%; 4-5 yrs. - 11%; 6-7 yrs. - 9%; 8-9 yrs. - 7%; 10-11 yrs. - 5%; 12-15 yrs. - 3%.
- Forms 1, 2, 3 & 3 w/15: Personal Property Replacement Cost; No charge for Cov C increase from 50% to 70%.
- Forms 4 & 6: 30% surcharge to basic premium (after higher deductible credit) & for attaching HO-50.
- All Forms: Minimum premium \$15 per policy.
- Eff. 9-23-92

154. **St. Paul Guardian Insurance Company**

- Operation Identification Credit: 5% rate credit on Basic Homeowners Insurance Premium.
- New Home Discount: 0-1 yr.-18%; 2-3 yrs -15%; 4-5 yrs.-10%; 6-7 yrs -8%; 8-9 yrs -7%; 10-11 yrs.-5%; 12-15 yrs.-3%.
- Personal Injury Protection (Form HO-82) provided at no additional charge.
- Forms 3, 3 w/15, 4, 6, HE-7 & HE-7w/HE20: Deductible credits: \$500 - 11%; \$1000 - 23%; \$2500 - 37%.
- Form 6: 14.5% off St. Paul Guardian HO-4 rates.
- Form 3: Deviation on policy amount Relativities by territory; Variable credits.
- Form 4: Deviation on base rates by territory; Variable credits.
- Forms 4 & 6: Deviation on policy amount Relativities by territory; Variable credits.
- Form 3: Replacement or repair cost Coverage A (HO-500) provided at no charge.
- Protective Devices Credit & Home Safety Coverage Credits.
- Business Pursuits Section II coverage: All classifications will be rated same as rate shown for clerical employees.
- Water Craft: Same charge applies for lengths over 15 - 26 feet & over151 horsepower as to lengths up to 15 feet & below 151 horsepower.
- Home Day Care: Rated at Bureau rates for Permitted Incidental Occupancies (HO-42).
- Forms 3, 3w/15, 4 & 6: Pers prop replacement cost (HO-290) coverage is provided at no additional charge.
- Homeowners PAK II Credit: Forms 3, 4, 6 & HE-7; 10% when insured qualifies for PAK II Program for terr 32 - 43.
- Base premiums for HE-7 policies: No additional charge.
- Base premium for HE-7w/HE-20 policies: +2.0% above St. Paul Guardian HO-3 rates.
- Base premium for HE-7w/HE-21 policies: +4.0% above St. Paul Guardian HO-3 rates.
- Renewal Credit: credit when insured maintains consecutive yrs. of both auto & homeowners coverage with the St. Paul, 3-5 yrs. Credit varies 3%-5%.
- Forms 3 & 3w/15: Personal property increase limits; \$1 per \$1000 of insurance.
- Installment Payment Plan: \$2 charge each installment unless Electronic Funds Transfer billing option is selected, then no charge.
- Employee Discount: 20% new business: 15% renewals.
- Eff. 3-1-00

155. **St. Paul Mercury Insurance Company**

- Operation Identification Credit: 5%.
- New Home Discount: 0-1 yr. - 15%; 2-3 yrs. - 13%; 4-5 yrs. - 11%; 6-7yrs. -9%; 8-9 yrs. -7%; 10-11 yrs. -5%; 12-15 yrs. -3%.
- Personal Injury Protection (HO-82) provided at no additional charge.
- Personal Property Replacement Cost (HO-290) coverage is provided at no additional charge.
- Forms 3, 3 w/15, 4 & 6: Deductible credits; \$500 - 11%; \$1000 - 23%; \$2500 - 37%.
- HO-6: 15% on Companies HO-4 rates.

- HO-3: Deviation on base rates by territory; Credit varies 15.5% - 37.2%.
- Form 4: Deviation on base rates by territory; Credit varies 16.0% - 29.6%.
- Forms 4 & 6: Deviation on policy amount Relativities by territory; Credit varies 0.1% - 3.1%.
- Form 3: Replacement or repair cost Coverage A (HO-500) provided at no charge.
- Protective Devices Credit & Home Safety Coverage Credits.
- Business Pursuits Section II Coverage: All classifications will be rated same as rate shown for clerical employees.
- Water Craft: Same charge apply for lengths over 15-26 ft. & over 151 horsepower as to lengths up to 15 ft. & below 151 horsepower.
- Home Day Care: Rated at Bureau rates for Permitted Incidental Occupancies (HO-42).
- Installment Payment Plan: \$2 charges each installment.
- Eff. 3-1-95

156. **Standard Fire Insurance Company**

- Deductible Credits HO 00 02, HO 00 03 and HE 00 07 Homeowners policy written in conjunction with Private Passenger Automobile policy.
- Protection Devices.
- Personal Property - Increased Limit Coverage C.
- Account Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.
- Loss Free Customer Credit Homeowners policy written in conjunction with Private Passenger Automobile policy.
- Home Buyer Credit Homeowners policy written in conjunction with Private Passenger Automobile policy.
- Installment Payment Plan.
- Eff. 6-1-12 TRVA-128193359 [NCDOI](#)

157. **Starr Indemnity & Casualty Company**

- All Forms: Personal Prop Replacement Cost; Minimum additional premium for coverage is deleted.
- All Forms: Protective Devices; Maximum credit allowed is deleted.
- All Forms, except 4 & 6: Fixed dollar amount deductible credits.
- Eff. 4-1-95

158. **State Automobile Mutual Insurance Company**

- Auto/Home Discount.
- Credits for Protective Devices
- Age of Dwelling Credit.
- Increased Coverage C.
- Protection Class 9 Rates.
- Prime of Life Discount, Age 55 and older.
- Townhouse /Row House.
- Three or Four Family Dwellings.
- Residence Held in Trust.
- Base Premium.
- Ordinance or Law Coverage.
- Boating Course Credit.
- Watercraft Membership Credit.
- Eff 7-1-13 STAT-128873516 [NCDOI](#)

159. **State Auto Property & Casualty Insurance Company**

- Credits for Protective Devices
- Increased Coverage C.
- Protection Class 9 Rates.
- Townhouse /Row House.
- Three or Four Family Dwellings.
- Residence Held in Trust.
- Ordinance or Law Coverage.
- Boating Course Credit.
- Watercraft Membership Credit.
- Eff. 7-1-13 STAT-128873508 [NCDOI](#)

160. **State Farm Fire & Casualty**

- Deviation by Amount of Insurance HO 00 04 and HO 00 06.
- Protective devices.
- Coverage A Increased limits & Special Coverage Form HO 00 06.
- Homeowners 36 Discount.
- Installment Payment Plan.
- Refrigerated Personal Property, No Charge.
- Home-Auto Discount.
- Deductibles-Named Storm Percentage deductibles.
- Deductibles-Named Storm Percentage deductibles.
- Deductibles-Named Storm Percentage deductibles.
- All peril deductibles.
- Customer Rating Index.
- Utilities Rating Index.

- Eff. 7-1-13 SFMA-128957201 [NCDOI](#)

161. **Stonington Insurance Company**

- Mature Retirees Credit: 10% when required criteria are met.
- All Forms: 10% base rate deviation for protection class 1-9 & 9s for territories 32-40.
- New Roof Credit: 5% off base premium when eligibility met; Not applicable with new home credit.
- Form 3: 10% credit Preferred Homeowners Program when criteria are met.
- Loss Free Renewal Credit: Applied to renewal date of policy that has been free of losses: 1 yr. - 3%; 2 yrs. - 6%; 3+ more yrs. - 9%.
- Multi-Policy Credit: 10% applies to new business only when applicant has auto with agency representing Nobel & their homeowners coverage is placed with Nobel. 5% credit applies second yr.
- Eff. 6-1-99

162. **Teachers Insurance Company**

- Territorial Base Rates for Forms HO 00 04 and HO 00 06.
- Installment Pay Plan.
- Multi-Line Discount,
- Replacement Value Personal Property HO 00 04 and HO 00 06.
- Masters Program.
- Installment Payments (EFT).
- Eff. 12-1-12 HRMN-128543460 [NCDOI](#)

163. **Travelers Casualty & Surety Company**

- Deductible Credits HO 00 02, HO 00 03, HE 00 07 HO 00 04 and HO 00 06.
- Protective Devices.
- Personal Property - Increased Limit Coverage C.
- Account Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.
- Loss Free Customer Credit Homeowners policy written in conjunction with Private Passenger Automobile policy.
- Home Buyer Credit Homeowners policy written in conjunction with Private Passenger Automobile policy.
- Installment Payment Plan.
- Eff 6-1-12 TRVA-128193518 [NCDOI](#)

164. **Travelers Indemnity Company**

- Deductible Credits.
- Protective Devices.
- Account Credit.
- Installment Payment Plan.
- Eff 11-30-11 TRVA-127651848 [NCDOI](#)

165. **Travelers Indemnity Company of America**

- Deductible Credits HO 00 02, HO 00 03, HE 00 07, HO 00 04 and HO 00 06.
- Protective Devices.
- Personal Property Increased Limit Coverage C.

- Account Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.
- Loss Free customer Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.
- Multi-Line Insurance & Financial Services Institution Employees Credit.
- Final Premium Adjustment Factor.
- Royal SunAlliance Employee Program
- Home Buyer Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy..
- Installment Payment plan.
- Eff 6-1-12 TRVA-128193822 [NCDOI](#)

166. **Travelers Indemnity Company of Connecticut**

- Forms 3 & 3w/15: Base rate deviation based on protection class, amount of insurance & territory; Variable credit factors.
- Form 3: 12% optional coverage credit.
- Forms 3 & 3w15: Deductible credits; \$500-16%; \$1000-26%; \$2500-32%.
- Protective Device Credits: Variable credits.
- Increased Limits Coverage C: Reduce charge to \$2 per \$1000.
- New Home Credit: New - 20%; 1 yr. old - 19%; 2 yrs. 18%; 3 yrs. - 16%; 4 yrs. - 15% - 14%; 6 yrs. - 12%; 7 yrs. - 11%; 8 yrs. - 10%; 9 yrs. - 8%; 10 yrs. - 7%; 11 yrs. - 6%; 12 yrs. - 4%; 13 yrs. - 3%; 14 yrs. - 2%; 15 yrs. - 1%.
- Replacement or Repair Cost Protection: Reduce charge to \$1 per policy.
- Account Discount: 10% when insured has both auto & homeowners policy.
- Forms 3 & 3w/15: Loss Free Credit; 3+ yrs. loss free - 3% credit.
- Rate Credit for Multi-Line Insurance & Financial Services Institution Employees Credit: 20% credit.
- Eff. 11-1-96

167. **Travelers Personal Security Insurance Company**

- Deductible Credits HO 00 02, HO 00 03, HE 00 07 Homeowners Policy written in conjunction with Private Passenger Automobile Policy.
- Protective devices.
- Personal Property - Increased Limit Coverage C.
- Account Credit Homeowners Policy written in conjunction with Travelers Private Passenger Automobile Policy.
- Loss Free Customer Credit Homeowners Policy written in conjunction with Travelers Private Passenger Automobile Policy.
- Multi-Line Insurance and Financial Services Institution Employee's Credit.
- Final Premium Adjustment Factor.
- Royal SunAlliance Employee Program Credit.
- Home Buyer Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.
- Installment Payment Plan.
- Eff 6-1-12 TRVA-128193340 [NCDOI](#)

168. **Travelers Property Casualty Company of America**

- Base Rate Deviation: Credit varies based on territory.
- New Home Credit: 0 - 15 yrs. old: Credit varies 2% - 20%.
- Protective Device Deviation: Credit varies 1% - 15%.
- Forms 2, 3 & 3w15, 4 & 6: 10% Account Credit.
- Forms 2, 3 & 3w15: Personal Property - Increased Limit Coverage C: \$1 per \$1000.
- Form 3w/15: 10% Additional premium charge.
- Forms 2, 3, 3/w15, 4 & 6: Loss Free Credit: 5+ yrs. loss free - 5% credit.
- Deductible Credits: Varies by amount of deductible & territory.
- Form 3: Homeowners Extra Credit: 15% when criteria are met.
- Refrigerated Personal Property. \$10 charge waived.
- Forms 3 & 6: Association Credit Program: 10% credit applies when certain criteria are met.
- Forms 2 & 3: Inflation Guard premium charge waived.
- Eff. 5-21-00 PC032643 [North Carolina Department of Insurance](#)

169. **Twin City Fire Insurance Company**

- Age of Dwelling Credit for all territories except 7, 8, 41, 48, 49, 52.
- Account Credit for all territories.

- Retiree Credit named insured is age 50 and older.
- Limited Access Credit Forms 4 & 6: if complex meets the protection requirements.
- Insurance Score.
- Prior Losses.
- Territory Deviation.
- Eff. 3-3-13 HART-128761154 [NCDOI](#)

170. **USAA CASUALTY INSURANCE COMPANY**

- Tier Discount, HO 00 03.
- Tier Discount HO 00 06.
- Base Premium HO 00 03.
- Base Premium HO 00 06.
- Deductibles.
- Windstorm or Hail Exclusion Credits.
- Ordinance or Law.
- Personal Property-Additional Coverage-Jewelry and Furs.
- Sinkhole Collapse Coverage.
- Coverage A Dwelling Basic and Increased Limits.
- Earthquake Coverage.
- Protective Devices.
- Loss History.
- Auto and Home Combination Discount.
- Refrigerated Personal Property.
- Installment Payment Plan.
- Eff 7-1-13 USAA-128958282 [NCDOI](#)

171. **USAA General Indemnity Company**

- Tier Discount, HO 00 03.
- Tier Discount HO 00 06.
- Base Premium HO 00 03.
- Base Premium HO 00 06.
- Deductibles.
- Windstorm or Hail Exclusion Credits.
- Ordinance or Law.
- Personal Property-Additional Coverage-Jewelry and Furs.
- Sinkhole Collapse Coverage.
- Coverage A Dwelling Basic and Increased Limits.
- Earthquake Coverage.
- Protective Devices.
- Loss History.
- Auto and Home Combination Discount.
- Refrigerated Personal Property.
- Installment Payment Plan.
- Eff 7-1-13 USAA-128958249 [NCDOI](#)

172. **Unigard Indemnity Company & Unigard Insurance Company**

- Form 3: Credits vary by protection class & Coverage A dwelling amounts; \$40000 & under to \$1000000 & over. Credit varies based on territory.
- Form 3: Personal Property Replacement Cost; Delete 5% surcharge.
- Form 6: 16% to be applied to base rate of 10% off Form 4.
- Form 3: Fixed dollar amount deductibles credits; \$500-9%; \$1000-17%; \$2500-25%.
- Forms 4 & 6: \$500-10%; \$1000-23%; \$2500-37%.
- Form 3: New Home Credit; Current yr. - 20%; 2% less credit each added yr.
- Personal Property Coverage C Increased Limits: Form 3 - \$1; Form 3w/15 - \$2.
- Protection Device Credit: 5% in all territories & protection classes for an installed smoke detector, fire extinguisher & dead bolt locks.
- Reduced rates for Outboard Motors & Water Craft liability.

- Forms 3, 4 & 6: Personal Injury Coverage; HO-82 included at no charge.
- Form 3: Deviation of territorial Relativities: Credit varies 5.0% - 20.0%.
- Form 4: Credit off base rates by territory; Credit varies 3.5% - 10.0%.
- Forms 4 & 6: Personal Property Replacement Cost Coverage; Surcharge reduced from 1.40 to 1.30.
- Forms 4 & 6: Deviation varies by protection class & territory.
- Eff. 10-3-94

173. **Union Insurance Company**

- Protective Device Credit: Credit varies 2% - 15%.
- All Forms: Account Credit: 10% when auto coverage is written with Union Ins. Co.
- Form 3: New Home/Dwelling Under Construction Discount: Discount based on yr. completed & occupied. Credit varies.
  - 3% - 20%.
- Mature Homeowner Credit: 5% if insured is 55 yrs. & an adult is usually home during the day.
- All Forms, except 4 & 6: Replacement cost on contents. \$10 charge plus \$2 per \$1000 when increasing Coverage C from 50% to 70% of Coverage A.
- Increased Deductible Credits: Forms 3, HE-7, 4 & 6; \$500-19%; \$1000-21%.
- Form 3: Coverage A Factor Deviation by amount & territory.
- Eff. 7-1-01

174. **United Property & Casualty**

- Book Transfer discount.
- Companion Policy discount.
- Prior Insurance Discount.
- Claim Free Discount.
- Claim Rating Discount.
- Mature Homeowner Discount.
- New Purchase Discount.
- Age of Home Discount.
- Hip Roof Discount.
- Secured Community Discount.
- Water Loss Prevention Credit.
- Maximum Discount Rule.
- Eff 4-15-13 UPCI-128951923 [NCDOI](#)

175. **United Services Automobile Association**

- Tier Discount, HO 00 03.
- Tier Discount HO 00 06.
- Base Premium HO 00 03.
- Base Premium HO 00 06.
- Deductibles.
- Windstorm or Hail Exclusion Credits.
- Ordinance or Law.
- Personal Property-Additional Coverage-Jewelry and Furs.
- Sinkhole Collapse Coverage.
- Coverage A Dwelling Basic and Increased Limits.
- Earthquake Coverage.
- Protective Devices.
- Loss History.
- Auto and Home Combination Discount.
- Refrigerated Personal Property.
- Installment Payment Plan.
- Eff 7-1-13 USAA-128958279 [NCDOI](#)

176. **United States Fidelity & Guaranty Company**

- Waive any additional premium of \$5 or less.

- Forms 4 & 6: Personal Property Replacement Cost Coverage; 1.35 factor.
- Increase in Coverage C limits: Forms 1, 2 & 3 - \$1.50 per \$1000; Form 3w15 - \$2.50 per \$1000.
- Form 6: Form Relativity Factor .800 in lieu of .855.
- Employee Group Discount: 15%.
- Forms 2 & 3: Additional Amount of Insurance. Premium charge \$5. HO 03211.
- Special Package Discount. 5% when criteria is met.
- Forms 2, 3, 3w/15 & 8: Deductible Credits.
- Multi-Policy Discount: 10% credit when both Residential & P P Auto policies purchased through USF&G Insurance.
- New Home Discount: 1 yr.-20%; 2% less credit to 9th yr.
- Deviation of HO-3 base rates by territory & policy amount: Credits vary.
- Eff. 4-15-00 PC030952 [North Carolina Department of Insurance](#)

177. **United States Fire Insurance Company**

- Forms 2, 3, & 3 w/15: New Home Credit; 0-1 yr. old - 20%; 2% less credit each added yr.
- Forms 1, 2, 3 & 3 w/15: Higher deductible credit factors; \$500-.89; \$1000-.80; \$2500-.67.
- Forms 4 & 6: Higher deductible credit factors; \$500 - .83; \$1000 - .67; \$2500 - .54
- Premises Alarm System: Expand table of credits for protection class 1-7 to include class 8.
- All Forms: Replacement Cost on Contents: Deletion of \$20 minimum additional premium.
- Eff. 3/1/90

178. **Unitrin Auto and Home Insurance Company**

- Base rate by coverage Level.
- Price Level Deviation.
- Age of Dwelling.
- Mature Homeowners Credit.
- Credit Rating Variables.
- Loss Record.
- Consumer Loyalty Credit.
- Personal Property (Coverage C) RC Coverage.
- Outboard Motors and Watercraft.
- Ordinance or Law Coverage.
- Network Discount.
- Installment Payment Plans, Electronic Funds Transfer (EFT).
- Protective Devices.
- All Other Protective Devices.
- Eff 6-1-13 KEMP-128844969 [NCDOI](#)

179. **Unitrin Safeguard Insurance Company**

- Base rate by coverage Level.
- Price Level Deviation.
- Age of Dwelling.
- Mature Homeowners Credit.
- Credit Rating Variables.
- Loss Record.
- Consumer Loyalty Credit.
- Personal Property (Coverage C) RC Coverage.
- Outboard Motors and Watercraft.
- Ordinance or Law Coverage.
- Network Discount.
- Installment Payment Plans, Electronic Funds Transfer (EFT).
- Protective Devices.
- All Other Protective Devices.
- Eff 6-1-13 KEMP-128845573 [NCDOI](#)

180. **Universal North American Insurance Company**

**Homeowners Choice Program**

- Age of Dwelling.
- Personal Property Replacement Cost.
- Loss of Use.
- GEICO Credit.
- Costco Credit.
- Claim History.
- Age of Dwelling.
- Insurance Score.
- Territory Deviation.
- Other than Primary Residence.

**Homeowners Advantage**

- Age of Dwelling.
- Maximum discount Rule.
- Loss Settlement Options.
- Territory Factors.
- Affinity Discount.
- Claim free discount.
- Claim Rating.
- Financial Responsibility Score.
- Eff 7-1-13 AGIA-128977666 [NCDOI](#)

181. **Utica Mutual Insurance Company**

- Personal Property Replacement Cost.
- Mass Merchandising Plan.
- (W.I.S.E.)/Affinity Group Program.
- HO Extension Package.
- Personal Lines Account Credit.
- Protection Class deviation Suburban Rating.
- Eff. 4-1-12 UTCX-G127958123 [NCDOI](#)

182. **Valiant Insurance Company**

- Personal Property Replacement Cost
- Deductible Credits.
- Personal Property Increased Limits.
- Age of dwelling discount.
- Account Credit.
- Deviation by territory.
- Base Premium discount.
- Protective Device Credit.
- Eff 7-1-98

183. **Vesta Insurance Corporation**

- Inflation Guard Coverage: Premier, Deluxe, Renters & Condos; No charge.
- Loss Assessment Coverage for Earthquake: Premier, Renters & Condos; 5% deductible applies to insured's share of each assessment. Deductible amount not less than \$250 in any one assessment. \$1 per \$1000.
- Credit card, fund transfer card, forgery & counterfeit money coverage Premier, Deluxe & Renters; Reduced charge.
- Premium Credits for Protective Device: Premier, Deluxe, Renters & Condos: Credit varies 2%-15%.
- Increased Special Limits of Liability Premier, Deluxe, Renters & Condos: Reduced charge for certain class of property.
- Deductible Credits: Credits vary from 15% - 40%.
- Senior Citizen Discount Premier, Deluxe, Renters & Condos: 5% if at least one of the named insured is 55 yrs. or older & is not employed outside the home.
- Supporting Business Discount Premier, Deluxe, Renters & Condos: 2%.
- Base Rate Deviation by Territory; Premier & Deluxe; Variable credits.

- Coverage Amount Reactivities Deviations: Premier & Deluxe; Credits vary based on Coverage A amount.
- Loss Free Credit: Premier, Deluxe, Renters & Condos; 3 yrs. - 5%.
- Personal Property: Coverage C limit may be increased at a rate of \$2 per \$1000.
- Age of Home Credit: Premier & Deluxe; Credits vary 0%-20%.
- Eff. 6-1-99

184. **Vigilant Insurance Company.**

- Base premium computation forms HO 00 04 and HO 00 06.
- Base premium computation HO 00 02 and HO 00 03, HO 00 05 and HE 00 07 – by territory.
- Protective Devices maximum credit is deleted
- Deductibles - Optional Higher Deductibles.
- Deductibles – Named Storm Percentage deductible.
- Additional Amounts of Insurance discount.
- Water Back-Up and Sump Discharge or Overflow.
- Gated Community credit.
- Valuable Articles Credit.
- Eff. 6-4-12 CHUB-127974258 [NCDOI](#)

185. **Westchester Fire Insurance Company**

- Forms 1, 2, 3 & 3 w/15: Age of dwelling credit 0-1 yr. 20%; 2% less credit each added yr.
- Forms 1, 2, 3 & 3 w/15: Higher deductible credit factors; \$500 - .89; \$1000 - .80; \$2500 - .67.
- Forms 4 & 6: Higher deductible credit factors; \$500 - .83; \$1000 - .67; \$2500 - .54.
- Premises Alarm System: Expand table of credits for protection class 1-7 to include class 8.
- All Forms: Replacement Cost on Contents: Deletion of \$20 minimum additional premium.
- Eff. 3/1/90

186. **XL Insurance America, Inc.**

- All Forms: Personal Property Replacement Cost Coverage; Minimum additional premium for coverage is deleted.
- All Forms: Protective Devices: Maximum credit allowed is deleted.
- Forms 1, 2 & 3: Replacement Cost on Contents: Charge \$1 per \$1000 for additional increase of Coverage C to 70% of Coverage A. Additional premium for this coverage will not apply.
- Deductibles: Deletion of minimum charges.
- Forms 1, 2, 3 & 8: Fixed dollar amount deductible factors; \$500 - .91; \$1000 - .83; \$2500 - .75.
- Forms 4 & 6: Fixed dollar amount deductible factors; \$500 - .90; \$1000 .77; \$2500 - .63.
- Eff. 4-1-95

**HOMEOWNERS**

1. **ACE American Insurance Company**

- New Construction Credit: New home - 10 yrs. Credit varies 20% - 0%.
- Forms 1, 2, 3, 4 & 6: Fixed Dollar Deductible: Credit varies 15% - 40%.
- Personal Property Increased Limit: \$2 per \$1,000 of additional coverage.
- Form 2 & 3: Replacement cost on contents - HO 0490: Factor of 11.5% applies to end of the base premium & includes increased limits to 70% of Coverage A dwelling amount.
- Protective Device Credits: All zones & all protection classes: Credit varies 2% - 15%.
- Rate Deviation: Homeowners - 21%; Tenants - 15%; Condominiums - 20%
- Eff. 9-1-92

2. **ACE Fire Underwriters Insurance Company**

- New Construction Credit: New 20%; 1 yr. old - 18%; 2% less credit each added yr.
- Forms 1, 2 & 3: Fixed dollar deductible credits; \$500 - 11%; \$1,000 - 21%; \$2,500 - 34%.
- Form 4: Fixed dollar deductible credits; \$500 - 11%; \$1,000 - 25%; \$2,500 - 40%.
- Forms 1, 2 & 3: Rate for increase in Coverage C: \$1 per \$1,000.
- Forms 1, 2 & 3: Replacement Cost Coverage HO-290; Charge shall be 4% of adjusted base premium. Coverage C must also be increased to 70% of A at \$1 per \$1,000.
- Protective Device Credits: All zones & all protection classes; Credit varies 1% - 15%.
- Eff. 5-1-92

3. **AIU Insurance Company**

- All Forms: 10%.
- Eff. 2-1-86

4. **AMCO Insurance Company**

- Territory Deviation, Forms HO 00 02, HO 00 03, and HO 00 05 and HO 00 04 and HO 00 06 excludes wind or hail or does not exclude wind or hail.
- Multiple Policy Deviation, Forms HO 00 02, HO 00 03 and HO 00 05, HO 00 04, HO 00 06.
- Deductible Deviations, Forms HO 00 02, HO 00 03 and HO 00 05.
- Safe Home Rating Plan Deviation, Forms HO 00 02, HO 00 03 and HO 00 05.
- Age of Oldest Insured Deviation, Forms HO 00 02, HO 00 03, HO 00 04, HO 00 05 and HO 00 06.
- Year of Construction-Age of Construction Deviation Forms HO 00 02, HO 00 03 and HO 00 05.
- Amount of Insurance, All Territories Forms HO 00 02, HO 00 03 and HO 00 05.
- Home Renovation Deviation, Forms HO 00 02, HO 00 03 and HO 00 05.
- Roof Rating Deviation, Forms HO 00 02, HO 00 03 and HO 00 05.
- Home Purchase Deviation, Forms HO 00 02, HO 00 03, HO 00 05, and HO 00 06.
- Gated Community Deviation, Forms HO 00 02, HO 00 03, and HO 00 05.
- Flex Check Payment Option-Installment Payment Plan, Forms HO 02, HO 03, HO 04, HO 05 and HO 06.
- Personal Status Deviation.
- Associate Discount Deviation.
- Increased Special Limits of Liability.
- Intra-Agency/Terms with Prior Carrier Discount Deviation – Forms 2, 3, 5, 4 and 6.
- Multi line Deviation.
- Eff 8-4-14 NWPC-129565318 [NCDOI](#)

5. **AMEX Assurance Company**

- Various downward deviation based on amount of insurance Form 3.
- Various downward deviation based on amount of insurance Form 4.
- Various downward deviation based on amount of insurance Form 6.
- Protective Device Credits: Credit varies 2% - 15%.
- Home & Auto Credit: Credit varies by form 2% or 5%.
- Replacement Cost on Contents Deviation: Form 3 - 5% of base premium: Forms 4 & 6 - 30% of base premium.
- Coverage A Increased Limits downward deviation form HO 06..
- Utilities rating (New Home Discount) Form 3: Downward deviation : Credit varies 2% - 25% based on age of dwelling.
- Form 3: Downward deviation Coverage C Increased Limits.

- Downward deviation for installment pay plan by electronic funds transfer or payroll deduction.
- No additional charge for Refrigerated Personal Property.
- No charge for townhouse or row house.
- Costco Discount: 2% applies to policies for member insureds of Costco.
- HO 3, 4 & 6 base rates vary by territory.
- Eff. 8-1-05 PC083887 [North Carolina Department of Insurance](#)

6. **Affirmative Insurance Company**

- 15% base deviation for Premier Homeowners Program.
- 3% base deviation for Deluxe Homeowners Program.
- 15% base deviation for Premier Tenant Program.
- 10% base deviation for Deluxe Tenant Program.
- 20% base deviation for Premier Condominium Program.
- 15% base deviation for Deluxe Condominium Program.
- Forms 2 & 3: Deductible credits; \$500-15%; \$1000-25%; \$2500-38%.
- Forms 4 & 6: Deductible credits; \$500-15%; \$1000-25%; \$2500-40%.
- All Forms, except 4 & 6: New Home Credit: New 20%; 2% less credit each additional yr. to 9th yr.
- All Forms: Protective Device Credits: Credits vary 2%-15%.
- Forms 2 & 3: Replacement Cost on Contents; Surcharge of 7.5%. Coverage increased to 70% of Coverage A at no premium charge.
- All forms, except 4 & 6; Personal Property Increased Limit \$2 charge per \$1000 of coverage.
- Eff 02-15-02 PC046217 [North Carolina Department of Insurance](#)

7. **AGRI General Insurance Company**

- Amount of Insurance Deviation: Credits vary 1%-15% by policy amount, territory & county.
- New Home Credit: 20% 1st yr.; 2% less credit each added yr. to 9th yr. Does not apply to Form 8, remodeled or restored homes.
- All Forms, except 4 & 6: Deductible Factors: \$250 ded.-1.00; \$500 ded.-0.91; \$1000 ded.-0.79; \$2500 ded.-0.62.
- Protective Device Credit: Premium credit for all protection classifications & territories; Credit varies 1%-15%.
- Eff. 1-1-97

8. **Alfa Alliance Insurance Corporation (Virginia Mutual Insurance Company)**

- Premium Credit Factors - Claims Free Forms HO 0002, HO 0003, HO 0005 and HO 0008.
- Premium Credit Factors - Claims Free for forms HO 0004 and HO 0006.
- Row and Townhouses - discount.
- Account Discount.
- Insurance Score Discount.
- Newly Constructed Residences (not applicable to Forms 4 and 6).
- Amount of insurance relativities – Coverage A forms HO 00 02 HO 00 03 HO 00 05 and HO 00 08.
- Installment Payment Plan-Electronic Funds Transfer.
- Effective 5-1-11 AFAL-127042137 [NCDOI](#)

9. **Alliance Mutual Insurance Company**

- Flat Deductibles.
- Higher Windstorm or Hail Deductibles – Flat deductible.
- Protective Devices.
- Eff 7-1-06 PC094461 [North Carolina Department of Insurance](#)

10. **Allstate Indemnity Company**

- Tier-Claim Rating Deviation.
- Claims Free Discount.
- New/renovated Home Discount.
- Home and Auto Discount Deviation.
- The Good Hands People Discount Deviation.
- Zone Deviation.
- Eff 11-1-14 ALSE-129687693 [NCDOI](#)

11. **Allstate Insurance Company**

- Deductible factors.
- Personal Property Replacement Cost Deviation.
- Protective devise discount.
- Year of construction-New/Renovated Home discount.
- Age 55 & Retired Discount Factor.
- Home and auto discount deviation.
- The Good Hands People discount.
- Waterbed Liability Deviation HO4 and HO6.
- Installment payment plan – Allstate Easy Payment Plan.
- Three or four family dwelling.
- Zone (Territory) Deviation.
- Residence Rental Coverage.
- **Deluxe Plus**
- Deductibles
- Protective Devices.
- Year of Construction – Newly Constructed Dwellings.
- Age 55 and Retired Discount.
- Home and Auto Discount.
- The Good Hands People discount.
- Zone (Territory) Deviation.
- Residence Rental Coverage.
- Eff 12-2-13 ALSE-129235754 [NCDOI](#)

12. **AmComp Assurance Corporation**

- Forms 2 & 3: Deductible credits; \$500-9%; \$1000-17%.
- Forms 2 & 3: Premium credits for alarm systems vary 2% - 15%.
- Age 55 & Retired Discount: 10% credit applies when required criteria is met.
- Forms 2 & 3: New Home Credit; 14%; Homes completed & occupied current calendar yr.; 2% less credit each added yr.
- Eff. 12-1-91

13. **American Automobile Insurance Company**

- Protective Device Credits: All forms & all territories: 1% - 15% credit applies to company base premium.
- Portfolio Credit: 5% credit applies to all homeowners policies when Personal Catastrophe Coverage and Personal Inland Marine Coverage is written with Company.
- Deviations by territories and forms: Credit varies.
- Eff. 12-1-03 PC065125 [Filing Detail](#)

14. **American Bankers Insurance Company of Florida**

- Select Tier Broad Form, Base Rate.
- Choice Tier Broad Form, Base Rate.
- Elite Tier Broad Form, Base Rate.
- Select Tier Comprehensive form Base Rate.
- Choice Tier Comprehensive form Base Rate.
- Elite Tier Comprehensive form Base Rate.
- Senior Discount Territory 2 and Territory 3.
- Claim Free Credit, Territory 2 and Territory 3.
- Eff. 1-1-11 ASPX-G126837901 [North Carolina Department of Insurance](#)

15. **American Centennial Insurance Company**

- Forms 1, 2, 3, 3 w/15 & 6: 25%.
- Eff. 9-1-85

16. **American Economy Insurance Company**

- All Forms: Personal Injury (HO-82) included at no charge.
- All Forms, except 4 & 6: New home credit or renovated home credit for homes meeting required criteria; 0-1 yr. -

- 15%; 2 yrs. - 12%; 3, 4 or 5 yrs. - 10%; 6 or 7 yrs. - 6%; 8-10 yrs. - 4%.
- Forms 2 & 3: Replacement Cost (HO-290) Coverage C is increased to 70% of Coverage A at no extra charge. Charge of 9% (7% in Beach Area) is added to basic premium.
- Forms 4 & 6: Replacement Cost (HO-290); Charge of 30% is added to basic premium.
- Form 3: Replacement or Repair Cost Coverage A (HO-500); No charge.
- Forms 4 & 6: \$100 deductible; Minimum additional charge of \$10 in lieu of \$30.
- Forms 2 & 3: Fixed deductible; \$500 ded. - 9%; \$1000 ded. - 17%.
- Forms 4 & 6: Fixed deductible credits; \$500 - 10%; \$1000 - 23%.
- Form 3: XL Coverage rate deviation when eligibility requirements are met.
- One family premium for all Section I & II coverages will apply regardless of number of families.
- Form 2 & 3: Dwelling under construction credit of 20% applies during first yr. when certain requirements are met.
- Form 6: Coverage A increased limits rate; \$2.70 per \$1000.
- Renewal credit for consecutive yrs. insured with American States Group; 3-5 yrs. - 5%; 6 or more yrs. - 10%.
- Protective Devices: Credit factors vary .98 to .85.
- Forms 3, 4 & 6: Unscheduled jewelry & furs - (HO-65); \$2500 increased limit - \$33; \$5000 increased limit - \$60.
- Form 3: XL Coverage Program; \$5000 limit included in basic premium. To reduce to \$1000 limit, subtract \$56. To reduce to \$2500 subtract \$35.
- Eff. 11-17-97

17. **American Family Home Insurance Company**

- Installment Charge-Recurring Credit Card.
- Loss (Claim) Free Renewal.
- Mature Retire Credit - 55 years of age or older, not employed on a full-time basis, and resides in the home on a primary basis.
- Roof credit replaced within the past 5 years.
- Eff. 9-1-08 AMMH-125737994 [NCDOI](#)

18. **American Home Assurance Company**

- Base Premium by Territory Form HO 00 03.
- Key factor Deviation.
- Protective Devices.
- Eff. 6-1-10 APCG-126564265 [North Carolina Department of Insurance](#)

19. **American Insurance Company**

- Forms 2, 3 & 3w/15: New Home Credit; 20% current yr. & one yr. preceding current yr. of construction; 2% less credit each added yr.
- Protective Devices Credit: All territories 1% - 15%. Credit applies to company base premium.
- All Forms: Deductible credits: \$500 -10%; \$1000 -20%; \$2500 -30%. Credit applies to company base premium.
- HO-3 w/15: Multiply HO-3 key premium by factor of 1.08 to obtain key premium for HO-3 w/15.
- Form 4 & 6: Deductible Credits for Coverage C limit. \$10000 & above \$500 -10%, \$1000 - 20%, \$2500 - 30%. Credit applies to company base premium.
- Discount of Replacement Cost on Contents: Apply surcharge of 10% to HO-3 company base premium for replacement cost on contents.
- Eff. 6-1-93

20. **American Manufacturers Mutual Insurance Company**

- Additional Amounts of Insurance (KIP only) deviation.
- All Forms: Optional Higher Deductibles deviation.
- Personal Property Replacement Cost: Increase Coverage C at \$1 per \$1000. Add \$10 surcharge.
- Mature Homeowners Credit: 5% applies when named insured is 55 yrs. of age & an adult is home during the day.
- New Home Credit Discount: 0 - 15+ yrs. of age: Credit varies 0% - 20%.
- Premium Credits for Protective Devices.
- All Forms, except 3w/15: \$100 deductible: Waive minimum premium.
- Form 3: Base rate deviation based on protection class & territory. Credit varies 0%-22%.
- All Forms except 3w/15: \$250 theft deductible/ \$100 deductible all other perils: Waive minimum premium.
- Form 4: Base Rate Deviation -7%.
- Form 6: Base Rate Deviation - 12%.
- Higher limits for credit cards, fund transfer card, forgery & counterfeit money coverage (KIP only). Outboard

Motors & Water Craft (KIP only): Coverage up to & including 50 HP is included at no additional charge.

- Personal Injury (KIP only): Coverage included at no additional charge.
- Seasonal or Secondary Dwelling Discount (KIP only): 5% discount to base premium.
- Blanket Property Limit (KIP only): Replacement cost contents coverage included at no additional charge.
- Form 3: Special Personal Property Coverage: Factor 1.10 applies to base premium.
- Form 6: Special Personal Property Coverage: Factor 1.20 applies to base premium.
- Form 4: Building Additions & Alterations Increase: KIP & Monoline: Each addl. \$1000 rate \$10000 Form 4 premium x .08.
- Form 6: Coverage A Dwelling Basic and Increased Limits Special Coverage.
- Form 4 & 6: Ordinance or Law Increased Amount of Insurance Refrigerated Property with KIP policy.
- Form 3: KIP only: Ord or Law: Include 12.5% at no additional charge. Wind and Hail Deds for Form 3: Blkt Limits dev (KIP only).
- HE-7W/HE-40 deviation by territory for KIP only: Territory 40 - 1.20, Remainder of State 1.25.
- HE-7W/HE-40 & HE-20 deviation by territory for KIP only: Territory 40 - 1.25, Remainder of State 1.30.
- HE-7W/HE-40 & HE-21 deviation by territory for KIP only: Territory 40 - 1.30, Remainder of State 1.35.
- Deferred Premium Payment Plan: \$1 charge for electronic funds transfer.
- 5% Kemper Network Discount: Certain criteria apply.
- Eff. 2-25-02 PC047937 [Filing Detail](#)

21. **American Modern Home Insurance Company**

- Form 3: Deductible Credits; \$500 Ded. - 10%; \$1000 - 22%; \$2500 - 28%.
- Form 3: New Home Credit; Current yr. - 26%; 1st. yr. - 24%; 3% less each yr. to 7th yr.
- Form 3: Multi-policy credit; 5% credit when auto policy written in addition to homeowners policy.
- Protective Device Credits: Credit varies 1% - 10%.
- Amount of Insurance Deviation: Coverage A amount \$10000 - \$200000: Credit varies by territory.
- Eliminate charge to increase personal property limits.
- For rates above \$200000, a factor of .007 applies for each additional \$1000 of premium
- Eff. 6-1-99

22. **American Motorists Insurance Company**

- All Forms: Optional Higher Deductibles deviation.
- Personal Property Replacement Cost.
- New Home Credit Discount: 0 - 10+ yrs. of age: Credit varies 0% - 20%.
- Premium Credits for Protective Devices.
- All Forms, except 3w/15: \$100 deductible: Waive minimum premium.
- Form 4: Base Rate Deviation 5%.
- Form 6: Base Rate Deviation - 10%.
- Higher limits for credit cards, fund transfer card, forgery & counterfeit money coverage (KIP only).
- Outboard Motors & Water Craft (KIP only): Coverage up to & including 50 HP is included at no additional charge.
- Personal Injury (KIP only): Coverage included at no additional charge.
- Seasonal or Secondary Dwelling Discount (KIP only): 5% discount to base premium.
- Blanket Property Limit (KIP only): Replacement cost contents coverage included at no additional charge.
- Form 3: Special Personal Property Coverage: Factor 1.10 applies to base premium.
- Form 6: Special Personal Property Coverage: Factor 1.20 applies to base premium.
- Form 4: Building Additions & Alterations Increase: KIP & Monoline: Each addl. \$1000 rate \$10000 Form 4 prem x .08.
- Form 6: Coverage A Dwelling Basic and Increased Limits Special Coverage.
- Form 4 & 6: Ordinance or Law Increased Amount of Insurance.
- Refrigerated Property: Coverage included at no additional charge with KIP policy.
- Form 3: KIP only: Ordinance or Law Coverage: Include 12.5% at no additional charge. Windstorm and Hail Deductibles for Form 3: Blanket Limits deviation (KIP only).
- HE-7W/HE-40 deviation by territory for KIP only: Territory 40 - 1.20, Remainder of State 1.25.
- HE-7W/HE-40 & HE-20 deviation by territory for KIP only: Territory 40 - 1.25, Remainder of State 1.30.
- HE-7W/HE-40 & HE-21 deviation by territory for KIP only: Territory 40 - 1.30, Remainder of State 1.35.
- Deferred Premium Payment Plan: \$1 charge for electronic funds transfer.
- 5% Kemper Network Discount: Certain criteria apply.
- Eff. 2-25-02 PC047938 [North Carolina Department of Insurance](#)

**23. American Reliable Insurance Company**

- One or both named insureds 55 or older.
- Protective devices.
- Optional Higher deductible.
- Eff 11-1-11 ASPX-G127317492 [NCDOL](#)

**24. American States Insurance Company**

- All Forms: Include Personal Injury HO-82 at no charge.
- All Forms, except 4 & 6: New home credit or renovated home credit for homes meeting required criteria.
- Form 2 & 3: Replacement cost Coverage C is increased to 70% of Coverage A at no extra charge; Charge of 9% (7% in Beach Area) is added to basic premium.
- Forms 4 & 6: Replacement cost (HO-290); Charge of 30% is added to basic premium.
- Replacement or Repair Cost Protection Coverage A (HO-500): \$1.
- Forms 4 & 6: \$100 deductible; Minimum additional charge \$10 in lieu of \$30.
- One family premiums for all Section I & II coverages will apply regardless of number of families.
- Forms 2 & 3: Dwelling under construction credit of 20% applies during first yr. if certain requirements are met.
- Form 6: Coverage A increased limits; Basic coverage rate per \$1000 increase \$2.70.
- Renewal credit for consecutive years insured with American States Group: 3-5 yrs. - 5%; 6 or more yrs. - 10%.
- Protective Devices: Credit factors vary .98 to .85.
- Forms 2, 3, 4 & 6: Unscheduled jewelry & furs (HO-65) \$2500 increased limit - \$33; \$4000 increased limit - \$60.
- Forms 2, 3 & 8: Fixed deductible credits; \$500 - 9%; \$1000 - 17%.
- Forms 4 & 6: Fixed deductible credits; \$500 - 10%; \$1000 - 23%.
- Eff. 12-1-/91

**25. American States Preferred Insurance Company**

- Form 3: Basic premium deviation varies by protection class. Variable credits.
- Form 3: Amount of insurance deviation: All amounts of insurance 13.0% credit.
- Form 3: Surcharges for townhouses & rowhouses are waived.
- Form 3: Homeowners XL Credit: When eligibility & coverage requirements are met. Variable credits.
- Form 3: Deductible credits/charges \$500 - 12%; \$1000 - 24%.
- The one family premiums for all Section I & Section II coverages shall apply regardless of number of families.
- Form 4: Amount of insurance deviation; \$15000 - \$30000 & above. Credit varies 2% - 22%, except for a few specific counties which receive 5% less.
- Form 6: Amount of insurance deviation; \$20000 - \$30000 & above. Credit varies 8% - 25%, except for a few specific counties which receive 5% less.
- Forms 4 & 6: Deductible credits/charges; \$500 - 17%; \$1000 - 30%.
- Alarm systems: Premium credits vary.
- Jewelry & Furs: Forms 3, 4 & 6; \$2500 limit \$33; \$5000 limit - \$60. Form 3 w/XL coverage \$5000 included in base premium. To reduce to \$2500 limit subtract \$35. \$1000 limit subtract \$56.
- Form 3: Replacement Cost (HO-290) Coverage C is increased to 70% of Coverage A at no extra charge; Charge of 9% (7% in Beach area) is added to basic premium.
- Forms 4 & 6: Replacement Cost (HO-290); Charge of 30% is added to basic premium.
- All Forms: Include Personal Injury HO-82 at no charge.
- Form 3: Replacement or Repair Cost Protection Coverage A dwelling HO-500; No charge.
- Form 6: Coverage A increased limits; Basic coverage rate per \$1000 increase \$2.70.
- Form 3: New Home Credit; Current yr. - 15%; one yr. preceding current yr. - 12%; 2nd, 3rd & 4th yrs.--10%; 5th & 6th yrs. - 6%; 7th, 8th & 9th yrs. - 4%.
- Form 3: New dwelling under construction; 20% when certain requirements are met.
- Renewal credit for consecutive yrs. with American States Group; 3-5 yrs. - 5%; 6 or more yrs. - 10%.
- Eff. 10-30-97

**26. American Strategic Insurance Corporation**

- Territory Zone Deviation
- Protection Class Construction – Forms HO 00 03, HO 00 04 and HO 00 05.
- Key Factors – Forms HO 00 03, HO 00 04 and HO 00 05.
- Age of Home.

- Tier Forms HO 00 03 and HO 00 04.
- Companion Policy – All Forms.
- “E Policy” – All Forms.
- New Purchase – HO 00 03.
- Senior Retiree – Forms HO 00 03 and HO 00 05.
- Age of Insured – Form HO 00 04.
- Non Smoker – All Forms.
- Accredited Builder – Forms HO 00 03 and HO 00 05.
- Wind Mitigation Forms HO 00 03 and HO 00 05.
- Personal Property Replacement Cost – All Forms.
- Protective Devices - All Forms.
- Territory Definitions.
- Eff 11-1-13 AMSI-129212914 [NCDOI](#)

27. **AMICA Mutual Insurance Company**

- Waive the additional premium for Coverage C, Personal Property at 75% of Coverage A.
- Form HO 00 04 rate deviation by policy amount.
- Additional Amounts of Insurance-1.00 All territories with exceptions.
- Personal Property-Increased Limit, \$1.60 for all forms.
- Premium Payment Option.
- Multi-Line Discount, Optional Rating Characteristics. Various discounts in all territories with exceptions.
- Preferred Risk Deviation, Optional Rating Characteristics.
- Eff. 3-1-14 AMMA-129176701 [NCDOI](#)

28. **Amerisure Insurance Company**

- All Forms: Minimum additional charge of \$30 for \$100 deductible is waived.
- Mature Homeowners Credit Factor .95 insured age 55 or older & dwelling is primary.
- Multi Policy Credit: Forms 2, 3 & 6: 15% multi-policy credit when personal auto coverage in force in Amerisure Group.
- New Home Credit Factors: Current year -.80; 1 yr.- .8l; 2 yrs. -.82; 3 yrs -.84; 4 yrs. -.86; 5 yrs. -.88; 6 yrs. -.90; 7 yrs.-.93; 8 yrs. -.96; 9 yrs. - .99.
- Form 3: Deviation by Territory: 0% - 18% credit based on territory, protection class & construction.
- Form 1, 2 & 3: Amount of Insurance Deviation; Coverage A amount \$60000-\$199000 credit varies 0.46% - 9.77%.
- Form 6: Relativity .85.
- Eff. 10-1-94

29. **Amerisure Mutual Insurance Company**

- All Forms: Minimum additional charge of \$30 for \$100 deductible is waived.
- Multi-Policy Credit: Forms 2, 3 & 6 - 15% multi-policy credit to homeowners rates when automobile policy is written with Amerisure Group.
- Form 6: Relativity is .85.
- Eff. 10-1-94

30. **Armed Forces Insurance Exchange**

- Deductible Credits.
- Newer Home Discount; All Forms, except HO 00 04 & HO 00 06.
- Earthquake Coverage.
- Sinkhole Collapse Coverage: All Forms except HO 00 04 and HO 00 06. (Does not include basic, only increased amount)
- Base Premium Computation.
- Minimum policy premium waived.
- Protective Devices-Maximum credit.
- Personal Property Increased Limits charge per \$1000.
- Eff 7-1-13 ARMD-128953788 [NCDOI](#)

31. **Arrowwood Indemnity Company**

- Additional Amounts of Insurance: Forms HO 00 02 HO 00 03 \$8 per policy.

- Deductible Credits: Credit varies by form & deductible amount.
- Personal Property (Coverage C) Replacement Cost Coverage: Forms 2 & 3 - Coverage A amount under \$100000 - 11% surcharge; \$100000 & over - 8% surcharge; Forms 4 & 6 - 40% surcharge.
- Preferred Customer Renewal Credit: 5% credit: Certain criteria must be met.
- Homeowners Enhancement Program: 1.25 factor applies to base premium.
- Installment Payment Plan: Policies billed by agent through account current payroll deduction program are not subject to installment fees.
- Deviation by Forms: Forms 2, 3, & 3w/15- 10%; Form 6- 20%.
- Eff. 5-15-04 PC069340 [North Carolina Department of Insurance](#)

**32. Associated Indemnity Corporation**

- Forms 2, 3 & 3w/15: New Home Credits; 20% current yr. & one yr. preceding current yr.; 2% less each added yr. Credit applies base premium.
- Protective Device Credits: All territories; 1% - 15%; Credit applies to company base premium.
- Forms 1, 2, 3, 3w/15 & deductible credits; \$500-10%;\$1000-20%;\$2500-30%. Credit applies to company base premium.
- HO-3w/15 Key Premium: Multiply HO-3 key premium by factor of 1.08.
- Discount of Replacement Cost on Contents: Surcharge of 10% to HO-3 company base premium.
- Form 4 & 6: Ded credits all territories; Credits for Coverage C \$10000 & above, \$500-10%,\$1000-20%, \$2500-30%. Credit applies to base premium.
- Eff. 6-1-93

**33. Association Insurance Company**

- Deviation by Coverage A limit \$100000 & above - 30% credit.
- Forms 1, 2 & 3: RC Coverage HO-290; Personal property incr. limits charge \$1 per \$1000; Waive 5% surcharge.
- New Home Credit: Cov A amount \$100000 & above; Age of dwelling 0-5 yrs - 15%, 6-10 yrs - 10%, 11-15 yrs - 5%.
- 44% deviation off N.C. Rate Bureau Rates if Cov A amount is \$100000 or above for all SAS Institute Inc. Employees.
- Eff. 1-1-96

**34. Assurance Company of America**

- All Forms, except 4 & 6: Age of dwelling credit; New-20%; 1yr.-18%; 2yrs.-16%; 3yrs-14%; 4yrs-13%; 5yrs.-12%; 6yrs-10%; 7yrs.-8%; 8yrs.-6%; 9yrs.-4%. 10yrs.-2%.
- Forms 4 & 6: Replacement Cost on Contents; Factor 1.35.
- Forms 2 & 3: Charge \$1 per \$1000 for increase in Coverage C limit.
- Form 4: 15% deviation.
- Form 6: 20% deviation.
- Base Premium Discount: All Forms, except 4 & 6; Factor varies .95 -1.25.
- Forms 2, 3 & 3w/15: Deviation by territories: Variable credits.
- All Forms: Fixed dollar amount deductibles factors: \$500-.85; \$1000-.75; \$2500-.70.
- Account Credit: 10% credit when insured has home & auto coverage with Zurich Insurance Cos. when criteria is met.
- Protective Device Credit: Factor varies. Maximum credit of \$75 is waived.
- Eff. 7-1-98

**35. Automobile Insurance Company of Hartford, Connecticut**

- Base Rate Deviation.
- Coverage A relativity curve.
- Deductible Credits.
- Protective Device Credit.
- Personal Property Increased Limit Coverage C.
- Account Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.
- Loss Free Customer Credit Homeowners policy written in conjunction with Travelers Private Passenger Auto policy.
- Loss History.
- Insurance Score.
- New Home Credits.

- Home Buyer Credit.
- Installment Payment Plan.
- Eff 5-17-14 TRVA-129270639 [NCDOI](#)

36. **Auto-Owners Insurance Company**

- Key factors.
- Deductibles – Waiver of Minimum charges.
- Protective Device Credit.
- Protective Device Credit – alarm systems.
- Mature Homeowner Discount.
- Townhouse or row house deviation.
- Credit card, fund transfer card, forgery and counterfeit money.
- Form HO-6 coverage A Dwelling increased Limits and special coverage.
- Personal Injury coverage-no charge.
- Special Personal Property Coverage HO 00 05.
- Multi-Policy Discount.
- Section II liability watercraft.
- Life/Homeowners Multi-Policy Discount
- Home/Umbrella Multi-Policy discount.
- Paid in Full discount.
- Personal Property Increased Limits.
- All Forms except HO 00 04 and HO 00 06.
- Protection Class Relativities.
- Age of Construction Discount.
- Base Class Premium.
- Windstorm or Hail Exclusion.
- Windstorm Mitigation.
- Changes or Cancellations.
- Theft Coverage.
- Underwriting Score.
- Solid Fuel Heating.
- Actual Cash Value Loss Settlement Windstorm or Hail Losses to Roof Surfacing.
- Eff. 10-2-14 AOIC-129620222 [NCDOI](#)

37. **Balboa Insurance Company**

- Age of Dwelling Credit: 0 - 9 yrs. of age: Credit varies.
- Deductible Factors Deviation: Credit varies.
- Protective Device Credits: Credit varies.
- Brick or Masonry Construction.
- Eff. 5-1-09 BALB-126027963 [North Carolina Department of Insurance](#)

38. **Bankers Standard Insurance Company**

- Deviation forms HO 00 02, HO 00 03, HO 00 04, HO 00 06, HO 00 05 and HE-7.
- Key Factors Coverage A over \$750,000.
- Protective Devices maximum credit allowed is deleted.
- Optional Higher Deductibles forms HO 00 04 and HO 00 06.
- Named Storm Percentage Deductible.
- Additional Amounts of Insurance.
- Gated Community Credit.
- Valuable Articles Credit-Multi Policy.
- Mass Merchandising Discount.
- Eff. 2-1-13 ACEH-128729770 [NCDOI](#)

39. **Camden Fire Insurance Association, The**

- All Forms, except 4 & 6: New Home Credit.
- All Forms, except 4: Account credit applies to homeowner premium when personal automobiles in any of the General Accident Companies.

- All Forms: Protective devices: Credit varies 2% - 15%.
- All Forms: Fixed Dollar Amount Deductible Factors; \$500 - .90; \$1000 - .77.
- Forms 1, 2, 3 & 3w/15: Personal Property Increased Limits; \$1 per \$1000 of insurance.
- Forms 1, 2 & 3: Personal Property Replacement Cost coverage; Waive charge to increase Coverage C limit 70% of Coverage A limit. Premium for replacement cost coverage developed by applying factor of 1.05 to base premium including any premium adjustment for Coverage C in excess of 70% of Coverage A.
- All Forms, except 4 & 6: Deviation by policy size; Coverage A Amounts. Credit varies.
- Uniform base rate deviation – all forms except HO 04 and HO 06 10% credit applied when written in the Camden Fire Insurance Association.
- Eff.8-15-02 PC054137 [North Carolina Department of Insurance](#)

40. **Central Mutual Insurance Company**

**Owners Program**

- Deviation by territory and protection class.
- Homeowners Enhancement Program – Deviation by form HE-7 and HE-7 with HE-20.
- Deviation by amount of insurance and insurance score.
- Insurance Score Deviation.
- Customer loyalty deviation.
- Company Deductible Credits B. Optional Deductibles.
- Payment timelines deviation.
- Loss history deviation.
- Personal Property Replacement Cost.
- Accompanying schedule or boat deviation.
- Age of dwelling.
- Home buyer deviation.
- Gated community deviation.
- Non-Packaged Risk deviation.
- Wood Roof Factor.
- Residence held in trust deviation.
- Package deviation.
- Installment Payment with Electronic Transfer.
- Deviation for Waiver of Premium.
- Group Rating.
- **Condo Program**
- Deviation by territory, protection class.
- Deviation by amount of insurance.
- Deviation by insurance score.
- Customer loyalty deviation.
- Deductible Optional Higher Deductibles.
- Payment timelines deviation.
- Loss history Deviation.
- Accompanying schedule or boat deviation.
- Form HO 00 06 Coverage A Dwelling Basic and Increased Limits and Special Coverage.
- Residence held in trust.
- Package Deviation.
- Installment Payment Plan.
- Deviation for waiver of premium.
- Deviation by Group Rating.
- **Tenants Program**
- Base Class territory and protection class.
- Amount of insurance deviation.
- Insurance score deviation.
- Customer loyalty deviation.
- Deductibles B. Optional Higher Deductibles.
- Payment timelines deviation
- Loss history deviation.
- Accompanying schedule or boat deviation.
- Package Deviation.

- Installment Payment Plan with Electronic Transfer.
- Deviation for waiver of premium.
- Deviation by Group Rating.
- Eff 8-1-14 CEMC-129472761 [NCDOI](#)

41. **The Charter Oak Fire Insurance Company**

- Base Rate Deviation.
- Coverage A relativity curve.
- Protective Devices.
- Personal Property Increased Limit Coverage C.
- Account Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.
- Loss Free Customer Credit Homeowners policy written in conjunction with Travelers Private Passenger Auto policy.
- Loss History.
- Insurance Score.
- New Home Credits.
- Home Buyer Credit.
- Installment Payment Plan.
- Eff 5-17-14 TRVA-129270673 [NCDOI](#)

42. **Chartis Property Casualty Company**

- Base Premium by Territory Form HO 00 03.
- Key Factor Deviation.
- Protective Devices.
- Eff 1-1-11 APCG-126633095 [North Carolina Department of Insurance](#)

43. **Cincinnati Indemnity Company**

- New home credit Forms 2, 3 & 3w/32 36; New – 9 years, credit varies.
- Installment Payment Plan: Delete the \$3 charge for each installment.
- Homeowners Enhancement Deviation.
- Eff 4-1-04 PC065697 [North Carolina Department of Insurance](#)

44. **The Cincinnati Insurance Company**

- Year of construction-Newly Constructed Dwellings Age of Dwelling Credits.
- Base Rate Deviations by Territory.
- Installment Payment Plan.
- Homeowners Enhancement Deviation.
- Watercraft Liability deviation.
- Preferred Risk credit.
- Superior Risk Credit – Forms HO 00 03 and HE 00 07 only.
- Insurance Score Factor – All Forms.
- Package Credit-Multi Policy credit – All Forms.
- Automatic Water Shut-Off System Credit.
- Mature Homeowners Discount – All Forms.
- Secured Community Credit.
- Wood Burning or Solid Fuel Heating Appliances.
- Earthquake Coverage.
- Eff 7-1-13 CNNB-128958622 [NCDOI](#)

45. **Continental Indemnity Company**

- Form 3: Age of Dwelling Discount: 0 - 9 yrs. of age: Credit varies 2% - 20%.
- Account Credit Program: .85 factor applies when both the homeowner & auto policy is written through CNIC.
- Deductible Credit/Charges Deviation: Credit varies by deductible amount.
- Form 6: .80 factor applied to HO-4 base premium.
- Protective Device Deviation: Credit varies 1% - 15%.
- Forms 3, 4 & 6: Eliminate minimum premium for Replacement Cost Coverage.
- Form 3: Additional Limits of Liability for Coverages A, B, C & D: 6% applies to base premium when certain criteria

is met.

- Form 3: Personal Property Replacement Cost will be 5% of base premium, no minimum additional premium & no charge to increase Coverage C when certain criteria is met.
- Form 3: Personal Injury charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Water Back-Up of Sewers or Drains, charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Credit Card, Fund Transfer Card, Forgery & Counterfeit Money, to increase coverage charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Special Computer Coverage, charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Cov C Increased Special Limits of Liability, charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Fire Department Service charge will be increased to \$1000 when certain coverages & increased limits options are selected.
- Form 3: Increasing Coverage D to 30% of Coverage A, charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Coverage A Relativities Deviation: Credit varies 3.8% - 6.5%.
- Form 3: Ordinance or Law-Increased Amount of Coverage will be 4% of base premium when certain coverages & increased limits options are selected.
- Form 3: Refrigerated Property Cov, charge will be deleted when certain coverages & increased limits options are selected
- Eff. 1-1-01 PC038500 [North Carolina Department of Insurance](#)

46. **Continental Insurance Company**

- Amount of Insurance Deviation forms HO-2, HO-3, and HO-8.
- Amount of Insurance Deviation forms HO-4
- Amount of Insurance Deviation forms HO-6
- Earthquake Rate Deviations.
- Companion Policy Discount: applies when named insured has an auto policy with any Encompass Ins Co.
- Gated Community Discount. 10% credit when criteria are met.
- New Home Discount: 1 year -18%, 1-5 yrs. -15%; 6-10 yrs. -10%.
- Deductible Credits Deviation – based on Coverage A Limit.
- Additional Limits Deviation Coverage F: Deviation.
- Business Pursuits Rate Deviation. Credits vary .14% - .33%.
- Incidental Farm Rate Deviation. Residence Premises - 48%; Other Residence - 65%.
- Superior Construction Discount: 15% credit applies to masonry base premium or apartment unit.
- Protective Device Credits: Credit varies 1% - 9%.
- Automatic Sprinkler System Deviation: Credit of 7% or 13% applies.
- Preferred Rate Deviation 5% conditions vary.
- Special Personal Property Coverage HO 00 06 only – deviation 4.3%
- Eff. 8-15-02 PC052786 [North Carolina Department of Insurance](#)

47. **Economy Premier Assurance Company**

- PAK II Program – HE 00 07 Base Rates and Policy Amount.
- PAK II Program – HO 00 06 Base Rates by Territory.
- PAK II Program – HO 00 04 Base Rates by Territory.
- PAK II Program – HO 00 04 and HO 00 06 Policy Amount Relativities by Territory.
- Homeowners Enhancement Program HE 00 07 with HE 32 20.
- Homeowners Enhancement Program HE 00 07 with HE 32 21.
- PAK II Package Credit Multi Policy.
- Renewal Credit.
- Year of Construction.
- Personal Injury Protection Liability Deviation.
- Deductible credits.
- Protective Devices Credit and Home Safety Coverage.
- Business Pursuits Deviation.
- Outboard motors and watercraft.

- Home day care.
- Personal Property Increased Limits.
- Earthquake Coverage-Ordinance or Law Coverage.
- Residence Premises Basic and Increased Limits Coverage F- Medical Payments.
- Other Exposures-Medical Payments to Others Increased Limits.
- Other Structures – On Premises Structures Specific Structures – Increase Limits.
- Other Structures-On Premises Structures Specific Structures-Rented to Others.
- Eff. 7-1-13 METX-G129007172 [NCDOI](#)

48. **Electric Insurance Company**

- Protective Device Credits.
- Deductible Factors.
- Unscheduled Jewelry, Watches and Furs.
- Silverware, Goldware and Pewterware.
- Firearms.
- Group Marketing discount.
- Eff. 3-16-13 ELEC-128801672 [NCDOI](#)

49. **EMCASCOS Insurance Company**

- Personal Property (Coverage C) Replacement Coverage
- Deductible Credits
- Additional Amounts of Insurance
- Base Rate Deviation on Forms HO 00 02 and HO 00 03
- Combination Policy Discount
- Renovated Dwelling Components
- 15% Deviation applicable to Optional Section I and II rates
- Electronic Funds Transfer
- Insurance Scoring
- Eff. 3-15-07 PC097670 [North Carolina Department of Insurance](#)

50. **Employers Mutual Casualty Company**

- Optional Higher Flat deductible credits all forms,
- Additional Amounts of Insurance forms HO 00 02 and HO 00 03.
- Combination Premium Credit: 15% when homeowners & auto policies are written in one of the EMC Companies.
- Renovated Dwelling Components: Variable credits when criteria is met.
- Electronic Fund Transfer transaction fee is waived when the electronic funds transfer options is selected.
- Insurance Scoring.
- Eff. 3-15-07 PC097669 [North Carolina Department of Insurance](#)

51. **Encompass Indemnity Company**

- Forms 2, 3, and 8 Base Rate Deviations by Territory.
- Form 4 Base Rate Deviation by Territory.
- Form 6 Base Rate Deviation by Territory.
- Gated Community Discount.
- New Home Discount.
- Deductible Credits Discount.
- Additional Limits Deviation, Coverage F
- Business Pursuits Rate Deviation.
- Incidental Farming Personal Liability Deviation.
- Superior Construction Discount.
- Protective Devices.
- Automatic Sprinkler Systems.
- Special Personal Property Coverage HO 6 only.
- Companion Policy Discount.
- Preferred Rate Deviation.
- Windstorm or Hail deviation.
- Policy Group Determination.

- Effective 10-11-13 ALSE-129953793 [NCDOI](#)

52. **Erie Insurance Company**

- Erie Base Rate Deviations.
- Form Factor deviation.
- Protection Construction Factor Deviation.
- Windstorm or Hail Exclusion Credit deviation.
- Amount of Insurance.
- Optional Deductible Factors HO 00 04 and HO 00 06.
- Personal Property Replacement Cost.
- Multi Policy Deviation.
- Underwriting tier deviation.
- Claims tier deviation.
- Occupancy deviation.
- Home Age/Policy Age deviation.
- Townhouse or row-house deviation.
- Business Pursuits.
- Waterbed Liability.
- Refrigerated Property Coverage.
- Rented Personal Property.
- Increased Special Limits of Liability.
- Outboard Motors and Watercraft Deviation.
- Other Members of a Named Insured's Household.
- Installment Payment Plan.
- Special Personal Property Coverage.
- Eff 5-1-14 ERPP-129228608 [NCDOI](#)

53. **Erie Insurance Exchange**

- Base Rate Deviations.
- Amount of Insurance Deviation all forms except HO 00 04 & HO 00 06.
- Multi-Policy Discount.
- New Home Discount.
- Optional Deductible Factors - all forms, deviation varies.
- Protective Device Credit Deviation.
- Increased Special Limits of Liability HO 04 64 (all forms except HE-7) Credit varies.
- Personal Property Replacement Cost.
- Townhouse or rowhouse charge eliminated except HO 00 04 and HO 00 06.
- Earthquake Coverage.
- Outboard Motors & Watercraft.
- Building Addition & Alterations Increased Coverage C limit - Form HO 00 04 (HO 0451).
- Seasonal Dwelling Factors.
- Rented Personal Property: HO 32 21 No charge.
- Business Pursuits: No charge.
- Waterbed Liability HO 04 00 HO 00 06.
- Refrigerated Property Coverage.
- Personal Property Increased Limits; HE 7.
- Premium payment plan service charge – installment payments.
- Tiered Rating
- Other Members of a Named Insured's Household.
- Advance Quote Discount – New business.
- Claims Experience Rating Program.
- Age of Insured Discount.
- Windstorm or Hail Exclusion Credit.
- County Factors.
- Windstorm Mitigation Credits.
- Eff. 9-1-14 ERPP-129552067 [NCDOI](#)

54. **Fairmont Premier Insurance Company**

- All Forms: Age of Dwelling Credit; 0-3 yrs. old - 21%; 4-6 - 14%; 7-9 - 7%.
- Forms 1, 2 & 3: 38.0%.
- Form 6: 17.5%.
- Eff. 5-1-92

55. **Farmers Insurance Exchange Farmers Underwriters Association**

- Form Factor Deviations: Forms 3w/15 & 4.
- Territory Relativity Factor deviation.
- Amount of Insurance Deviations: Forms, HO 00 04 and HO 00 06.
- Rule 403. Personal Property –Coverage C Replacement Cost Coverage.
- Rule 404 Protective Devices.
- Deductible Rule 406 credits.
- Loss Assessment Coverage Deviation.
- Rule 515 personal property.
- Other Insured Location Occupied by Insured.
- Additional Residence Rented to Others.
- Permitted Incidental Occupancies - Residence Premises & Other Residences: Deviation applies to Residence Premises.
- Business Pursuits Deviation for \$200,000 limit.
- Optional Rating Characteristics Age 50 Plus Discount.
- Optional Rating Characteristics Auto/Homeowners Discount: All Forms: Factor of .90: Certain criteria apply.
- Affinity Banking Discounts HO 00 03 and HO 00 06 only. Certain qualifications apply. Credit varies.
- Ordinance or Law-Increased Amount of coverage.
- Eff 5-16-08 PC112928 [North Carolina Department of Insurance](#)

56. **Federal Insurance Company**

- Payment Options-Installment fees waived or Auto recurring payments.
- Maximum credit for protective devices.
- Optional Higher Deductibles.
- Named Storm Deductible.
- Additional Amount of Insurance deviation.
- Replacement Cost Loss Settlement.
- Supplemental Loss assessment Coverage Premium for Additional Location.
- Water Back-Up and Sump Discharge or Overflow.
- Gated Community Credit.
- Effective 10-6-14 CHUB-129646103 [NCDOI](#)

57. **Federated Mutual Insurance Company**

- Forms 1, 2, 3 & 3w/15: New Home Credit: 14% dwellings 0-1 yr. old; 2% less credit each added yr.; applies to \$250 deductible basic premium & premium for amended Coverage C limit.
- Forms 1, 2, 3 & 3w/15: Fixed dollar amount deductibles; \$100 +10%; \$500 -10%; \$1000 -20%; \$2500 -30%.
- Forms 4 & 6: Fixed dollar amount deductibles; \$100 +10%; \$500 -15%; \$1000 -30%; \$2500 -40%.
- Forms 1, 2, 3 & 3w/15: Deviation by policy amount varies 0%-25%.
- Form 4: 10%.
- Form 6: 25%.
- Forms 3 & 3w/15: Special Additional Credit Rule: 10% when eligibility & mandatory coverage requirements are met.
- Multiple Policy Discount: 5% applied to HO Policy when private passenger auto policy & personal umbrella policy is written by this Company.
- Installment Pay Plan: \$5 maximum charge per account for all policies.
- Eff. 11-15-94

58. **Fidelity & Guaranty Insurance Company**

- Waive additional premium of \$5 or less.
- Deviation of HO-3 Base Rates by territory & policy amount: Credits vary.
- Forms 4 & 6: Personal Property Replacement Coverage: Reduced premium charge.
- Special Package Discount: 5% credit to total residential premium when underwriting criteria is met.

- Form 6: Relativity factor .750 in lieu of .855.
- Employees Discount: 20%.
- Forms 2 & 3: Additional amount of insurance: HO 3211 \$5 premium charge.
- Deductible Credits.
- Increase in Coverage C: Reduced rate per \$1000.
- Multi-Policy Discount: 10% credit when private passenger auto policy is also purchased with USF&G.
- All Forms, except 4, 6 & 8: New Home Discount; 1 yr.-20%; 2% less credit each added yr. to 9th yr.
- Eff. 4-15-00 PC030961 [North Carolina Department of Insurance](#)

59. **Fidelity & Guaranty Insurance Underwriters**

- Deviation of HO-3 Base Rates by territory & policy amount: Credits vary.
- Forms 4 & 6: Personal Property Replacement Cost Coverage; Factor 1.35.
- Waive additional premium of \$5 or less.
- Special Package Discount: 5% credit to total residential insurance premium when underwriting criteria is met.
- Form 6: Form Relativity of .800 in lieu of .855.
- Employees Discount: 20%.
- Forms 2 & 3: Additional amount of insurance: HO 3211 - \$5 premium charge.
- Deductible Credits.
- Increase in Coverage C: Reduced rate per \$1000.
- Multi-Policy Discount: 10% credit when private passenger auto policy is also purchased with USF&G.
- All Forms, except 4 6 & 8: New Home Discount; 1 yr.-20%, 2% less credit each added yr. to 9th year.
- Forms 2, 3 & 3w/15: Protection Class Deviation.
- Eff. 4-15-00 PC030953 [North Carolina Department of Insurance](#)

60. **Firemans Fund Insurance Company**

- Protective Device Credits: All territories: Credit varies 1% - 15%.
- Portfolio Credit: 5% applies to all HO policies when Personal Catastrophe Coverage and Inland Marine Coverage is written with Fireman's Fund.
- Eff. 12-01-03 PC065121 [North Carolina Department of Insurance](#)

61. **Firemen's Insurance Company of Washington D.C.**

- Deluxe Program: Form 3: 5% deviation off base premiums.
- All Forms: Protective Device Credit: Credit varies 2% - 13%.
- All Forms, except 4 & 6: Age of Home Discount: Credit varies 4% - 20% for age of dwelling 0 - 25 yrs. with greatest credit for newest homes.
- All Forms, except 4 & 6: Senior Citizen Discount; Factor of .92 of base premium age 50-54 yrs. Factor .95 age 55 yrs. & older.
- All Forms, except 4 & 6: Renovation Discount 0-15 yrs. factors apply when underwriting guidelines are met. Credit applies to base premium.
- Renewal Discount: Factor .95 applies to base premium when criteria is met.
- Form 3: Loss Free Credit; 1yr. - 5%; Renewal with 2 yrs. loss free - 10%. Credit applies to base premium.
- All Forms, except 4 & 6: Optional deductible credits applies to base premium. Coverage A limit under \$200,000 - \$500 ded. - .87; \$1000 - .76; \$2500 - .73. \$20000-\$400,000 - \$500 ded - .89; \$1000 - .80; \$2500 - .77. Over \$400,000 - \$500 - .92; \$1000 - 86; \$2500 - .83.
- Eff. 10-1-97

62. **First Community Insurance Company**

- Base Premium HO 00 03.
- Base Premium HO 00 04.
- Base Premium HO 00 06.
- Windstorm or Hail Exclusion HO 00 03.
- Age of Home.
- Book Transfer Discount.
- Multiple Policy Discount.
- Prior Insurance HO 0003 and HO 0006.
- Occupancy Factors HO 00 03 and HO 00 06.
- Experience Rating Factors.
- Mature Homeowners Discount All Forms.

- New Purchase Discount.
- Underwriting Tier.
- Hip Roof Discount.
- Preferred Builder Discount.
- Renovation Discount.
- Secured Community.
- Key Factor Table HO 00 03 Discount.
- Key Factor Table HO 00 04 Discount.
- Key Factor Table HO 00 06 Discount.
- Superior Construction-All Forms.
- Eff 12-1-13 BKIC-129103587 [NCDOI](#)

63. **Garrison Property and Casualty Insurance Company**

- Tier Discount, HO 00 03.
- Tier Discount HO 00 06.
- Base Premium HO 00 03.
- Base Premium HO 00 06.
- Deductibles.
- Windstorm or Hail Exclusion Credits.
- Personal Property-Additional Coverage-Jewelry and Furs.
- Sinkhole Collapse Coverage.
- Coverage A Dwelling Basic and Increased Limits.
- Earthquake Coverage.
- Protective Devices.
- Loss History.
- Auto and Home Combination Discount.
- Refrigerated Personal Property.
- Installment Payment Plan.
- Eff 10-14-14 USAA-129529717 [NCDOI](#)

64. **General Insurance Company of America**

- Base Key Premiums all forms by Territory Deviation.
- Deductible Debit/Credits Deviation.
- Renewal Credit all forms: 3-5 yrs. - 5%; 6 yrs.+ - 9%.
- Account Credit all forms: 5% credit for total policy premium when insured has a Safeco auto policy also.
- Condominium Unit Owners Coverage A Increased Limits & Special Coverage Deviation.
- Business Pursuits (HO 24 71) all forms: the charge is deleted.
- Credit Card Forgery & Counterfeit Money Coverages (HO 04 53): Delete \$1 charge for \$1000 limit.
- Personal Injury (HO 24 82): \$10 charge per policy.
- Landlord's Furnishing (HO 32 21): \$10 premium per policy to increase coverage to total \$5000 with burglary coverage added.
- Ordinance or Law Cov (HO 04 77) Deviation for Quality Plus Form, Quality Crest Form & Condominium Form.
- Medical Payments: Other exposures - Higher limits all forms: Additional charge for higher limits of medical payments will be waived.
- Additional Residence Rented to Other (HO 24 70): Limit of Liability \$100,000 - \$1,000,000: Premium charge varies.
- Outboard Motors & Water Craft: Reduced premiums based on limits, length and horsepower.
- Personal Liability - Residence Premises Deviation: Increased Limits: Coverage E base \$300,000: Coverage F no charge.
- Special Personal Property Coverage HO-00 15 & HO-17 31: Quality Plus Form & Condominium Form- Increase basic premium 8%. Quality Crest Form automatically included.
- Installment Payment Charge: \$2 each installment.
- Eff. 8-15-02 PC052887 [North Carolina Department of Insurance](#)

65. **Government Employees Insurance Company**

- Forms 1, 2, 3 & 3 w/15: New Home Discount: 10% for dwellings 5 yrs. old or less.

- Homeowners Theft Deterrent Premium Credit Program: Forms 1, 2, 3 & 3 w/15 - 7%; Forms 4 & 6 - 20%.
- Forms 1, 2 & 3: Amount of Insurance Credit; Classes 1-9 - \$10,000-\$200,000 & over. Credit varies.
- Form 6: 10%.
- All Forms: Protective Devices: Variable credits.
- Forms 2, 3, 4 & 6: Retired Discount Credit; 20% when specified criteria are met.
- All Forms: Dual Policy Discount: 10% when specified criteria are met.
- Forms 4 & 6: Key factor +.074 for each additional \$1000 of coverage.
- Installment Payment Plan: Waive the charge of \$3 first installment if first payment received with application.
- Form 4 & 6: Waterbed Liability Endorsement: No premium charge.
- Eff. 3-1-95

66. **Grain Dealers Mutual Insurance Company**

- Continuous policyholder discount.
- Account Credit.
- New Home Discount.
- Personal Property, over 70% of Coverage A.
- Insurance Score.
- Eff. 7-1-13 NGMC-128962658 [NCDOI](#)

67. **Granite State Insurance Company**

- Forms 1, 2, 3, 4, 3w/15 & 6: 20% deviation.
- Replacement or Repair Cost protection Coverage A premium \$1.
- Age of Dwelling Deviation: 0 - 20 yrs. old - 10%.
- Forms 1, 2, 3, 3w/15, 4 & 6: 20%.
- Eff. 7-1-87

68. **Graphic Arts Mutual Insurance Company**

- Personal Property Replacement Cost.
- Mass Merchandising Plan.
- -5% W.I.S.E./Affinity program discount,
- Deviation for Owners Forms for risks located in territories 7, 8, 41, 45, 46, 48, 49 and 52.
- Deviation for Owners Forms for risks located in territories 36, 44 and 60.
- Deviation for Owners Forms for risks located in territories 38 and 39.
- Deviation for Owners Forms risks located in territory 34.
- Deviation for Owners Forms for risks located in territory 57.
- Deviation for Owners Forms for risks located in territory 53.
- Deviation for Owners Forms 32.
- Deviation for Owners Forms in territory 47.
- Deviation for Non-Owners Forms for risks in territories 36, 44, 57 and 60.
- Deviation for Non-Owners Forms for risks located in territories 38 and 39.
- Deviation for Non-Owners Forms for risk located in territories 7, 8, 34, 41, 45, 46, 47, 48, 49, 52 and 53.
- Personal Lines Account Credit
- Homeowners Extension Package
- Protection Class deviation/Suburban Rating.
- Eff. 7-1-13 UTCX-G128995997 [NCDOI](#)

69. **Hanover American Insurance Company**

- Mature Homeowners Credit.
- Deductible Credits for all forms except HO 00 04 and HO 00 06.
- Deductible Credits for Forms HO 00 04 and HO 00 06.
- Windstorm & Hail Deductible Credits.
- Personal Property Replacement Cost for all forms except HO 00 04 and HO 00 06.
- Personal Property Replacement Cost for forms HO 00 04 and HO 00 06.
- Account Credit Discount.
- Loss of Use-Increased Limits – Reduced premium charge.
- Condominium Unit Owners-Coverage A Dwelling – Basic and Increased Limits.
- Coverage A Dwelling: Basic & Increased Limits for form HO 00 06.

- Watercraft Liability Rates: All forms.
- Personal Property, Increased Limits All forms, except HO 00 04 and HO 00 06.
- Special Personal Property, all forms except HO 00 02, HO 00 04 and HO 00 06.
- Electronic Funds Transfer Plan Discount.
- Group Modification Plan Discount.
- Direct Bill Policies.
- Cap on total credits/discounts.
- Territorial Deviation.
- Relativity Curve Deviation Forms HO 00 03.
- Relativity Curve Deviation Forms HO 00 04 and HO 00 06.
- Eff. 2-1-12 HNVX-G127879116 [NCDOI](#)

70. **Hanover Insurance Company**

- Mature Homeowners Credit.
- Deductible Credits for all forms except HO 00 04 and HO 00 06.
- Deductible Credits for Forms HO 00 04 and HO 00 06.
- Windstorm & Hail Deductible Credits: All forms, except 4 & 6.
- Personal Property Replacement Cost on Coverage C: All forms, except 4 & 6.
- Personal Property Replacement Cost on Coverage C: Forms 4 & 6.
- Account Credit: All forms.
- Loss of Use-Increased Limits: All forms.
- Condominium Unit Owners-Coverage A Dwelling: Basic & Increased Limits.
- Watercraft Liability Rates: All forms.
- Personal Property Increased Limits.
- Special Personal Property.
- Electronic Funds Transfer Installment Payment Plan.
- Group Modification Plan Discount (Mass Merchandising Plan)
- Direct Bill Policies Installment payment plan.
- Cap on credits/discounts
- Relativity curve deviation HO 00 03.
- Relativity Curve deviation forms HO 00 04 and HO 00 06.
- Eff. 2-1-12 HNVX-G127879210 [NCDOI](#)

71. **Harbor Specialty Insurance Company**

Preferred:

- Homes 25 yrs. of age or less insured for \$50,000 or more.
- Form 3: Base Rate Deviation by territories; Credit varies 20.2% - 24.3%.
- Form 4: Credits off Key Premiums; 2% Alamance County.
- Form 6: Base Rate Deviation by territories; Credit varies 19.4% - 22%.
- Form 3: Replacement Cost Protection (HO-500): Charge \$1 in lieu of \$5 when requirements are met.
- Form 3: Protective Devices Credit; Class 1-9, credit varies 2%-15%.
- Form 3: New Home Credit; 0-1 yr. old - 21%; 1% less credit each added yr. thru 8th yr.; 9 yrs. - 12%; 10 yrs. - 10%; 11 yrs. - 8%; 12 yrs. - 6%; 13 yrs. - 4%; 14 & 15 yrs. - 3%. Credit applicable to annual premium.
- Form 3: Personal Property Increased Limits; \$.50 per \$1000 of insurance.
- Form 3: Deductible Credits; \$500 ded. - 10%; \$1000 - 20%.
- Forms 3, 4 & 6: 20% deviation for policies written as part of Personal Protection Package Policy.
- Forms 4 & 6: Deductible Credits; \$500 ded. - 10%; \$1000 ded. - 23%.

Standard:

- Form HO-3 only - Homes 25 years of age or older and/or insured for less than \$50,000.
- Form HO 3 Credit off Key Premiums; 13.4% Alamance County; 9.4% territory 34; 8.6% territories 30 & 31; 11.4% territories 4, 32, 33, 36, 37, 38, 39, 40, 41, Lincoln & Rockingham County; 11.4% for remainder of Alamance County & remainder of territories. Form 3: Coverage C increased limit charge \$.50 per \$1000 of insurance.
- Form 3: Deductible Credits; \$500 - 10%; \$1000 - 20%.
- Form 3: Protective Credit; Same as for preferred.
- Form 3: New Home Credit; Same as for Preferred.
- Form 3: 20% deviation applies to HO program when written as part of Personal Protector Package Policy.
- Eff. 3-1-94

72. **Harford Mutual Insurance Company**

- Forms 1, 2 & 3: New Home Discount; 10% - dwellings 15 yrs. old or less.
- Forms 1, 2, 3 & 8: Fixed dollar amount deductible factors; \$500 - .90; \$1000 - .83; \$2500 - .75. \$100 deductible amount - minimum \$30 - maximum \$60.
- Forms 4 & 6: Fixed dollar amount ded. factors; \$500 .90; \$1000 .77; \$2500 .63. \$100 deductible amount min. \$30, max. \$60.
- All Forms: Protective devices factors for all territories & all protection classes - factors varies .98 to .85.
- Eff. 5-1-92

73. **Harleysville Preferred Insurance Company**

- Group Mass Marketing Discount.
- Preferred customer discount – all territories except 07, 08, 41, 48, 49, 81 and 86.
- HE-7 Enhancement Deviations by certain Territories.
- StarPak Program Discount
- Companion Credit (homeowners and private passenger auto policy).
- Newly Purchased Home Credit Forms HO 02, HO 03, HO 05, and HE 7.
- Mature Homeowner Discount (HO 03, HO 05 and HE 7 only) 55 years of age or older.
- Life Insurance Policy Discount (life insurance/annuity policy).
- Coverage A Key Factors discount.
- HO 00 04 or HO 00 06, Base Premium deviation for certain Territories.
- Personal Property Increased Limit.
- Other Members of a Named Insured's Household.
- Electronic Funds Transfer (EFT).
- Eff 7-30-14 HRLV-129513803 [NCDOI](#)

74. **Hartford Accident and Indemnity Company**

- Age of Dwelling Credit for all territories except 7, 8, 41, 48, 49, 52.
- Account Credit for all territories.
- Retiree Credit named insured is age 50 and older.
- Limited Access Credit Forms 4 & 6: if complex meets the protection requirements.
- Product Factor – Forms HO 00 04 and HO 00 06.
- Retirement Community/Limited Access Community Credit.
- Key Factor for Premier, CCRL and Elite.
- Insurance Score.
- Prior Losses.
- Territory Deviation.
- Effective 3-3-13 HART-128759763 [NCDOI](#)

75. **Hartford Casualty Insurance Company**

- Age of Dwelling Credit for all territories except 7, 8, 41, 48, 49 and 52.
- Account Credit for all territories.
- Retiree Credit, named insured is age 50 or older.
- Limited Access Credit-Forms HO 00 04 and HO 00 06 is protected 24 hours a day.
- Product Factor- Forms HO 00 04 and HO 00 06.
- Retirement community/Limited Access community Credit.
- Key Factor for Premier, CCRL and Elite.
- Insurance Score.
- Prior Losses.
- Territory Deviation.
- Eff. 3-3-13 HART-128759773 [NCDOI](#)

76. **Hartford Fire Insurance Company**

- Age of Dwelling Credit for all territories except 7, 8, 41, 48, 49 and 52.
- Account Credit deviation for all territories.
- Retirees Credit, named insured is age 50 and older.
- Limited Access Credit-Forms HO 00 04 and HO 00 06 is protected 24 hours a day.

- Product Factor (Merit, Elite, CCRL, Premier), - Forms HO 00 04 and HO 00 06.
- Retirement community/Limited Access Community Credit.
- Key Factor for Premier, CCRL and Elite.
- Insurance Score.
- Prior Losses.
- Territory Deviation Factor.
- Eff. 10-9-10 HART-126607350 [North Carolina Department of Insurance](#)

77. **Hartford Insurance Company of Midwest**

- Age of Dwelling credit for all territories except 7, 8, 41, 48, 49 and 52.
- Account Credit all territories.
- Retirees Credit: named insured is age 50 and older.
- Limited Access Credit Forms 4 & 6: is protected 24 hours a day.
- Product Factor – Forms HO 00 04 and HO 00 06.
- Retirement Community/Limited Access Community Credit.
- Key factors.
- Insurance Score.
- Prior Losses.
- Territory Deviation Factor.
- Effective 3-3-13 HART-128759931 [NCDOI](#)

78. **Hartford Underwriters Insurance Company**

- Age of Dwelling Credit.
- Account Credit for all territories.
- Retiree Credit.
- Limited Access Credit.
- Product Factors.
- Key Factors deviation.
- Insurance score.
- Prior Losses.
- Territory deviation.
- Eff. 12-7-13 HART-129001566 [NCDOI](#)

79. **Homesite Insurance Company**

- Preferred Risk Group 1 Discount on form HO 00 03 and HO 00 06.
- Preferred Risk Group 2 Discount on form HO 00 03.
- Partner Discount-Form HO 00 04.
- Eff 12-1-13 HMSS-129132804 [NCDOI](#)

80. **Horace Mann Insurance Company**

- Installment Payment Plan.
- Installment Payments - Electronic Funds Transfer.
- Eff. 4-1-14 HRMN-129256234 [NCDOI](#)

81. **Horace Mann Property & Casualty Insurance Company**

- Installment Payment Plan Waive initial \$3 installment fee.
- Multi-Line Deviation.
- Credit Rating Tier/Insurance Score.
- Installment Payments - Electronic Funds Transfer.
- Eff 4-1-14 HRMN-129256439 [NCDOI](#)

82. **IDS Property casualty Insurance Company**

- Form HO 00 03 – Amount of Insurance.
- Form HO 00 04 – Amount of Insurance.
- Form HO 00 06 – Amount of Insurance.
- Protective Device Credits

- Deductible Credits Forms HO 00 03, HO 00 04 HO 00 06.
- Home and Auto Discount.
- Replacement Cost on Contents Discount Forms HO 00 03, HO 00 04 HO 00 06.
- Condo Coverage A increased limits.
- Newly Constructed Dwellings-Utilities Rating Plan.
- Coverage C Increased Limits.
- Refrigerated Personal Property
- Townhouse/Rowhouse
- Costco Discount
- Base Rates (Form HO 00 03) by territories
- Base Rates (Form HO 00 06) by territories
- Electronic Funds Transfer.
- Eff 7-1-13 PRCA-128947193 [NCDOI](#)

**83. Indemnity Insurance Company of North America**

- New Construction Credit: New - 20%; 2% less credit for each yr. to 9th yr.
- All Forms: Fixed Dollar Deductible: Credit varies 15% - 40%.
- Personal Property Increased Limit: \$2 premium charge per \$1000 of coverage.
- Forms 2 & 3: Replacement Cost Coverage Personal Property: HO 0490; Factor 10.5% includes increased Coverage C to 70% of Coverage A at no additional premium charge.
- Protective Device Credits: All zones & protection classes: Credit varies 2% - 15%.
- Rated Deviation: Homeowners - 11%; Tenants - 10%; Condominiums - 15%.
- Eff. 9-1-99

**84. Indiana Lumbermens Mutual Insurance Company**

- Forms 1, 2, 3 & 3 w/15: 15% 0-10 yrs. old; 10% 11-15 yrs. old; 0% 16 yrs. & over.
- Eff. 9-1-85

**85. Insurance Company of North America**

- Forms 1, 2 & 3: Fixed dollar deductible credits; \$500-11%; \$1000-21%; \$2500-34%.
- Form 4: Fixed dollar deductible credits; \$500-11%; \$1000-25%; \$2500-40%.
- Forms 1, 2 & 3: Rate for increase in Coverage C; \$1 per \$1000.
- Forms 1, 2 & 3: Personal Property Replacement Cost coverage HO 290; Charge shall be 4% of adjusted base premium. Coverage C must be increased to 70% of A & \$1 per \$1000 charge made.
- Protective Device Credits: All zones & all protection classes: Credits vary from 1%-15%.
- Eff. 5-1-92

**86. Insurance Company of the State of Pennsylvania**

- Form 6: 35%.
- Form 4: 20%.
- Forms 2 & 3: Deductible Credits; \$250 - 15%; \$500 - 25%; \$1000 - 35%.
- Forms 2, 3, 3w/15 & 6: Age of Dwelling Discount; 0-5 yrs. - 15%; 6-10 yrs. - 10%; 11-20 yrs. - 5%.
- Forms 1, 2, 3, 3 w/15 & 8: 28%.
- Home Buyers Discount: 10% first 3 yrs. ownership; 5% second 3 yrs.
- Forms 1, 2, 3 & 3 w/15: Delete 5% surcharge for replacement cost of contents.
- Eff. 6-15-88

**87. Integon General Insurance Corporation**

- Delete the surcharge for \$100 deductible.
- Form 6: 10% deviation.
- Deviation by amount of insurance: Coverage A amount \$50,000 - \$250,000 & above based on territory; Credit varies - 0% - .340%.
- Deductible Credits: Form 3; Terr. 32, 33, 34-41- \$250 ded., \$500 ded., \$1000 ded. & \$2500 ded.: Credits varies .05%- .41%.
- Long-Term Customer Discount: 5-9 yrs. with Co.- 5%; 10 yrs. or longer with company -10%.
- Eff. 5-1-92

88. **Integon Indemnity Corporation**

- Delete surcharge for \$100 deductible.
- Form 6: 15% deviation.
- Replacement Cost Coverage C: Delete surcharge for replacement cost on contents.
- Deviation by Amount of Insurance: Cov. A amount \$50,000 - \$250,000 & above & based on territory.
- Deductible Credits Form 3; Terr. 32, 33, 34-41 - \$250 ded; \$500 ded. \$1000 & \$2500 ded. Credits vary .05%-41%.
- Long Term Customer Discount: 5-9 yrs. renewal with company - 5%; 10 yrs. or longer with Company - 10%.
- Eff. 5-1-92

89. **Integon National Insurance Company**

- Companion policy discount Form HO 00 04 with auto or recreation vehicle.
- Deviation of 6% Form HO 00 04.
- Eff 5-15-12 GMMX-128088782 [NCDOI](#)

90. **Liberty Mutual Fire Insurance Company**

- Mass Merchandising Program – 5% deviation when certain criteria is met
- Installment Payment Plan all forms.
- Coverage A Dwelling Limit for form HO 00 06.
- Watercraft Deviation by limits of liability.
- Multi-Policy Discounts.
- Property Tiering Program.
- Condominium and Renters Tiering Program.
- Eff. 8-23-10 LBPM-126601313 [North Carolina Department of Insurance](#)

91. **Liberty Mutual Mid-Atlantic Insurance Company**

- Forms 2,3,4, & 6 35% deviation.
- Forms 2 & 3 Dwellings 0-10 years – 10%.
- Eff 11-1-86

92. **Lititz Mutual Insurance Company**

- New Home Credit.
- Specified Additional Amount of Insurance.
- Optional Higher Deductibles Deviation.
- All Perils deductible.
- Eff 9-1-13 LITZ-128996481 [NCDOI](#)

93. **LM Property and Casualty Insurance Company**

- New Home Credit: Age of Home 0 - 7 yrs. of age: Credit varies 0%-20%.
- Deductible credits
- Personal Property Replacement Cost: - HO-3 Apply 4% surcharge to adjusted base premium.
- Enhanced Dwelling Limit (EDL) – Form HO-3 \$1.00 per policy.
- Protective Device Credits: Variable Credits 2%-15%.
- Forms 3, 3w/15, Premier & 6: 5% Mature Homeowners Credit.
- Personal Property – Increased Limit Form HO-3: \$1.00 per \$1,000 increase of insurance
- Mature Homeowner Credit – Forms HO-3 and HO-6 5% credit. A premium credit applies if any named insured is age 55 or older as of the effective date of the policy.
- Companion for Life Discount all forms 10% credit.
- Secured Community Credit: Credit applies if primary residence is located in a fully secured or partially secured community. Fully secured - 10%; Partially secured -5%.
- Electronic Funds Transfer Fee: No charge.
- Increased Limits Jewelry, Watches & Furs: \$14 per \$1000 of Coverage.
- Personal Property Replacement Cost: Form HO4 and HO 6 Minimum charge of \$20.
- Silverware, Goldware, & Pewterware: \$2.50 per \$500.
- Deviation for 3 & 4 Family Liability Rates.
- Deviation by Liability Coverage.
- Outboard Motors & Water Craft Deviation for Coverage E, Increased Limits: Certain criteria apply.
- Outboard Motors & Water Craft Deviation for Coverage F, Increased Limits: Certain criteria apply.

- Business Property - Increased Limits Deviation: \$10 per \$2500.
- Eff. 3-14-03 PC058007 [North Carolina Department of Insurance](#)

94. **Lumbermens Mutual Casualty Company**

- Premium Credits for Protective Devices: Certain criteria apply.
- Mature Homeowners Credit: 5% credit applies to base premium if insured is 55 yrs. of age & is home during the day.
- Personal Property (Coverage C) Replacement Cost Coverage Deviation.
- \$100 Deductible: Waive minimum premium.
- \$250 Theft Deductible Factors: Certain criteria apply.
- All Forms: Optional Higher Deductibles deviation.
- Form 3: Special Personal Property Coverage: Apply a factor of 1.10 to base premium.
- Form HO 6: Special Personal Property Coverage: Apply a factor of 1.20 to base premium.
- Form 4: Building Addition & Alterations Increased Limit deviation.
- Form HO 6: Coverage A Dwelling Basic & Increased Limits Special Coverage Deviation.
- Ordinance or Law Increased Amount of Insurance: Form 4 & 6.
- Deferred Premium Payment Plan Option.
- New Home Discount: 0 - 6+ yrs. of age: Credit varies 0% - 18%.
- 5% Kemper Network Discount: Certain criteria apply.
- Eff. 2-25-02 PC047939 [North Carolina Department of Insurance](#)

95. **Maryland Casualty Company**

- All Forms, except 4 & 6: Age of Dwelling Credit; New-20%; 1 yr.-18%; 2 yrs.-16%; 3 yrs.-14%; 4 yrs.-13%; 5 yrs.-12%; 6 yrs.-10%; 7 yrs.-8%; 8 yrs.-6%; 9 yrs.-4%; 10 yrs.-2%.
- Forms 4 & 6: Replacement Cost on Contents: Factor 1.35.
- Protector Series Program: Reduce homeowners premium by 5%, if insured has auto policy with Maryland Casualty Group.
- Forms 2 & 3: Charge \$1 per \$1000 for increase in Coverage C limit.
- All Forms: Deductible Credits: \$500 - 15%; \$1000 - 20%; \$2500 - 30%.
- Deviation by Territory: Form 2, 3, 3w/15; Credit varies 0% - 14%.
- Base Premium Deviation: All Forms, except 4 & 6; Credit varies.
- Account Credit: 10% credit when insured has home & auto coverage with Zurich Insurance Companies when criteria is met.
- Protective Device Credit: Factors vary. Maximum credit of \$75 is waived.
- Eff. 7-1-98

96. **Massachusetts Bay Insurance Company**

- Mature Homeowners Credit.
- Deductible Credits for all forms except HO 00 04 and HO 00 06.
- Deductible Credits for Forms HO 00 04 and HO 00 06.
- Windstorm & Hail Deductible Credits: All forms, except HO 00 04 and HO 00 06.
- Personal Property Replacement Cost.
- Personal Property Replacement Cost on Coverage C: Forms HO 00 04 and HO 00 06
- Account Credit: All forms.
- Loss of Use-Increased Limits.
- Condominium Unit Owners-Coverage A Dwelling: Basic & Increased Limits.
- Watercraft Liability Rates: All forms.
- Personal Property - Increased Limits.
- Special Personal Property.
- Electronic Funds Transfer Installment Payment Plan Discount.
- Group Modification Plan (Mass Merchandising Plan).
- Direct Bill Policies installment payment plan.
- Cap on total credits/discounts of 35%.
- Territorial Deviation: All forms, except HO 00 04 and HO 00 06.
- Relativity Curve Deviation Forms HO 00 03.
- Relativity Curve Deviation Forms HO 00 04 and HO 00 06.
- Eff 2-1-12 HNVX-G127879161 [NCDOI](#)

97. **Max America Insurance Company**

- Forms 1, 2, 3 & 3 w/15: Amount of insurance credit.
- Forms 1, 2, 3 & 3 w/15: New Home Credit.
- All Forms: Eliminate 5% surcharge for personal property replacement cost (HO 290) endorsement.
- All Forms: Reduced key premiums for protection classes 7 & 8.
- Eff. 03-5-02

98. **Medmarc Casualty Insurance Company**

- New Home Credit: 0-1 yr.-20%; 2 or 3 yrs.-18%; 4 yrs.-15%; 5 yrs.-12%; 6 yrs.-10%; 7 yrs.-9%; 8 yrs.-6%; 9 yrs.-3%; 10 yrs.- 2%.
- Smoke Detectors Discount: 2.0%.
- Eff. 7-15-90

99. **The Members Insurance Company**

- Account Credit, Forms HO 00 03 and HE 00 07 By Territories, Tier.
- Unit Owner's Building Increase Limits and Special Coverage-Form HO 00 06.
- Form HE 00 07,Coverage A Amount.
- Base Premium Form HO 00 03, By Territory and Tier.
- Base Premium Form HO 00 06, By Territory, and Tier Bronze.
- Key Factors HO 00 03,Coverage A Amount.
- Tier Bronze, Key Factors HO 00 06, Coverage C Amount.
- Form HE 00 07 Factor Deviations, By Territory.
- Home Buyer Credit, Forms HO 00 02, HO 00 03 and HE 00 07.
- Loss Free Credit, Platinum, Gold, Silver, and Bronze.
- AAA Affinity Factors.
- Protective Devices credit.
- Eff 11-6-13 CMCG-129178433 [NCDOI](#)

100. **Merastar Insurance Company**

- New Home Credit.
- Safe and Sound Discount.
- Auto-Home Discount.
- Waiver of installment charge.
- Increased Special Limits of Liability.
- Merastar Maximum Credit.
- Deductible credits;Forms 3 & 5: \$500 - \$1000
- Deductible credits;Forms 4 & 6: \$500 - \$1000
- Protective Device Credits.
- Boat Liability Rate Deviation.
- Base rate deviation Forms 3 & 8: based on territory: Credit varies.
- Base rate deviation Forms 4 & 6: based on territory.
- Account Discount.
- Eff. 6-1-11 UNTR-126984235 [NCDOI](#)

101. **Meritplan Insurance Company**

- Affinity Discount.
- Electronic DFT and Online Processing Discount.
- Eff 11-5-10 BALB-126700430 [North Carolina Department of Insurance](#)

102. **Metropolitan Direct Property & Casualty Insurance Company**

- Territory deviation.
- Deductible Deviation.
- Additional Limits of Liability
- Personal Property Replacement Cost Loss Settlement.
- Year of Construction – Newly Constructed Dwellings.
- Protective Devices

- Mature Homeowners Discount.
- Multi-Policy Discount.
- Mass Merchandising Account Deviation
- Met ReWards Claim Free Discount.
- Increased Ordinance or Law Coverage
- Earthquake Coverage
- Platinum Coverage Package.
- Tier Program.
- Eff. 7-30-14 METX-G129514431 [NCDOI](#)

103. **Metropolitan Property & Casualty Insurance Company**

**Standard Program**

- Territory Deviation.
- Deductible Deviation.
- Additional Limits of Liability.
- Personal Property Replacement Cost Loss Settlement.
- Year of construction – Newly Constructed Dwellings.
- Protective Devices.
- Mature Homeowners Discount.
- Multi-Policy Discount.
- Mass Merchandising Account Deviation:
- Small Employer Group Program.
- Claim Free Discount.
- Increase Ordinance or Law coverage.
- Earthquake Coverage.
- Platinum Coverage Package – Form HO 00 05.
- Waterbed Liability.
- Coverage A Dwelling Special Coverage HO 00 06.
- GrandProtect Coverage Package.
- Water Back-Up and Sump Discharge or Overflow.
- Tier Program.

**Conversion Program**

- Territory Deviation.
- Deductible Deviation.
- Windstorm or Hail Percentage Deductible.
- Personal Property Replacement Cost.
- Year of Construction New Home Discount.
- Protective Devices Premium Credits for Alarm Systems: Credit applies to base premium.
- Mature Homeowners Discount.
- Multi-Policy Discount.
- Met Rewards Claim Free Discount when criteria are met.
- Increased Ordinance or Law Coverage.
- Earthquake Coverage.
- Platinum Coverage Package – Form HO 00 05.
- Waterbed Liability.
- Coverage A Dwelling Special Coverage HO 00 06.
- Tier Program.
- Eff 7-30-14 METX-G129514245 [NCDOI](#)

104. **Montgomery Mutual Insurance Company**

- Forms 3, HE-7, HE-7w/20 & HE-7w/21: Pers Prop Increased Limits: .50 per \$1000 of insurance for Coverage C.
- Deductible Amount Deviation: Forms 3, HE-7, HE-7w/20 & HE-7w/21: Credit varies
- 10% Account Credit when auto policy is written for the same insured through Montgomery Mutual Insurance Co.
- Forms 3, HE-7, HE-7w/20 & HE-7w/21: New Home Credit: New - 6 yrs. of age: Credit varies 0% - 20%.
- Base Rate Deviation by Territory: Forms 3, HE-7, HE-7w/20 & HE-7w/21 Credit varies 0% -7.1%
- Form 4: Base Rate Deviation by Territory: Credit varies 0% - 14.8%.
- Form 6: Base Rate Deviation by Territory: Credit varies 9.3% - 32%.

- Protective Device Credits: Credits vary 2% - 15%.
- Base Rate Deviation on HE-7 - 1.15, HE-7w/20 - 1.20 & HE-7w/21 - 1.25.
- Replacement or Repair Cost Protection(HO 3211): \$5 per policy when criteria is met.
- All Forms: 10% Account Credit.
- Water Craft Liability Deviation - 70%.
- Form 3: Amount of Coverage A Relativity Curve Deviation: Credit varies 0.6% - 7.4%.
- Eff. 8-15-02 PC052789 [North Carolina Department of Insurance](#)

105. **Mosaic Insurance Company**

- Discount on Installment Payment Plan: \$1 - \$2 charge.
- Three or Four Family Dwelling Discount.
- Townhouse or Rowhouse Discount.
- Waterbed Liability waived.
- Base Premium Deviation.
- Forms 2, 3, 4, 6 or 8: Deviation by Amount of Insurance.
- New Home Discount: 0-9 yrs. of age: Credit varies 2%-9%.
- Protective Devices Discount: Credit varies 1%-7%.
- Multi Policy Discount: 5% of the base premium.
- Personal Property Increased Limits Discount: \$2 rate per \$1000.
- Personal Property Replacement Cost Coverage Discount.
- Form 4: Building Additions & Alterations Increased Limits Deviation.
- Personal Property Increased Limits of Liability: Charge varies by additional amount of insurance.
- Rented Personal Property: No charge.
- Form 6: Coverage A - Dwelling Basic & Increased Limits Deviation.
- Forms 3 & 3 Plus: Inflation Guard Discount.
- Watercraft Discount: Up to 50 HP, no charge.
- Business Pursuits Discount.
- Form 3 Plus: Personal Injury Liability: No charge.
- Eff.10-18-00 PC035279 [North Carolina Department of Insurance](#)

106. **NGM Insurance Company**

- Age of Dwelling Deviation: Forms HO 00 02, HO 00 03 and HO 00 05.
- Combined Personal Protection Program.
- Deductible credits/charges, factor varies by ded amount.
- Protective device credits.
- Replacement Cost on Contents.
- Specified Additional Amount of Insurance Coverage A Dwelling.
- Personal Property Replacement Cost.
- Personal Injury.
- Water Back-up of Sewers or Drains.
- Credit Card, Fund Transfer Card, Forgery, & Counterfeit Money.
- Special Computer Coverage.
- Coverage C Special Limits of Liability.
- Coverage D increased to 30% of Coverage A.
- Installment Payment Plan Deviation.
- Ordinance or Law Deviation – Increased Amount of Coverage.
- Refrigerated Property Coverage.
- Insurance Score Discount factor varies by Insurance Score.
- Eff. 10-1-14 NGMC-129581010 [NCDOI](#)

107. **National General Insurance Company**

- All Forms: Protection Device Credits: Variable credits from 2% to 15%.
- All Forms, except 4 & 6: Deductible/factors; \$100-1.10 - no minimum or maximum charge; \$500-.90; \$1000-.80.
- Forms 4 & 6: Deductible/factors; \$100/\$250 theft - 1.05. No minimum or maximum charge; \$500-.90; \$1000-.77.
- Form 3: New/Renovated Home Discount; Variable credits based on age of dwelling & type of renovation.
- Forms 4 & 6: Thrifty Fifty Discount; 10% credit if insured meets criteria.
- Forms 1, 2 & 3: \$5 Photo Credit New Business.

- Form 4: Building additions & alterations increased limits \$5 per \$1000 of insurance.
- Form 6: Coverage A Dwelling; Basic & Increased Limits, \$5000 Coverage A is provided at no additional charge. Charge \$5 per \$1,000 for increased limit up to total of \$15,000.
- Forms 4 & 6: Loss of Use; Increased limits \$3 per \$1000 of additional insurance.
- Form 3: Base rate deviation; Rating factor of .80 applies.
- Form 6: Base rate deviation; Rating factor of .80 applies.
- Installment Payment Plan: Two payment plan - \$2 per installment.
- Eff. 6-1-99

108. **National Specialty Insurance Company**

- Forms 2 & 3: Base deviations vary by amounts of insurance - \$55,000 - \$120,000 & over; Territory 34 Cumberland County - 0% - 22.1%; Territories 32, 33, 35 & 41 - 0% to -35.1% deviations vary by amount of insurance. \$50,000 - \$120,000 & over; all other territories 0% - 35.1%. Deviation vary by amounts of insurance \$50,000 - \$120,000 & over.
- Forms 4 & 6: 10% credit applies to optional coverages that are applicable exclusively to Forms 4 & 6.
- All Forms, except 4 & 6: 20% credit applies to optional coverages.
- Forms 2, 3 & Homeowners Plus: Fixed dollar amount deductible credits; \$500-10%; \$1000 - 17%.
- Forms 4 & 6: Fixed dollar amount deductible; \$500 - 10%; \$1000 - 23%.
- Homeowners Plus Package: Form 3 Credit for amount of insurance \$50,000-\$69,000 - 10%; \$70,000 - 110,000 - 11%; \$120,000 - \$170,000 - 12%; \$180,000 - \$200,000 - 13%, each additional \$10,000 - 0% when special requirement are met.
- Forms 4 & 6: 10%.
- Forms 2, 3 & Homeowners Plus: New home credit - 25% current yr.; 2.5% less credit each added yr.
- Premium credit for alarm systems HO 216: 2-15%.
- All Forms: Manned Security Discount: 10% additional when property is residential area with limited entry & exit points manned by employed uniformed security guards.
- All Forms: 55 & Retired Discount: 10% if one insured is 55 or older & both insured & spouse, if any, are neither gainfully employed or seeking gainful employment. Residence must be principal residence of applicant.
- Earthquake Coverage: Superior construction will be rated same as frame construction.
- Form HO-6: Coverage A increased limits; \$3 for each additional \$1000.
- Form HO-6: Units regularly rented to others HO-33; Charge 25% of base premium.
- Eff. 5-1-92 *Name changed from State National Specialty Company effective 3/16/04*

109. **National Surety Corporation**

- Protective Device Credits: All forms & all territories: 1% - 15% credit applies to company base premium.
- Portfolio Credit: 5% credit applies to all homeowners policies when Personal Catastrophe Coverage and Personal Inland Marine Coverage is written with Company.
- Eff 12-01-03 PC065123 [North Carolina Department of Insurance](#)

110. **National Union Fire Insurance Company of Pittsburgh**

- Territorial Base Rate Deviation.
- Amount of Insurance Relatives Deviation.
- Maximum Credit for Protective Devices waived.
- Higher Deductible Credit.
- Increased Coverage C Limit Deviation.
- Renovated House Credit.
- Gated Community Credit.
- Loss Free/ Persistency Credit.
- Eff. 10-13-00 PC037427 [North Carolina Department of Insurance](#)

111. **Nationwide General Insurance Company**

- Territory Deviation HO 00 02, HO 00 03, HO 00 04, HO 00 05 and HO 00 06.
- Amount of Insurance – Territory Deviation.
- Optional deductible.
- Age of Construction.
- Home renovation Deviation.
- Home Purchase Deviation.
- Age of Oldest insured deviation.

- Gated community deviation.
- Supplemental Heating deviation.
- Prior insurance deviation.
- Safe home rating plan deviation.
- Protection class deviation.
- Roof age and type deviation.
- Household composition deviation.
- Associate deviation.
- Maximum deviation.
- Number of units deviation HO 00 04.
- Number of units deviation HO 00 06.
- Eff 1-1-14 NWPC-129048324 [NCDOI](#)

112. **Nationwide Mutual Fire Insurance Company**

- Nationwide Territory Deviation Forms HO 02, HO 03 & HO 05.
- Home & Car Deviation.
- Amount of Insurance Deviation.
- Personal Property Replacement Cost Deviation.
- Deductible Deviations.
- Protective Device Deviations by territory: Credit varies.
- Safe Home Rating Plan Deviation.
- Age of Home Component.
- Age of Construction Deviation.
- Nationwide Associate.
- Multi-line deviation.
- Eff. 12-8-13 NWPC-129134191 [NCDOI](#)

113. **Nationwide Mutual Insurance Company**

**Nationwide Mutual Insurance Company (Harleysville Operations)**

- Group/Mass Marketing Discount.
  - Preferred Customer Discount.
  - HE-7 Deviations by certain territories.
  - Star Pak Program Discount.
  - Companion Credit.
  - Newly Purchased Home Credit.
  - Mature Homeowner Discount.
  - Life Insurance Policy Discount (homeowner and life policy).
  - Coverage A Key Factors.
  - Form HO 00 04 or HO 00 06, Rule 301.
  - Personal Property, Rule 515.A.1.
  - Other Members of a Named Insured's Household.
  - Electronic Funds Transfer (EFT) payment plan.
- Nationwide Mutual Insurance Company**
- Nationwide Territory Definitions Forms HO 02, HO 03, HO 04, HO 05, and HO 06.
  - Home and Car Deviation Forms HO 02, HO 03, HO 05, and HO 06.
  - Deductible Deviations.
  - Protective Device Deviation.
  - Safe Home Rating Program – Form HO 02, HO 03, HO 05 and HO 06.
  - Age of oldest Insured.
  - Personal Status Deviation.
  - Age of construction deviation.
  - Amount of Insurance – Forms HO 02, HO 03, and HO 05.
  - Age of Home Component Deviation.
  - Home Purchase Deviation.
  - Nationwide Associate Deviation.
  - Prior Insurance Deviation Forms HO 02, HO 03 and HO 05.
  - Eff. 12-8-13 HRLV-129513804 [NCDOI](#)

114. **Netherlands Insurance Company**

**Preferred Homeowners**

- Personal Property Increased Limits;. Forms 3, HE-7, HE-7w/20 & HE7w/21 \$.50 per \$1000 of insurance
- Deductible amounts deviation Credit: Forms 3, 4, 6, HE-7, HE-7w/20 & HE-7w/21 :Credit varies
- New Home Credit: Forms 3, HE-7, HE-7w/20 & HE-7w/21: Credit varies.
- Protective Device Credit: Forms 3, HE-7, HE-7w/20 & HE-7w/21: Credit varies
- Base Rate Deviation by Territory Forms 3, HE-7, HE-7w/20 & HE7-21:: Credit varies.
- Form 4: 3% Key Premium Deviation by Territory.
- Form 6: Key Premium Deviation: Credit varies 29.3%-31.6%.
- Forms 3, HE-7, HE-7w/20 & HE-7w/21: HO-3211- Replacement or Repair Cost Protection: Premium charge \$5.
- Forms 3, 4, 6, HE-7, HE-7w/20 & HE-7w/21: 15% deviation for policies written as part of Personal Protector Package Policy.
- Water Craft Deviation of 70%.
- Base Rate Deviation on HE-7, HE-7w/20 & HE-7w/21: HE-7 factor - 1.15; HE-7w/20 factor - 1.20; HE7w/21 - 1.25.
- Amount of Coverage A Relativity: Deviation varies .6% - 7.4%.

**Standard Homeowners**

- Personal Property Increased Limits Forms 3, HE-7, HE-7w/20 & HE-7w/21: ; \$.50 per \$1000 of insurance.
- Deductible Credits; Forms 3, HE-7, HE-7w/20 & HE-7w/21: credit varies.
- New Home Credit: Forms 3, HE-7, HE-7w/20 & HE-7w/21: 0 -12 yrs. of age: Credit varies 0% - 25%.
- Protective Device Credit: Forms 3, HE-7, HE-7w/20 & HE-7w/21: Credit varies 2% - 15%.
- Base rate deviation by territory: Forms 3, HE-7, HE-7w/20 & HE-7w/21 Credit varies
- Base Rate Deviation HO 6 by territory: Deviation varies.
- Base Rate Deviation on HE-7, HE-7w/20 & HE-7w/21: credit varies
- Replacement or Repair Cost Protection: Forms 3, HE-7, HE-7w/20 & HE-7w/21: HO-3211 Premium charge \$5.
- Deviation will apply to HO 3 standard, HE 7 standard HE7/w20 standard, HE 7/ w21 standard for monoline homeowners premiums when they ar written as part fot the Personal Protector Package Policy.
- Water Craft Deviation of 70%.
- Amount of Coverage A Relativity curve: Deviation varies .6% - 7.4%.
- Eff 10-15-02 PC053999 [North Carolina Department of Insurance](#)

115. **New Hampshire Insurance Company**

- Forms 1, 2, 3, 3w/15 4 & 6: Age of dwelling credit; 0-20 yrs. - 10%.
- Replacement or Repair Cost prot. Coverage A (HO-500): \$1 per policy.
- Eff. 7/1/87

116. **New South Insurance Company**

- Deviation by Amount of Insurance: Coverage A amount: \$50,000 - \$250,000 & above based on territory.
- Long-term Customer Discount: 5-9 yrs. with Co. on HO policy - 5%; 10 yrs. or longer with Co. on HO policy - 10%.
- Deductible Credits.
- Form 6: 15%.
- Delete surcharge for \$100 deductible.
- Replacement Cost- Coverage C: Delete surcharge for replacement cost on contents.
- Eff. 5-1-92

117. **North Carolina Farm Bureau Mutual Insurance Company**

- Personal Property (Coverage C) Replacement Cost.
- Deductible Credits.
- Deductibles – Windstorm or Hail Deductibles.
- Personal Property.
- Additional Residence Rented to Others.
- Other Structures Rented to Others - Residence Premises.
- Outboard Motors and Water Craft.
- New Home Deviation, Forms HO 00 02 and HO 00 03.
- Enhancement Deviation.
- Value-Plus Deviation.
- Carolina Partner Plus Discount.
- Company Deviations.

- Deviation Forms HO 00 02 and HO 00 03.
- Deviations by territories 07, 08, 48, 49, 52.
- Deviations Forms HO 00 04 and HO 00 06.
- Windstorm or Hail Exclusion Credits.
- Eff. 7-1-13 NCFB-128969331 [NCDOI](#)

118. **North River Insurance Company**

- Forms 1, 2, 3 & 3 w/15: Age of dwelling credit; 0 - 1 yr. - 20%; 2% less credit each added yr.
- Preferred plan deviation for owners forms: Varying credits based on amount of insurance & territory.
- Forms 1, 2, 3 & 3 w/15: Replacement cost contents for preferred owners forms to \$1 per \$1000 of increased Coverage C.
- All Forms: Replacement cost on contents; Deletion of \$20 minimum additional premium.
- Forms 1, 2, 3 & 3 w/15: Higher deductible credits factors; \$500 - .89; \$1000 - .80; \$2500 - .67.
- Forms 4 & 6: Higher deductible credits factors; \$500 - .83; \$1000 - .67; \$2500 - .54.
- Premises Alarm System: Expand table of credits for protection classes 1 - 7 to include class 8.
- Form 6: 20%.
- Eff. 3-1-90

119. **Northern Assurance Company of America**

- New Home Credit.
- Personal Property Replacement Charge Reduced to \$1 per \$1,000.
- Additional Limits of Liability for Coverage A.
- Protective Devices Credits.
- No charge for Inflation Guard Endorsement.
- Fixed dollar amount deductibles.
- 5% discount for insured age 49 or older.
- Deviation to form HE-7.
- Deviation by Amount of Insurance for Coverage A between \$250,000 and \$500,000.
- Windstorm or Hail Deductibles.
- Eff. 8-15-02 PC053955 [North Carolina Department of Insurance](#)

120. **Northern Insurance Company of New York**

- Forms 1, 2, 3 & 3w/15: Age of dwelling credit.
- Forms 1, 2, 3 & 3 w/15: Replacement or repair cost protection HO-500.
- Forms 4 & 6: Replacement Cost on Contents.
- Forms 1, 2 & 3: Charge \$1 per \$1000 for increase in Coverage C limits.
- Eff. 2-15-92

121. **OneBeacon America Insurance Company**

- New Home Discount.
- Personal Property Replacement Charge Reduced to \$1 per \$1,000.
- Additional Limits of Liability for Coverage A.
- Protective Devices Credits.
- No charge for Inflation Guard Endorsement.
- Fixed dollar amount deductibles.
- Deviation on HO 00 06 Coverage A Increased Limits.
- Deviation to Form HO 00 06 rates.
- 5% discount for insured age 49 or older.
- Deviation to form HE-7.
- Deviation by Amount of Insurance for Coverage A between \$250,000 and \$500,000.
- Windstorm or Hail Deductibles.
- Eff. 8-15-02 PC053954 [North Carolina Department of Insurance](#)

122. **OneBeacon Insurance Company**

- Replacement on contents endorsement.
- Protective Devices Credit.
- Personal Property Increased Limits.

- Account Credit when the named insured insures personal auto in any of the General Accident Companies.
- Fixed Dollar Amount Deductible.
- New Home Credits.
- Eff 4-15-96

123. **OneBeacon Midwest Insurance Company**

- All Forms, except 4 & 6: New Home Discount; 0-1 yr. old -20%; 2% less credit each added yr. to 10th yr.
- Forms 2 & 3: Personal Property Replacement Cost; Charge to increase Coverage C to 70% of Coverage A; \$1 per \$1000.
- Replacement or Repair Cost Protection Coverage A (HO-3211): \$5 premium charge.
- Protective Devices Credits: PPC 1-7 - 2%-15%; PPC 8-9 - 1%-15%: Maximum credit of 20% applies.
- All Forms, except 4 & 6: Provide Inflation Guard endorsement coverage at 6% amount of annual increase at no charge.
- All Forms, except 4 & 6: Fixed Dollar Amount deductibles: \$500-15%; \$1000-21%; \$2500-38%.
- 5% discount for insured age 49 or older.
- Deviation to Enhancement Forms HE-7; HE-7w/20 & HE-7w/21: Credits vary.
- Deviation by amount of Coverage A: \$250000 - \$500000. Variable credits.
- Windstorm or Hail Deductibles
- Eff. 8-15-02 PC053952 [North Carolina Department of Insurance](#)

124. **Owners Insurance Company**

- Key factors.
- Deductibles - Waiver of Minimum Charges.
- Protective Device Credit.
- Protective Device-Alarm Systems.
- Mature Homeowners Discount.
- Townhouse or Row House discount factors.
- Credit Card, Fund Transfer Card, Forgery and Counterfeit Money.
- Form HO 00 06 Coverage A Dwelling Increased Limits and Special Coverage.
- Loss Assessment Coverage.
- Personal Injury coverage-no charge.
- Special Personal Property Coverage HO 00 05.
- Multi-Policy Discount.
- Section II, Liability-watercraft.
- Life-Homeowners Multi Policy Discount.
- Home/Umbrella Multi-Policy discount.
- Paid in full discount.
- Personal Property Increased limits.
- All forms except HO00 04 and HO 00 06.
- Protection Class Relativities.
- Age of construction discount.
- Base Class Premium.
- Windstorm or Hail Exclusion.
- Windstorm Mitigation.
- Changes or Cancellations.
- Theft Coverage.
- Company Deviation.
- Underwriting Score.
- Solid Fuel Heating.
- Actual cash Value Loss Settlement Windstorm or Hail Loses to Roof Surfacing.
- .Eff 10-2-14 AOIC-129620212 [NCDOI](#)

125. **Pacific Employers Insurance Company**

- Forms 1, 2 & 3: Fixed dollar deductible credits; \$500-11%; \$1000-21%; \$2500-34%.
- Form 4: Fixed dollar deductible credits; \$500-11%; \$1000-25%; \$2500-40%.
- Rate for increase in Coverage C: \$1 per \$1000.

- Forms 1, 2 & 3: Replacement Cost Coverage Charge shall be 4% of adjusted base premium. Coverage C must also be increased to 70% of Coverage A at \$1 per \$1000.
- Protection Device Credits: All zones & all protection classes; Credits vary 2%-15%.
- New Home Discount: Credit varies 2% -20% based on age of dwelling. Credit applies to base premium.
- Base Rate Deviation: Homeowners -25%; Tenants -15%; Condominiums -20%.
- Eff. 2-24-98

126. **Pacific Indemnity Company**

- Base Premium Computation - Forms HO 00 04.
- Payment options – Installment fees waived for Auto recurring payments.
- Base Premium Computation by territory and forms.
- Protective Devices – Maximum Credit of \$75. is deleted.
- Deductibles - Optional Higher Deductibles.
- Deductibles – Named Storm Percentage Deductible.
- Additional Amount of Insurance deviation. Forms HO 00 02, HO 00 03 & HO 00 05.
- Replacement Cost Loss Settlement.
- Supplemental Loss Assessment Coverage Premium for Additional Location.
- Water Back-Up and Sump Discharge or Overflow.
- Gated Community Credit.
- Eff 10-6-14 CHUB-129646104 [NCDOI](#)

127. **Peerless Insurance Company**

- Protective devices.
- Base Premium Computation (HO 00 06).
- Installment Payment plan – no charge for each installment for Electronic Fund Transfer.
- Eff. 9-1-12 LBRM-128206895 [NCDOI](#)

128. **Pennsylvania General Insurance Company**

- All Forms, except 4 & 6: New home credit; Current yr. - 20%; 1 yr. old -18%; 2 yrs. old -16%; 3 yrs. old - 14%; 4 yrs. old - 12%; 5 yrs. old - 10%; 6 yrs. old - 10%; 7 yrs. old - 8%; 8 yrs. old - 7%; 9 yrs. old - 6%; 10yrs.-6%; 11yrs-4%;12yrs-4%;13yrs-2%; 14yrs-2% .
- All Forms: Fixed dollar amount deductible factors; \$500 - .90; \$1000 - .77.
- Forms 1, 2, 3 & 3w/15: Personal property increased limits; \$1 per \$1000 of insurance.
- All Forms, except 4: Account Credit: 10% discount when named insured insures his/her personal auto in any of General Accident Companies.
- Forms 1, 2 & 3: Personal Property Replacement Cost Coverage.
- All Forms: Protective Device Credit: Credit Varies 2% - 15%.
- All Forms, except 4 & 6: 8.8% base rate deviation.
- Eff. 4-15-96

129. **Pennsylvania Lumbermens Mutual Insurance Company**

- Forms 1, 2 & 3: 10% dwellings 5 yrs. old or less; 5% dwellings 6-10 yrs. old.
- All Forms: 10%.
- Eff. 10-1-85

130. **Pennsylvania National Mutual Casualty Insurance Company**

- New Home Discount: Forms HO 00 02, HO 00 03, HO 00 05 and HE 00 07.
- Deductibles – Optional Higher Deductibles.
- Personal Property A Increased Limits.
- Preferred Program territory & protection class.
- Account Credit Program.
- Outboard motors and watercraft Deviation.
- Protective Device Credits.
- Additional Amount of Insurance HO 00 02 & HO 00 03.
- Ordinance or Law Coverage.
- Preferred Advantage Program Deviation.
- Form HO 06 Coverage A Dwelling Basic and Increase Limits and Special Coverage.
- Credit Card, Fund Transfer Card, Forgery and Counterfeit Money Deviation.

- Loss Assessment coverage Forms HO 00 02, HO 00 03, HO 00 04, HO 00 05 and HO 00 06.
- Personal Property - Increased Special Limits of Liability.
- Personal Property – Refrigerated personal Property.
- Water Back Up and Sump Discharge or Overflow.
- Personal Injury Increased Special Limits of Liability
- Installment Charges-Recurring Payments automatically deducted.
- Affinity Group Discount.
- Agency Transfer Transaction Factor.
- Eff 7-1-14 PNPR-129458132 [NCDOI](#)

131. **Pharmacists Mutual Insurance Company**

- -25% base rate deviation.
- Waiver of premium is amended to \$5.
- Installment Payment Plan: Charge varies based on installment plan.
- Personal Package Discount: Credit varies when criteria is met.
- Automatic Adjustments of Limits: Annual 4% increase at no charge.
- Effective 5-1-07 PC102682 [North Carolina Department of Insurance](#)

132. **Phoenix Insurance Company**

- Base Rate Deviation.
- Coverage A relativity curve.
- Deductible Credits HO 00 02, HO 00 03, HO 00 07, HO 00 04 and HO 00 06.
- Protective Devices.
- Personal Property Increased Limit Coverage C.
- Account Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.
- Loss Free customer Credit Homeowners policy written in conjunction with Travelers Private Passenger Auto policy.
- Loss History.
- Insurance Score.
- New Home Credits.
- Home Buyer Credit.
- Multi-Line Insurance & Financial Services Institution Employees Credit.
- Royal SunAlliance Employee Program.
- Installment Payment Plan.
- Eff 5-17-14 TRVA-129270680 [NCDOI](#)

133. **Platte River Insurance Company**

- Age of Dwelling
- Account Credit Program: 15% discount when insured has coverage for both auto & HO policies through UIC.
- Preferred Homeowners Credit: 0% - 23% Credit by territory, pPC, construction type: Other criteria apply.
- Revitalized Home Credit for dwellings 25 yrs. or older if certain criteria is met.
- Deductible Credits: Forms 3, 4, & 6.
- Base Premium Discount for Form 6: A factor of .80 applies.
- Protective Device Credits: All Forms: Credit varies 1% - 15%.
- Replacement Cost on Contents: Forms 3, 4, & 6: Minimum premium does not apply.
- Additional Limits of Liability for Coverages A, B, C, & D: Form 3: 6% credit when certain options are selected.
- Pers Prop Replacement Cost: Form 3: 5% of base prem with min prem waived when certain options are selected.
- Personal Injury: Form 3: Charge waived if certain coverages and options are selected.
- Water Back-Up of Sewers or Drains: Form 3: Charge waived if certain coverages and options are selected.
- Credit Card, Fund Transfer Card, Forgery & Counterfeit: Form 3: Charge waived if certain coverages and options are selected.
- Special Computer Coverages: Form 3: Charge waived if certain coverages and options are selected.
- Coverage C Increased Special Limits of Liability: Form 3: Charge waived if certain coverages and options are selected.
- Fire Department Service Charge: Form 3: Increased to \$1000 in lieu of \$500 if certain coverages and options are selected.
- Form 3: Coverage D Increased to 30% of Coverage A will be deleted if certain coverages & increased limits

options are selected.

- Form 3: Coverage A Relativities Deviation.
- Form 3: Ordinance or Law will be 4% of base premium if certain coverages & increased limits options are selected.
- Form 3: The charge for Refrigerated Property Coverage will be deleted if certain coverages & increased limits options are selected.
- Eff.10-1-99

134. **Privilege Underwriters Reciprocal Exchange**

- Years Renovated
- Territory Deviation
- Coverage A Deviation
- Superior Construction Credits
- Generator Credit
- Financial Responsibility Factor
- Seasonal/Secondary Home
- Occupancy Deviation
- Multi Policy Credit (Personal Automobile)
- Multi Policy Credit (Personal Excess Liability)
- Multi Policy Credit (Jewelry & Art)
- Protective Devices
- Loss Free Credits
- Renewal Credit.
- Eff 1-3-13 PRIV-128715729 [NCDOI](#)

135. **Providence Washington Insurance Company**

- Forms 2 & 3: Deviation by territory, Coverage A amount & protection class: Credit varies.
- All Forms, except 4 & 6: New Home Credit: 1 to 20 yrs. old: Credit varies 1% to 20%.
- All Forms, except 4 & 6: Deductible credits: \$500 - 10%; \$1000 - 17%; \$2500 - 25%.
- Protective Devices for all protection classes & territories: Credits vary 1%-15%.
- Forms 2, 3 & 6: 15% Multiple Policy Credit when Providence Washington writes auto & homeowner.
- Waiver of Premium: \$5 or less.
- Personal Property Replacement Cost: Minimum charge not applicable.
- Eff. 4-18-00 PC033008 [North Carolina Department of Insurance](#)

136. **Republic-Franklin Insurance Company**

Edge Program

- Protection Classification credit.
- Edge Program Tiered.
- Personal Property.
- Mass Merchandising Plan.
- Affinity Group-Wise Program.
- Personal Lines Account Credit.
- Package Additional Coverages.
- Flexible Hose Credit.
- High Efficiency Gas Furnace Credit Rule.

Essentials Program

- Protection Classification credit.
- Personal Property.
- Personal Lines Account Credit.
- Homeowners Extension Package.
- Flexible Hose Credit.
- High Efficiency Gas Furnace Credit Rule.
- Edge Essential Program Tiered Rating.
- Eff 11-15-12 UTCX-G128669380 [NCDOI](#)

137. **Response Worldwide Insurance Company**

- Protective Devices Discount: 3% for deadbolt locks on all main doors & fire extinguishers in house.
- Forms 1, 2, 3 & 3w/15: Deductible Credits; \$500 - 12%; \$1000 - 24%; \$2500 - 36%.
- Forms 4 & 6: Deductible Credits; \$500 - 17%; \$1000 - 30%; \$2500 - 37%.
- Replacement or Repair Cost Protection (HO-500); Waive \$5 charge.
- Forms 4 & 6: 10% deviation.
- Forms 4 & 6: Personal Property (Coverage C) Replacement Cost: 1.30 factor applies.
- Eff. 1-15-95

138. **Safeco Insurance Company of America**

- Deductible Debit/Credits.
- Account Credit: all forms certain criteria apply.
- Credit Card, fund transfer card, forgery and counterfeit money coverage.
- Medical Payments/Other Exposures/Higher Limits Deviation: all forms.
- Other Insured Locations Occupied by Insured.
- Special Personal Property Coverage – Coverage C (HO32 35)
- Market Tier Relativities.
- Employee Discount Plan.
- Company Territory Definitions.
- New Buyer discount.
- Age of Roof Discount.
- Eff. 7-1-13 LBRM-128890087 [NCDOI](#)

139. **Safeco Insurance Company of Indiana**

- Form 3: Preferred Business; 25% off Bureau rates when eligibility guidelines are met.
- Form 3: Standard Business; 5% off Bureau rates when eligibility guidelines are met.
- Form 6: 17% off Bureau rates when eligibility guidelines are met.
- Form 3: Preferred Business; Guaranteed Replacement Cost Coverage A charged waived.
- Form 3: New Home Credit; During calendar yr. - 10%; 1% additional credit each added yr. to 9th yr
- Eff. 2-15-95

140. **Seaton Insurance Company**

- Form 3: Credits vary by protection class, & Coverage A dwelling amounts; Coverage A amount under \$40000 - \$1000000 & over. Credit varies 0% - 19% based on territory.
- Form 3: Personal Property Replacement Cost; Delete 5% surcharge.
- Form 6: 19% to be applied to base rate of 10% off Form HO-4.
- Form 3: Fixed Dollar Amount Deductibles Credits; \$500-9%; \$1000-17%; \$2500-25%.
- Forms 4 & 6: \$500-10%; \$1000-23%; \$2500-37%.
- Form 3: New Home Credit; Current yr. - 20%; 2% less credit each added year.
- Personal Property Coverage C increased limits: Form 3; \$1; Form 3w/15 - \$2.
- Protection Device Credit: 5% in all territories & protection classes for an installed smoke detector, fire extinguisher & dead bolt locks.
- Reduced rates for Outboard Motors & Water Craft liability.
- Forms 3, 4 & 6: Personal Injury Coverage; HO-82 included at no charge.
- Form 3: Deviation of territorial relativities varies 0.0% - 15.8%.
- Form 4: 5% credit off base rates.
- Forms 4 & 6: Personal Property Replacement Cost Coverage; Surcharge reduced from 1.40 to 1.30.
- Eff. 6-13-94

141. **Select Insurance Company**

- Forms 1, 2, 3 & 3 w/15: 15%.
- Eff. 2/8/86

142. **Selective Insurance Company of South Carolina**

- Forms 4 & 6: 25%.
- Forms 1, 2, 3 & 3w/15: Replacement Cost on Personal Property; Delete 5% surcharge.
- Forms 4 & 6: RC Personal Property; shall be \$1 per \$1000 of ins. applied to Coverage C.

- Protective Devices Credit: Factors vary .85 to .98.
- All Forms, except 4 & 6: Fixed dollar amount deductible factors.
- Amount of Insurance Deviation: \$60000 - \$140000: Credit varies 0%-25%.
- Age of Dwelling Credits: New 20%; 1 yr. old 18%; 2% less credit each added yr. through 9th yr.
- Eff. 5/1/92

143. **Selective Insurance Company of the Southeast**

- Credit for protective devices: Factors vary .85 to .98.
- Forms 1, 2, 3, & 3 w/15: Replacement cost on personal property; Delete 5% surcharge.
- Forms 4 & 6: Charge an annual additional premium of \$1 per \$1000 of insurance applied to Coverage C. Minimum limit of Coverage is \$12000.
- All Forms, except HO 4 & HO 6: Fixed dollar amt ded factors; \$500 - .85; \$1000 - .80; \$2500 - .70.
- Amount of Insurance Deviation: \$20000 - \$75000; Credits vary 3.0% - 10.0%.
- Eff. 5-1-2

144. **Sentry Insurance A Mutual Company**

- All Forms, except 4 & 6: Fixed dollar amt ded; Factors for Cov A limits: \$500 ded. - .91; \$1000 ded. - .79; \$2500 ded. - .62.
- Eff. 11-1-96

145. **Service Insurance Company**

- Year of Construction Deviation by territory: Credit varies 3% - 30%.
- Deviation for Masonry Construction by protection class: Credit varies.
- Form 3: 10% Base Deviation by territory.
- Claim Free Credit: 5% applied to base premium: Not available in terr 5,6,42,43. Certain criteria apply.
- Mature Homeowner Credit: 5% credit by territory: Certain criteria apply.
- Gated Community Credit: 5% credit by territory: Certain criteria apply.
- Form 3: Increased Limit of Personal Property: \$1 per 1000.
- Windstorm or Hail Deductible Deviation: Credit varies.
- Key Premium Factors Deviation.
- 2% Protective Device Credit for auto smoke detectors, fire extinguishers & deadbolt locks on all exterior doors.
- Maximum Allowable Credit – The max allowable credit for newly constructed dwellings, gated community, and claim free combined, is limited to 30%.
- Auto Companion Credit: 4% credit when criteria are met.
- Deductible Credit Discounts.
- Percent Windstorm or Hail Deductibles Deviation.
- HO-6 Base Class Premium; Credit varies based on territories.
- HO-6 Protection-Construction factor deviation.
- HO-6 Key Premium Factor Deviation.
- Eff. 6-1-03 PC061674 [North Carolina Department of Insurance](#)

146. **Southern Guaranty Insurance Company**

- Form 3 & HE-7: Deviation by Territorial Relativities.
- Form 4: Deviation by Territorial Relativities.
- Form 6: Deviation by Territorial Relativities.
- Form 3 & HE-7: Amount of Insurance Deviation.
- Form 3 & HE-7: New Home Credit; 1 yr. - 18%; 2% less credit each added yr. to 9th yr.
- All Forms, except 4 & 6: Deductible Credits; \$500-.91; \$1000-.83; \$2500-.75. Forms 4 & 6: \$500-.90; \$1000-.77; \$2500-.63.
- Forms 4 & 6: Personal Property (Coverage C) Replacement Cost Coverage; Factor 1.30 from 1.40.
- Reduced charge for Personal Property Increased Limits: Form 3 - \$1; Form 3w/15 - \$2.
- Reduced rates for Outboard & Water Craft Liability.
- Forms 3, 4 & 6: Personal Injury Coverage at no charge.
- Form 3 & HE-7: Exceptional Homeowner: 10% credit when criteria are met.
- Protective Devices Credit: Credit varies.
- Multi-Policy Credit: 5% credit applies when insured has personal auto & homeowners with Southern Guaranty Insurance Company.
- Eff. 1-1-01 PC038720 [North Carolina Department of Insurance](#)

147. **Southern Insurance Company of Virginia**

**PREFERRED**

- Territory Deviation; for form HO 00 02, HO 00 03, and HO 00 05 Credit varies.
- Optional Deductible Credits: Change in credit for increasing the deductibles based on Coverage A limit.
- Protective Device Credits Combined – credit varies.
- Additional Amounts of Insurance – form HO 03 and HO 05.
- Personal Property Replacement Cost HO 00 02, HO 00 03 and HO 00 05.
- Southern Homeowners Account Credit Plan.
- Credits for newer homes.
- Outboard Motors and Watercraft reduced rates.
- HE-00 07 Program – 10% credit for policies written with HE 00 07, HE 00 07 with HE 32 20 or HE 00 07 with HE 32 21.
- Automatic Payment Plan.
- Multi-Protector Plus-Coverage C Increase Special Limits of Liability.
- Multi-Protector Plus – Business Property.
- Multi-Protector Plus-Personal Injury Coverage
- Multi-Protector-Water Backup
- Multi-Protector Plus-Refrigerated Property
- Multi-Protector Deluxe-Coverage C Increase Special Limits of Liability
- Multi-Protector Deluxe-Business Property
- Multi-Protector Deluxe Personal Injury Coverage
- Multi-Protector Deluxe Water Backup
- Multi-Protector Deluxe Refrigerated Property
- Multi-Protector Deluxe Loss Assessment Coverage
- Multi-Protector Elite Coverage C Increased Special Limits of Liability
- Multi-Protector Elite Business Property
- Multi-Protector Elite-Personal Property Replacement Cost Coverage
- Multi-Protector Elite Personal Injury Coverage
- Multi-Protector Elite Water Backup
- Multi-Protector Elite Refrigerated Property
- Multi-Protector Elite Loss Assessment Coverage
- Multi-Protector Elite Increased Ordinance or Law Coverage
- Multi-Protector Elite Increased Section II Limits of Liability

**STANDARD**

- Territory Deviation for HO 00 02, HO 00 03, and HO 00 05.
- Optional Deductible Credits: Change in credit for increasing the deductibles based on Coverage A limit.
- Protective Device Credits Combined – credit varies.
- Additional Amounts of Insurance – form HO 03 and HO 05.
- Personal Property Replacement Cost HO 00 02, HO 00 03 and HO 00 05.
- Personal Property Replacement Cost Coverage HO 00 04 and HO 00 06.
- Credits for newer homes.
- Outboard Motors and Watercraft reduced rates.
- HE-00 07 Program – 10% credit for policies written with HE 00 07, HE 00 07 with HE 32 20 or HE 00 07 with HE 32 21.
- Southern Homeowners Account Credit Plan.
- Automatic Payment Plan.
- Multi-Protector Plus-Coverage C Increase Special Limits of Liability.
- Multi-Protector Plus – Business Property.
- Multi-Protector Plus-Personal Injury Coverage.
- Multi-Protector-Water Backup.
- Multi-Protector Plus-Refrigerated Property.
- Multi-Protector Deluxe-Coverage C Increase Special Limits of Liability.
- Multi-Protector Deluxe-Business Property.
- Multi-Protector Deluxe Personal Injury Coverage.
- Multi-Protector Deluxe Water Backup.
- Multi-Protector Deluxe Refrigerated Property.

- Multi-Protector Deluxe Loss Assessment Coverage.
- Eff 1-1-09 DNGL-125861191 [North Carolina Department of Insurance](#)

148. **Southern Pilot Insurance Company**

- Deviation by Territorial Relativities (HO-3 and HE-7).
- Deviation by Territorial Relativities (HO-4)
- Deviation by Territorial Relativities (HO-6).
- Amount of Insurance Deviation (HO-3, HO-5 and HE-7).
- New Home Credits
- Optional Deductible Credits.
- Personal Property (Coverage C) Replacement Cost Coverage.
- Reduced Charge for Personal Property Increased Limits.
- Reduced Rates for Outboard Motors and Watercraft Liability.
- Personal Injury Coverage At No Charge.
- Protective Devices Credit.
- Deviation for Multi-Policy Credit.
- HE-7 Level of Enhancement Factor.
- Eff. 5-5-13 QBEC-128993825 [NCDOI](#)

149. **SPARTA Insurance Holdings**

- New Home Credit All Forms, except 4 & 6;: 0-1 yr. old - 20%; 2% less credit each added yr. to 10th yr.
- Personal Property Replacement Forms 2 & 3: Cost; Charge to increase Cov C to 70% of Cov A; \$1 per \$1000.
- Additional Limit of Liability for Coverage A. HO 3211. \$5 premium charge.
- Protective Devices Credits: PPC 1-7 - 2%-15%; PPC 8-9 - 1%-15%: Maximum credit of 20% applies.
- Inflation Guard Endorsement (HO-243) at 6% - at no charge.
- Fixed dollar amount deductible credits Forms 2 & 3;: - \$500-15%; \$1000-21%; \$2500-38%.
- Fixed dollar amount deductible credits Forms 4 & 6;: \$500-10%; \$1000-23%; \$2500-37%.
- Increased Coverage A limits HO-6 \$3000 coverage A at no additional charge. Coverage A limit may be increased.
- Form 6: 6.4% deviation.
- 5% discount for insured age 49 or older.
- Form HE-7; HE7w/20 & HE7w/21: Reduced Factors.
- Deviation by amount of insurance for Coverage A \$250,000 - \$500,000. Variable credit.
- Windstorm or Hail Deductible credit varies by amount of deductible
- Eff. 8/15/02 PC053953 [North Carolina Department of Insurance](#)

150. **St. Paul Fire & Marine Insurance Company**

- Forms 1, 2, 3 & 3 w/15: New Home Discount: Yr. of construction; 0-1 yr. of age - 15%; 2-3 yrs. - 13%; 4-5 yrs. - 11%; 6-7 yrs. - 9%; 8-9 yrs. - 7%; 10-11 yrs. - 5%; 12-15 yrs. - 3%.
- Forms 1, 2, 3 & 3 w/15: Personal Property Replacement Cost; No charge for Cov C increase from 50% to 70%.
- Forms 4 & 6: 30% surcharge to basic premium (after higher deductible credit) & for attaching HO-50.
- All Forms: Minimum premium \$15 per policy.
- Eff. 9-23-92

151. **St. Paul Guardian Insurance Company**

- Operation Identification Credit: 5% rate credit on Basic Homeowners Insurance Premium.
- New Home Discount: 0-1 yr.-18%; 2-3 yrs -15%; 4-5 yrs.-10%; 6-7 yrs -8%; 8-9 yrs -7%; 10-11 yrs.-5%; 12-15 yrs.-3%.
- Personal Injury Protection (Form HO-82) provided at no additional charge.
- Forms 3, 3 w/15, 4, 6, HE-7 & HE-7w/HE20: Deductible credits: \$500 - 11%; \$1000 - 23%; \$2500 - 37%.
- Form 6: 14.5% off St. Paul Guardian HO-4 rates.
- Form 3: Deviation on policy amount Relativities by territory; Variable credits.
- Form 4: Deviation on base rates by territory; Variable credits.
- Forms 4 & 6: Deviation on policy amount Relativities by territory; Variable credits.
- Form 3: Replacement or repair cost Coverage A (HO-500) provided at no charge.
- Protective Devices Credit & Home Safety Coverage Credits.
- Business Pursuits Section II coverage: All classifications will be rated same as rate shown for clerical employees.
- Water Craft: Same charge applies for lengths over 15 - 26 feet & over151 horsepower as to lengths up to 15 feet

& below 151 horsepower.

- Home Day Care: Rated at Bureau rates for Permitted Incidental Occupancies (HO-42).
- Forms 3, 3w/15, 4 & 6: Pers prop replacement cost (HO-290) coverage is provided at no additional charge.
- Homeowners PAK II Credit: Forms 3, 4, 6 & HE-7; 10% when insured qualifies for PAK II Program for terr 32 - 43.
- Base premiums for HE-7 policies: No additional charge.
- Base premium for HE-7w/HE-20 policies: +2.0% above St. Paul Guardian HO-3 rates.
- Base premium for HE-7w/HE-21 policies: +4.0% above St. Paul Guardian HO-3 rates.
- Renewal Credit: credit when insured maintains consecutive yrs. of both auto & homeowners coverage with the St. Paul, 3-5 yrs. Credit varies 3%-5%.
- Forms 3 & 3w/15: Personal property increase limits; \$1 per \$1000 of insurance.
- Installment Payment Plan: \$2 charge each installment unless Electronic Funds Transfer billing option is selected, then no charge.
- Employee Discount: 20% new business: 15% renewals.
- Eff. 3-1-00

152. **St. Paul Mercury Insurance Company**

- Operation Identification Credit: 5%.
- New Home Discount: 0-1 yr. - 15%; 2-3 yrs. - 13%; 4-5 yrs. - 11%; 6-7yrs. -9%; 8-9 yrs. -7%; 10-11 yrs. -5%; 12-15 yrs. -3%.
- Personal Injury Protection (HO-82) provided at no additional charge.
- Personal Property Replacement Cost (HO-290) coverage is provided at no additional charge.
- Forms 3, 3 w/15, 4 & 6: Deductible credits; \$500 - 11%; \$1000 - 23%; \$2500 - 37%.
- HO-6: 15% on Companies HO-4 rates.
- HO-3: Deviation on base rates by territory; Credit varies 15.5% - 37.2%.
- Form 4: Deviation on base rates by territory; Credit varies 16.0% - 29.6%.
- Forms 4 & 6: Deviation on policy amount Relativities by territory; Credit varies 0.1% - 3.1%.
- Form 3: Replacement or repair cost Coverage A (HO-500) provided at no charge.
- Protective Devices Credit & Home Safety Coverage Credits.
- Business Pursuits Section II Coverage: All classifications will be rated same as rate shown for clerical employees.
- Water Craft: Same charge apply for lengths over 15-26 ft. & over 151 horsepower as to lengths up to 15 ft. & below 151 horsepower.
- Home Day Care: Rated at Bureau rates for Permitted Incidental Occupancies (HO-42).
- Installment Payment Plan: \$2 charges each installment.
- Eff. 3-1-95

153. **Standard Fire Insurance Company**

- Base Rate Deviation.
- Coverage A relativity curve.
- Protective Devices.
- Personal Property Increased Limit Coverage C.
- Account Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.
- Loss Free Customer Credit Homeowners policy written in conjunction with Travelers Private Passenger Auto policy.
- Loss History.
- Insurance Score.
- New Home Credits.
- Home Buyer Credit.
- Installment Payment Plan.
- Eff. 5-17-14 TRVA-129270671 [NCDOI](#)

154. **Starr Indemnity & Casualty Company**

- All Forms: Personal Prop Replacement Cost; Minimum additional premium for coverage is deleted.
- All Forms: Protective Devices; Maximum credit allowed is deleted.
- All Forms, except 4 & 6: Fixed dollar amount deductible credits.
- Eff. 4-1-95

155. **State Automobile Mutual Insurance Company**

- Auto/Home Discount.

- Credits for Protective Devices
- Age of Dwelling Credit.
- Increased Coverage C.
- Protection Class 9 Rates.
- Prime of Life Discount, Age 55 and older.
- Townhouse /Row House.
- Three or Four Family Dwellings.
- Residence Held in Trust.
- Base Premium.
- Ordinance or Law Coverage.
- Boating Course Credit.
- Watercraft Membership Credit.
- Payment Plan.
- Eff 7-29-14 STAT-129442238 [NCDOI](#)

156. **State Auto Property & Casualty Insurance Company**

- Credits for Protective Devices
- Increased Coverage C.
- Protection Class 9 Rates.
- Townhouse /Row House.
- Three or Four Family Dwellings.
- Residence Held in Trust.
- Ordinance or Law Coverage.
- Boating Course Credit.
- Watercraft Membership Credit.
- Payment Plan.
- Eff. 7-29-14-14 STAT-129442239 [NCDOI](#)

157. **State Farm Fire & Casualty**

- Deviation by Amount of Insurance HO 00 04 and HO 00 06.
- Protective devices.
- Coverage A Increased limits & Special Coverage Form HO 00 06.
- Homeowners 36 Discount.
- Installment Payment Plan.
- Refrigerated Personal Property, No Charge.
- Home-Auto Discount.
- Deductibles-Named Storm Percentage deductibles.
- Deductibles-Named Storm Percentage deductibles.
- Deductibles-Named Storm Percentage deductibles.
- All peril deductibles.
- Customer Rating Index.
- Utilities Rating Index.
- Eff. 7-1-13 SFMA-128957201 [NCDOI](#)

158. **Stonington Insurance Company**

- Mature Retirees Credit: 10% when required criteria are met.
- All Forms: 10% base rate deviation for protection class 1-9 & 9s for territories 32-40.
- New Roof Credit: 5% off base premium when eligibility met; Not applicable with new home credit.
- Form 3: 10% credit Preferred Homeowners Program when criteria are met.
- Loss Free Renewal Credit: Applied to renewal date of policy that has been free of losses: 1 yr. - 3%; 2 yrs. - 6%; 3+ more yrs. - 9%.
- Multi-Policy Credit: 10% applies to new business only when applicant has auto with agency representing Nobel & their homeowners coverage is placed with Nobel. 5% credit applies second yr.
- Eff. 6-1-99

159. **Teachers Insurance Company**

- Installment Pay Plan.

- Multi-Line Discount,
- Installment Payments (EFT).
- Eff. 4-1-14 HRMN-129256524 [NCDOI](#)

160. **Travelers Casualty & Surety Company**

- Base Rate Deviation.
- Coverage A relativity curve.
- Deductible Credits.
- Protective Devices.
- Personal Property Increased Limit Coverage C.
- Account Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.
- Loss Free Customer Credit Homeowners policy written in conjunction with Travelers Private Passenger Auto policy.
- Loss History.
- Insurance Score.
- New Home Credits.
- Home Buyer Credit.
- Installment Payment Plan.
- Eff 5-17-14 TRVA-129270713 [NCDOI](#)

161. **Travelers Indemnity Company**

- Base Rate Deviation.
- Coverage A relativity curve.
- Deductible Credits.
- Protective Devices.
- Personal Property Increased Limit Coverage C.
- Account Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.
- Loss Free Customer Credit Homeowners policy written in conjunction with Travelers Private Passenger Auto policy.
- Loss History.
- Insurance Score.
- New Home Credits.
- Home Buyer Credit.
- Installment Payment Plan.
- Eff 5-17-14 TRVA-129270675 [NCDOI](#)

162. **Travelers Indemnity Company of America**

- Base Rate Deviation.
- Coverage A relativity curve.
- Deductible Credits.
- Protective Device Credit.
- Personal Property Increased Limit Coverage C.
- Account Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.
- Loss Free Customer Credit Homeowners policy written in conjunction with Travelers Private Passenger Auto policy.
- Loss History.
- Insurance Score.
- New Home Credits.
- Home Buyer Credit.
- Multi-Line Insurance & Financial Services Institution Employees Credit.
- Royal SunAlliance Employee Program.
- Installment Payment Plan.
- Final Premium Adjustment Factor.
- Eff 5-17-14 TRVA-129270714 [NCDOI](#)

163. **Travelers Indemnity Company of Connecticut**

- Forms 3 & 3w/15: Base rate deviation based on protection class, amount of insurance & territory; Variable credit

factors.

- Form 3: 12% optional coverage credit.
- Forms 3 & 3w15: Deductible credits; \$500-16%; \$1000-26%; \$2500-32%.
- Protective Device Credits: Variable credits.
- Increased Limits Coverage C: Reduce charge to \$2 per \$1000.
- New Home Credit: New - 20%; 1 yr. old - 19%; 2 yrs. 18%; 3 yrs. - 16%; 4 yrs. - 15% - 14%; 6 yrs. - 12%; 7 yrs. - 11%; 8 yrs. - 10%; 9 yrs. - 8%; 10 yrs. - 7%; 11 yrs. - 6%; 12 yrs. - 4%; 13 yrs. - 3%; 14 yrs. - 2%; 15 yrs. - 1%.
- Replacement or Repair Cost Protection: Reduce charge to \$1 per policy.
- Account Discount: 10% when insured has both auto & homeowners policy.
- Forms 3 & 3w/15: Loss Free Credit; 3+ yrs. loss free - 3% credit.
- Rate Credit for Multi-Line Insurance & Financial Services Institution Employees Credit: 20% credit.
- Eff. 11-1-96

164. **Travelers Personal Security Insurance Company**

- Base Rate Deviation.
- Coverage A relativity curve.
- Protective Device Credit.
- Personal Property Increased Limit Coverage C.
- Account Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.
- Loss Free Customer Credit Homeowners policy written in conjunction with Travelers Private Passenger Auto policy.
- Loss History.
- Insurance Score.
- New Home Credits.
- Home Buyer Credit.
- Multi-Line Insurance & Financial Services Institution Employees Credit.
- Royal SunAlliance Employee Program.
- Installment Payment Plan.
- Final Premium Adjustment Factor.
- Eff 5-17-14 TRVA-129270670 [NCDOI](#)

165. **Travelers Property Casualty Company of America**

- Base Rate Deviation: Credit varies based on territory.
- New Home Credit: 0 - 15 yrs. old: Credit varies 2% - 20%.
- Protective Device Deviation: Credit varies 1% - 15%.
- Forms 2, 3 & 3w15, 4 & 6: 10% Account Credit.
- Forms 2, 3 & 3w15: Personal Property - Increased Limit Coverage C: \$1 per \$1000.
- Form 3w/15: 10% Additional premium charge.
- Forms 2, 3, 3/w15, 4 & 6: Loss Free Credit: 5+ yrs. loss free - 5% credit.
- Deductible Credits: Varies by amount of deductible & territory.
- Form 3: Homeowners Extra Credit: 15% when criteria are met.
- Refrigerated Personal Property. \$10 charge waived.
- Forms 3 & 6: Association Credit Program: 10% credit applies when certain criteria are met.
- Forms 2 & 3: Inflation Guard premium charge waived.
- Eff. 5-21-00 PC032643 [North Carolina Department of Insurance](#)

166. **Twin City Fire Insurance Company**

- Age of Dwelling Credit for all territories except 7, 8, 41, 48, 49, 52.
- Account Credit for all territories.
- Retiree Credit named insured is age 50 and older.
- Limited Access Credit Forms 4 & 6: if complex meets the protection requirements.
- Insurance Score.
- Prior Losses.
- Territory Deviation.
- Eff. 3-3-13 HART-128761154 [NCDOI](#)

167. **USAA CASUALTY INSURANCE COMPANY**

- Tier Discount, HO 00 03.
- Tier Discount HO 00 06.
- Base Premium HO 00 03.
- Base Premium HO 00 06.
- Deductibles.
- Windstorm or Hail Exclusion Credits.
- Personal Property-Additional Coverage-Jewelry and Furs.
- Sinkhole Collapse Coverage.
- Coverage A Dwelling Basic and Increased Limits.
- Earthquake Coverage.
- Protective Devices.
- Loss History.
- Auto and Home Combination Discount.
- Refrigerated Personal Property.
- Installment Payment Plan.
- Eff 10-14-14 USAA-129529743 [NCDOI](#)

168. **USAA General Indemnity Company**

- Tier Discount, HO 00 03.
- Tier Discount HO 00 06.
- Base Premium HO 00 03.
- Base Premium HO 00 06.
- Deductibles.
- Windstorm or Hail Exclusion Credits.
- Personal Property-Additional Coverage-Jewelry and Furs.
- Sinkhole Collapse Coverage.
- Coverage A Dwelling Basic and Increased Limits.
- Earthquake Coverage.
- Protective Devices.
- Loss History.
- Auto and Home Combination Discount.
- Refrigerated Personal Property.
- Installment Payment Plan.
- Eff 10-14-14 USAA-129529748 [NCDOI](#)

169. **Unigard Indemnity Company & Unigard Insurance Company**

- Form 3: Credits vary by protection class & Coverage A dwelling amounts; \$40000 & under to \$1000000 & over. Credit varies based on territory.
- Form 3: Personal Property Replacement Cost; Delete 5% surcharge.
- Form 6: 16% to be applied to base rate of 10% off Form 4.
- Form 3: Fixed dollar amount deductibles credits; \$500-9%; \$1000-17%; \$2500-25%.
- Forms 4 & 6: \$500-10%; \$1000-23%; \$2500-37%.
- Form 3: New Home Credit; Current yr. - 20%; 2% less credit each added yr.
- Personal Property Coverage C Increased Limits: Form 3 - \$1; Form 3w/15 - \$2.
- Protection Device Credit: 5% in all territories & protection classes for an installed smoke detector, fire extinguisher & dead bolt locks.
- Reduced rates for Outboard Motors & Water Craft liability.
- Forms 3, 4 & 6: Personal Injury Coverage; HO-82 included at no charge.
- Form 3: Deviation of territorial Relativities: Credit varies 5.0% - 20.0%.
- Form 4: Credit off base rates by territory; Credit varies 3.5% - 10.0%.
- Forms 4 & 6: Personal Property Replacement Cost Coverage; Surcharge reduced from 1.40 to 1.30.
- Forms 4 & 6: Deviation varies by protection class & territory.
- Eff. 10-3-94

170. **Union Insurance Company**

- Protective Device Credit: Credit varies 2% - 15%.

- All Forms: Account Credit: 10% when auto coverage is written with Union Ins. Co.
- Form 3: New Home/Dwelling Under Construction Discount: Discount based on yr. completed & occupied. Credit varies.
- 3% - 20%.
- Mature Homeowner Credit: 5% if insured is 55 yrs. & an adult is usually home during the day.
- All Forms, except 4 & 6: Replacement cost on contents. \$10 charge plus \$2 per \$1000 when increasing Coverage C from 50% to 70% of Coverage A.
- Increased Deductible Credits: Forms 3, HE-7, 4 & 6; \$500-19%; \$1000-21%.
- Form 3: Coverage A Factor Deviation by amount & territory.
- Eff. 7-1-01

171. **United Property & Casualty**

- Book Transfer discount.
- Companion Policy discount.
- Prior Insurance Discount.
- Claim Free Discount.
- Claim Rating Discount.
- Mature Homeowner Discount.
- New Purchase Discount.
- Age of Home Discount.
- Hip Roof Discount.
- Secured Community Discount.
- Water Loss Prevention Credit.
- Maximum Discount Rule.
- Eff 4-15-13 UPCI-128951923 [NCDOI](#)

172. **United Services Automobile Association**

- Tier Discount, HO 00 03.
- Tier Discount HO 00 06.
- Base Premium HO 00 03.
- Base Premium HO 00 06.
- Base Premium Protection Construction Factors.
- Deductibles.
- Windstorm or Hail Exclusion Credits.
- Personal Property-Additional Coverage-Jewelry and Furs.
- Sinkhole Collapse Coverage.
- Coverage A Dwelling Basic and Increased Limits.
- Earthquake Coverage.
- Protective Devices.
- Loss History.
- Auto and Home Combination Discount.
- Refrigerated Personal Property.
- Installment Payment Plan.
- Eff 10-14-14 USAA-129529705 [NCDOI](#)

173. **United States Fidelity & Guaranty Company**

- Waive any additional premium of \$5 or less.
- Forms 4 & 6: Personal Property Replacement Cost Coverage; 1.35 factor.
- Increase in Coverage C limits: Forms 1, 2 & 3 - \$1.50 per \$1000; Form 3w15 - \$2.50 per \$1000.
- Form 6: Form Relativity Factor .800 in lieu of .855.
- Employee Group Discount: 15%.
- Forms 2 & 3: Additional Amount of Insurance. Premium charge \$5. HO 03211.
- Special Package Discount. 5% when criteria is met.
- Forms 2, 3, 3w/15 & 8: Deductible Credits.
- Multi-Policy Discount: 10% credit when both Residential & P P Auto policies purchased through USF&G Insurance.

- New Home Discount: 1 yr.-20%; 2% less credit to 9th yr.
- Deviation of HO-3 base rates by territory & policy amount: Credits vary.
- Eff. 4-15-00 PC030952 [North Carolina Department of Insurance](#)

174. **United States Fire Insurance Company**

- Forms 2, 3, & 3 w/15: New Home Credit; 0-1 yr. old - 20%; 2% less credit each added yr.
- Forms 1, 2, 3 & 3 w/15: Higher deductible credit factors; \$500-.89; \$1000-.80; \$2500-.67.
- Forms 4 & 6: Higher deductible credit factors; \$500 - .83; \$1000 - .67; \$2500 - .54
- Premises Alarm System: Expand table of credits for protection class 1-7 to include class 8.
- All Forms: Replacement Cost on Contents: Deletion of \$20 minimum additional premium.
- Eff. 3/1/90

175. **Unitrin Auto and Home Insurance Company**

- Base rate by coverage Level.
- Price Level Deviation.
- Age of Dwelling.
- Mature Homeowners Credit.
- Credit Rating Variables.
- Loss Record.
- Consumer Loyalty Credit.
- Personal Property (Coverage C) RC Coverage.
- Outboard Motors and Watercraft.
- Ordinance or Law Coverage.
- Network Discount.
- Installment Payment Plans, Electronic Funds Transfer (EFT).
- Protective Devices.
- All Other Protective Devices.
- Eff 6-1-13 KEMP-128844969 [NCDOI](#)

176. **Unitrin Safeguard Insurance Company**

- Base rate by coverage Level.
- Price Level Deviation.
- Age of Dwelling.
- Mature Homeowners Credit.
- Credit Rating Variables.
- Loss Record.
- Consumer Loyalty Credit.
- Personal Property (Coverage C) RC Coverage.
- Outboard Motors and Watercraft.
- Ordinance or Law Coverage.
- Network Discount.
- Installment Payment Plans, Electronic Funds Transfer (EFT).
- Protective Devices.
- All Other Protective Devices.
- Eff 6-1-13 KEMP-128845573 [NCDOI](#)

177. **Universal North American Insurance Company**  
**Homeowners Choice Program**

- Age of Dwelling.
- Personal Property Replacement Cost.
- Loss of Use.
- GEICO Credit.
- Costco Credit.
- Prior Claim rating.
- Insurance Score.
- Territory Deviation.
- Other than Primary Residence.

**Homeowners Advantage**

- Claim free discount.
- Maximum discount Rule.
- Loss Settlement Options.
- Territory Factors.
- Affinity Discount.
- Claim Free.
- Claim Rating.
- Financial Responsibility Score.
- Eff 6-23-14 UNAC-129394990 [NCDOI](#)

178. **Utica Mutual Insurance Company**

- Personal Property Replacement Cost.
- Mass Merchandising Plan.
- (W.I.S.E.)/Affinity Group Program.
- HO Extension Package.
- Personal Lines Account Credit.
- Protection Class deviation Suburban Rating.
- Eff. 4-1-12 UTCX-G127958123 [NCDOI](#)

179. **Valiant Insurance Company**

- Personal Property Replacement Cost
- Deductible Credits.
- Personal Property Increased Limits.
- Age of dwelling discount.
- Account Credit.
- Deviation by territory.
- Base Premium discount.
- Protective Device Credit.
- Eff 7-1-98

180. **Vesta Insurance Corporation**

- Inflation Guard Coverage: Premier, Deluxe, Renters & Condos; No charge.
- Loss Assessment Coverage for Earthquake: Premier, Renters & Condos; 5% deductible applies to insured's share of each assessment. Deductible amount not less than \$250 in any one assessment. \$1 per \$1000.
- Credit card, fund transfer card, forgery & counterfeit money coverage Premier, Deluxe & Renters; Reduced charge.
- Premium Credits for Protective Device: Premier, Deluxe, Renters & Condos: Credit varies 2%-15%.
- Increased Special Limits of Liability Premier, Deluxe, Renters & Condos: Reduced charge for certain class of property.
- Deductible Credits: Credits vary from 15% - 40%.
- Senior Citizen Discount Premier, Deluxe, Renters & Condos: 5% if at least one of the named insured is 55 yrs. or older & is not employed outside the home.
- Supporting Business Discount Premier, Deluxe, Renters & Condos: 2%.
- Base Rate Deviation by Territory; Premier & Deluxe; Variable credits.
- Coverage Amount Reactivities Deviations: Premier & Deluxe; Credits vary based on Coverage A amount.
- Loss Free Credit: Premier, Deluxe, Renters & Condos; 3 yrs. - 5%.
- Personal Property: Coverage C limit may be increased at a rate of \$2 per \$1000.
- Age of Home Credit: Premier & Deluxe; Credits vary 0%-20%.
- Eff. 6-1-99

181. **Vigilant Insurance Company.**

- Base premium computation forms HO 00 04.
- Payment Options-Installment fees waived for Auto recurring payments.
- Base premium computation by form and territory.
- Protective Devices maximum credit is deleted
- Deductibles - Optional Higher Deductibles.

- Deductibles – Named Storm Percentage deductible.
- Additional Amounts of Insurance discount.
- Replacement Cost Loss Settlement.
- Supplemental Loss Assessment Coverage Premium for Additional Location.
- Water Back-Up and Sump Discharge or Overflow.
- Gated Community credit.
- Multi-Policy Credit - Valuable Articles Credit.
- Eff. 10-6-14 CHUB-129646126 [NCDOI](#)

182. **Westchester Fire Insurance Company**

- Forms 1, 2, 3 & 3 w/15: Age of dwelling credit 0-1 yr. 20%; 2% less credit each added yr.
- Forms 1, 2, 3 & 3 w/15: Higher deductible credit factors; \$500 - .89; \$1000 - .80; \$2500 - .67.
- Forms 4 & 6: Higher deductible credit factors; \$500 - .83; \$1000 - .67; \$2500 - .54.
- Premises Alarm System: Expand table of credits for protection class 1-7 to include class 8.
- All Forms: Replacement Cost on Contents: Deletion of \$20 minimum additional premium.
- Eff. 3/1/90

183. **XL Insurance America, Inc.**

- All Forms: Personal Property Replacement Cost Coverage; Minimum additional premium for coverage is deleted.
- All Forms: Protective Devices: Maximum credit allowed is deleted.
- Forms 1, 2 & 3: Replacement Cost on Contents: Charge \$1 per \$1000 for additional increase of Coverage C to 70% of Coverage A. Additional premium for this coverage will not apply.
- Deductibles: Deletion of minimum charges.
- Forms 1, 2, 3 & 8: Fixed dollar amount deductible factors; \$500 - .91; \$1000 - .83; \$2500 - .75.
- Forms 4 & 6: Fixed dollar amount deductible factors; \$500 - .90; \$1000 - .77; \$2500 - .63.
- Eff. 4-1-95

**HOMEOWNERS**

1. **ACE American Insurance Company**

- New Construction Credit: New home - 10 yrs. Credit varies 20% - 0%.
- Forms 1, 2, 3, 4 & 6: Fixed Dollar Deductible: Credit varies 15% - 40%.
- Personal Property Increased Limit: \$2 per \$1,000 of additional coverage.
- Form 2 & 3: Replacement cost on contents - HO 0490: Factor of 11.5% applies to end of the base premium & includes increased limits to 70% of Coverage A dwelling amount.
- Protective Device Credits: All zones & all protection classes: Credit varies 2% - 15%.
- Rate Deviation: Homeowners - 21%; Tenants - 15%; Condominiums - 20%
- Eff. 9-1-92

2. **ACE Fire Underwriters Insurance Company**

- New Construction Credit: New 20%; 1 yr. old - 18%; 2% less credit each added yr.
- Forms 1, 2 & 3: Fixed dollar deductible credits; \$500 - 11%; \$1,000 - 21%; \$2,500 - 34%.
- Form 4: Fixed dollar deductible credits; \$500 - 11%; \$1,000 - 25%; \$2,500 - 40%.
- Forms 1, 2 & 3: Rate for increase in Coverage C: \$1 per \$1,000.
- Forms 1, 2 & 3: Replacement Cost Coverage HO-290; Charge shall be 4% of adjusted base premium. Coverage C must also be increased to 70% of A at \$1 per \$1,000.
- Protective Device Credits: All zones & all protection classes; Credit varies 1% - 15%.
- Eff. 5-1-92

3. **AIG Property Casualty Company**

- Base Premium by Territory Form HO 00 03.
- Key Factor Deviation.
- Protective Devices.
- Eff 6-1-15 APCG-130051058 [NCDOI](#)

4. **AIU Insurance Company**

- All Forms: 10%.
- Eff. 2-1-86

5. **AMCO Insurance Company**

- Territory Deviation, excludes wind or hail or does not exclude wind or hail.
- Multiple Policy Deviation, Forms HO 00 02, HO 00 03 and HO 00 05, HO 00 04, HO 00 06.
- Deductible Deviations, Forms HO 00 02, HO 00 03 and HO 00 05.
- Safe Home Rating Plan Deviation, Forms HO 00 02, HO 00 03 and HO 00 05.
- Age of Oldest Insured Deviation, Forms HO 00 02, HO 00 03, HO 00 04, HO 00 05 and HO 00 06.
- Year of Construction-Age of Construction Deviation Forms HO 00 02, HO 00 03 and HO 00 05.
- Amount of Insurance, All Territories Forms HO 00 02, HO 00 03 and HO 00 05.
- Home Renovation Deviation, Forms HO 00 02, HO 00 03 and HO 00 05.
- Roof Rating Deviation, Forms HO 00 02, HO 00 03 and HO 00 05.
- Home Purchase Deviation, Forms HO 00 02, HO 00 03, HO 00 05, and HO 00 06.
- Gated Community Deviation, Forms HO 00 02, HO 00 03, and HO 00 05.
- Flex Check Payment Option-Installment Payment Plan, Forms HO 02, HO 03, HO 04, HO 05 and HO 06.
- Personal Status Deviation.
- Associate Discount Deviation.
- Increased Special Limits of Liability.
- Intra-Agency/Terms with Prior Carrier Discount Deviation – Forms 2, 3, 5, 4 and 6.
- Multi line Deviation.
- Census Block Deviation.
- Eff 10-1-15 NWPC-130174309 [NCDOI](#)

6. **AMEX Assurance Company**

- Various downward deviation based on amount of insurance Form 3.
- Various downward deviation based on amount of insurance Form 4.
- Various downward deviation based on amount of insurance Form 6.
- Protective Device Credits: Credit varies 2% - 15%.

- Home & Auto Credit: Credit varies by form 2% or 5%.
- Replacement Cost on Contents Deviation: Form 3 - 5% of base premium: Forms 4 & 6 - 30% of base premium.
- Coverage A Increased Limits downward deviation form HO 06..
- Utilities rating (New Home Discount) Form 3: Downward deviation : Credit varies 2% - 25% based on age of dwelling.
- Form 3: Downward deviation Coverage C Increased Limits.
- Downward deviation for installment pay plan by electronic funds transfer or payroll deduction.
- No additional charge for Refrigerated Personal Property.
- No charge for townhouse or row house.
- Costco Discount: 2% applies to policies for member insureds of Costco.
- HO 3, 4 & 6 base rates vary by territory.
- Eff. 8-1-05 PC083887 [North Carolina Department of Insurance](#)

7. **Affirmative Insurance Company**

- 15% base deviation for Premier Homeowners Program.
- 3% base deviation for Deluxe Homeowners Program.
- 15% base deviation for Premier Tenant Program.
- 10% base deviation for Deluxe Tenant Program.
- 20% base deviation for Premier Condominium Program.
- 15% base deviation for Deluxe Condominium Program.
- Forms 2 & 3: Deductible credits; \$500-15%; \$1000-25%; \$2500-38%.
- Forms 4 & 6: Deductible credits; \$500-15%; \$1000-25%; \$2500-40%.
- All Forms, except 4 & 6: New Home Credit: New 20%; 2% less credit each additional yr. to 9th yr.
- All Forms: Protective Device Credits: Credits vary 2%-15%.
- Forms 2 & 3: Replacement Cost on Contents; Surcharge of 7.5%. Coverage increased to 70% of Coverage A at no premium charge.
- All forms, except 4 & 6; Personal Property Increased Limit \$2 charge per \$1000 of coverage.
- Eff 02-15-02 PC046217 [North Carolina Department of Insurance](#)

8. **AGRI General Insurance Company**

- Amount of Insurance Deviation: Credits vary 1%-15% by policy amount, territory & county.
- New Home Credit: 20% 1st yr.; 2% less credit each added yr. to 9th yr. Does not apply to Form 8, remodeled or restored homes.
- All Forms, except 4 & 6: Deductible Factors: \$250 ded.-1.00; \$500 ded.-0.91; \$1000 ded.-0.79; \$2500 ded.-0.62.
- Protective Device Credit: Premium credit for all protection classifications & territories; Credit varies 1%-15%.
- Eff. 1-1-97

9. **Alfa Alliance Insurance Corporation (Virginia Mutual Insurance Company)**

- Premium Credit Factors - Claims Free Forms HO 0002, HO 0003, HO 0005 and HO 0008.
- Premium Credit Factors - Claims Free for forms HO 0004 and HO 0006.
- Row and Townhouses - discount.
- Account Discount.
- Insurance Score Discount.
- Newly Constructed Residences (not applicable to Forms 4 and 6).
- Amount of insurance relativities – Coverage A forms HO 00 02 HO 00 03 HO 00 05 and HO 00 08.
- Installment Payment Plan-Electronic Funds Transfer.
- Effective 5-1-11 AFAL-127042137 [NCDOI](#)

10. **Alliance Mutual Insurance Company**

- Flat Deductibles.
- Higher Windstorm or Hail Deductibles – Flat deductible.
- Protective Devices.
- Eff 7-1-06 PC094461 [North Carolina Department of Insurance](#)

11. **Allstate Indemnity Company**

- Claim Rating deviation.

- Claims Free Discount.
- New/renovated Home Discount.
- Home and Auto Discount Deviation.
- The Good Hands People Discount Deviation.
- Zone Deviation.
- Residence Rental Coverage.
- Amount of Insurance.
- Installment payment plan.
- Eff 6-1-15 ALSE-129989968 [NCDOI](#)

12. **Allstate Insurance Company**

- Deductible factors.
- Personal Property Replacement Cost Deviation.
- Protective device discount.
- New/Renovated Home discount.
- Age 55 & Retired Discount Factor.
- Home and auto discount deviation.
- The Good Hands People discount.
- Waterbed Liability Deviation HO4 and HO6.
- Installment payment plan – Allstate Easy Payment Plan.
- Three or four family dwelling.
- Zone (Territory) Deviation.
- Rental to Others Extended Theft.

**Deluxe Plus**

- Deductibles
- Protective Devices.
- Newly Constructed Dwellings.
- Age 55 and Retired Discount.
- Home and Auto Discount.
- The Good Hands People discount.
- Zone (Territory) Deviation.
- Rental to Others.
- Installment Payments Plan.
- Eff 6-1-15 ALSE-129989192 [NCDOI](#)

13. **AmComp Assurance Corporation**

- Forms 2 & 3: Deductible credits; \$500-9%; \$1000-17%.
- Forms 2 & 3: Premium credits for alarm systems vary 2% - 15%.
- Age 55 & Retired Discount: 10% credit applies when required criteria is met.
- Forms 2 & 3: New Home Credit; 14%; Homes completed & occupied current calendar yr.; 2% less credit each added yr.
- Eff. 12-1-91

14. **American Automobile Insurance Company**

- Protective Device Credits: All forms & all territories: 1% - 15% credit applies to company base premium.
- Portfolio Credit: 5% credit applies to all homeowners policies when Personal Catastrophe Coverage and Personal Inland Marine Coverage is written with Company.
- Deviations by territories and forms: Credit varies.
- Eff. 12-1-03 PC065125 [Filing Detail](#)

15. **American Bankers Insurance Company of Florida**

- Select Tier Broad Form, Base Rate.
- Choice Tier Broad Form, Base Rate.
- Elite Tier Broad Form, Base Rate.
- Select Tier Comprehensive form Base Rate.
- Choice Tier Comprehensive form Base Rate.

- Elite Tier Comprehensive form Base Rate.
- Senior Discount Territory 2 and Territory 3.
- Claim Free Credit, Territory 2 and Territory 3.
- Eff. 1-1-11 ASPX-G126837901 [North Carolina Department of Insurance](#)

16. **American Centennial Insurance Company**

- Forms 1, 2, 3, 3 w/15 & 6: 25%.
- Eff. 9-1-85

17. **American Economy Insurance Company**

- All Forms: Personal Injury (HO-82) included at no charge.
- All Forms, except 4 & 6: New home credit or renovated home credit for homes meeting required criteria; 0-1 yr. - 15%; 2 yrs. - 12%; 3, 4 or 5 yrs. - 10%; 6 or 7 yrs. - 6%; 8-10 yrs. - 4%.
- Forms 2 & 3: Replacement Cost (HO-290) Coverage C is increased to 70% of Coverage A at no extra charge. Charge of 9% (7% in Beach Area) is added to basic premium.
- Forms 4 & 6: Replacement Cost (HO-290); Charge of 30% is added to basic premium.
- Form 3: Replacement or Repair Cost Coverage A (HO-500); No charge.
- Forms 4 & 6: \$100 deductible; Minimum additional charge of \$10 in lieu of \$30.
- Forms 2 & 3: Fixed deductible; \$500 ded. - 9%; \$1000 ded. - 17%.
- Forms 4 & 6: Fixed deductible credits; \$500 - 10%; \$1000 - 23%.
- Form 3: XL Coverage rate deviation when eligibility requirements are met.
- One family premium for all Section I & II coverages will apply regardless of number of families.
- Form 2 & 3: Dwelling under construction credit of 20% applies during first yr. when certain requirements are met.
- Form 6: Coverage A increased limits rate; \$2.70 per \$1000.
- Renewal credit for consecutive yrs. insured with American States Group; 3-5 yrs. - 5%; 6 or more yrs. - 10%.
- Protective Devices: Credit factors vary .98 to .85.
- Forms 3, 4 & 6: Unscheduled jewelry & furs - (HO-65); \$2500 increased limit - \$33; \$5000 increased limit - \$60.
- Form 3: XL Coverage Program; \$5000 limit included in basic premium. To reduce to \$1000 limit, subtract \$56. To reduce to \$2500 subtract \$35.
- Eff. 11-17-97

18. **American Family Home Insurance Company**

- Installment Charge-Recurring Credit Card.
- Loss (Claim) Free Renewal.
- Mature Retire Credit - 55 years of age or older, not employed on a full-time basis, and resides in the home on a primary basis.
- Roof credit replaced within the past 5 years.
- Eff. 9-1-08 AMMH-125737994 [NCDOI](#)

19. **American Home Assurance Company**

- Base Premium by Territory Form HO 00 03.
- Key factor Deviation.
- Protective Devices.
- Eff. 6-1-10 APCG-126564265 [North Carolina Department of Insurance](#)

20. **American Insurance Company**

- Forms 2, 3 & 3w/15: New Home Credit; 20% current yr. & one yr. preceding current yr. of construction; 2% less credit each added yr.
- Protective Devices Credit: All territories 1% - 15%. Credit applies to company base premium.
- All Forms: Deductible credits: \$500 -10%; \$1000 -20%; \$2500 -30%. Credit applies to company base premium.
- HO-3 w/15: Multiply HO-3 key premium by factor of 1.08 to obtain key premium for HO-3 w/15.
- Form 4 & 6: Deductible Credits for Coverage C limit. \$10000 & above \$500 -10%, \$1000 - 20%, \$2500 - 30%. Credit applies to company base premium.
- Discount of Replacement Cost on Contents: Apply surcharge of 10% to HO-3 company base premium for replacement cost on contents.
- Eff. 6-1-93

21. **American Manufacturers Mutual Insurance Company**

- Additional Amounts of Insurance (KIP only) deviation.
- All Forms: Optional Higher Deductibles deviation.
- Personal Property Replacement Cost: Increase Coverage C at \$1 per \$1000. Add \$10 surcharge.
- Mature Homeowners Credit: 5% applies when named insured is 55 yrs. of age & an adult is home during the day.
- New Home Credit Discount: 0 - 15+ yrs. of age: Credit varies 0% - 20%.
- Premium Credits for Protective Devices.
- All Forms, except 3w/15: \$100 deductible: Waive minimum premium.
- Form 3: Base rate deviation based on protection class & territory. Credit varies 0%-22%.
- All Forms except 3w/15: \$250 theft deductible/ \$100 deductible all other perils: Waive minimum premium.
- Form 4: Base Rate Deviation -7%.
- Form 6: Base Rate Deviation - 12%.
- Higher limits for credit cards, fund transfer card, forgery & counterfeit money coverage (KIP only). Outboard Motors & Water Craft (KIP only): Coverage up to & including 50 HP is included at no additional charge.
- Personal Injury (KIP only): Coverage included at no additional charge.
- Seasonal or Secondary Dwelling Discount (KIP only): 5% discount to base premium.
- Blanket Property Limit (KIP only): Replacement cost contents coverage included at no additional charge.
- Form 3: Special Personal Property Coverage: Factor 1.10 applies to base premium.
- Form 6: Special Personal Property Coverage: Factor 1.20 applies to base premium.
- Form 4: Building Additions & Alterations Increase: KIP & Monoline: Each addl. \$1000 rate \$10000 Form 4 premium x .08.
- Form 6: Coverage A Dwelling Basic and Increased Limits Special Coverage.
- Form 4 & 6: Ordinance or Law Increased Amount of Insurance Refrigerated Property with KIP policy.
- Form 3: KIP only: Ord or Law: Include 12.5% at no additional charge. Wind and Hail Deds for Form 3: Blkt Limits dev (KIP only).
- HE-7W/HE-40 deviation by territory for KIP only: Territory 40 - 1.20, Remainder of State 1.25.
- HE-7W/HE-40 & HE-20 deviation by territory for KIP only: Territory 40 - 1.25, Remainder of State 1.30.
- HE-7W/HE-40 & HE-21 deviation by territory for KIP only: Territory 40 - 1.30, Remainder of State 1.35.
- Deferred Premium Payment Plan: \$1 charge for electronic funds transfer.
- 5% Kemper Network Discount: Certain criteria apply.
- Eff. 2-25-02 PC047937 [Filing Detail](#)

22. **American Modern Home Insurance Company**

- Form 3: Deductible Credits; \$500 Ded. - 10%; \$1000 - 22%; \$2500 - 28%.
- Form 3: New Home Credit; Current yr. - 26%; 1st. yr. - 24%; 3% less each yr. to 7th yr.
- Form 3: Multi-policy credit; 5% credit when auto policy written in addition to homeowners policy.
- Protective Device Credits: Credit varies 1% - 10%.
- Amount of Insurance Deviation: Coverage A amount \$10000 - \$200000: Credit varies by territory.
- Eliminate charge to increase personal property limits.
- For rates above \$200000, a factor of .007 applies for each additional \$1000 of premium
- Eff. 6-1-99

23. **American Motorists Insurance Company**

- All Forms: Optional Higher Deductibles deviation.
- Personal Property Replacement Cost.
- New Home Credit Discount: 0 - 10+ yrs. of age: Credit varies 0% - 20%.
- Premium Credits for Protective Devices.
- All Forms, except 3w/15: \$100 deductible: Waive minimum premium.
- Form 4: Base Rate Deviation 5%.
- Form 6: Base Rate Deviation - 10%.
- Higher limits for credit cards, fund transfer card, forgery & counterfeit money coverage (KIP only).
- Outboard Motors & Water Craft (KIP only): Coverage up to & including 50 HP is included at no additional charge.
- Personal Injury (KIP only): Coverage included at no additional charge.
- Seasonal or Secondary Dwelling Discount (KIP only): 5% discount to base premium.
- Blanket Property Limit (KIP only): Replacement cost contents coverage included at no additional charge.
- Form 3: Special Personal Property Coverage: Factor 1.10 applies to base premium.
- Form 6: Special Personal Property Coverage: Factor 1.20 applies to base premium.

- Form 4: Building Additions & Alterations Increase: KIP & Monoline: Each addl. \$1000 rate \$10000 Form 4 prem x .08.
- Form 6: Coverage A Dwelling Basic and Increased Limits Special Coverage.
- Form 4 & 6: Ordinance or Law Increased Amount of Insurance.
- Refrigerated Property: Coverage included at no additional charge with KIP policy.
- Form 3: KIP only: Ordinance or Law Coverage: Include 12.5% at no additional charge. Windstorm and Hail Deductibles for Form 3: Blanket Limits deviation (KIP only).
- HE-7W/HE-40 deviation by territory for KIP only: Territory 40 - 1.20, Remainder of State 1.25.
- HE-7W/HE-40 & HE-20 deviation by territory for KIP only: Territory 40 - 1.25, Remainder of State 1.30.
- HE-7W/HE-40 & HE-21 deviation by territory for KIP only: Territory 40 - 1.30, Remainder of State 1.35.
- Deferred Premium Payment Plan: \$1 charge for electronic funds transfer.
- 5% Kemper Network Discount: Certain criteria apply.
- Eff. 2-25-02 PC047938 [North Carolina Department of Insurance](#)

**24. American States Insurance Company**

- All Forms: Include Personal Injury HO-82 at no charge.
- All Forms, except 4 & 6: New home credit or renovated home credit for homes meeting required criteria.
- Form 2 & 3: Replacement cost Coverage C is increased to 70% of Coverage A at no extra charge: Charge of 9% (7% in Beach Area) is added to basic premium.
- Forms 4 & 6: Replacement cost (HO-290); Charge of 30% is added to basic premium.
- Replacement or Repair Cost Protection Coverage A (HO-500): \$1.
- Forms 4 & 6: \$100 deductible; Minimum additional charge \$10 in lieu of \$30.
- One family premiums for all Section I & II coverages will apply regardless of number of families.
- Forms 2 & 3: Dwelling under construction credit of 20% applies during first yr. if certain requirements are met.
- Form 6: Coverage A increased limits; Basic coverage rate per \$1000 increase \$2.70.
- Renewal credit for consecutive years insured with American States Group: 3-5 yrs. - 5%; 6 or more yrs. - 10%.
- Protective Devices: Credit factors vary .98 to .85.
- Forms 2, 3, 4 & 6: Unscheduled jewelry & furs (HO-65) \$2500 increased limit - \$33; \$4000 increased limit - \$60.
- Forms 2, 3 & 8: Fixed deductible credits; \$500 - 9%; \$1000 - 17%.
- Forms 4 & 6: Fixed deductible credits; \$500 - 10%; \$1000 - 23%.
- Eff. 12-1-/91

**25. American States Preferred Insurance Company**

- Form 3: Basic premium deviation varies by protection class. Variable credits.
- Form 3: Amount of insurance deviation: All amounts of insurance 13.0% credit.
- Form 3: Surcharges for townhouses & rowhouses are waived.
- Form 3: Homeowners XL Credit: When eligibility & coverage requirements are met. Variable credits.
- Form 3: Deductible credits/charges \$500 - 12%; \$1000 - 24%.
- The one family premiums for all Section I & Section II coverages shall apply regardless of number of families.
- Form 4: Amount of insurance deviation; \$15000 - \$30000 & above. Credit varies 2% - 22%, except for a few specific counties which receive 5% less.
- Form 6: Amount of insurance deviation; \$20000 - \$30000 & above. Credit varies 8% - 25%, except for a few specific counties which receive 5% less.
- Forms 4 & 6: Deductible credits/charges; \$500 - 17%; \$1000 - 30%.
- Alarm systems: Premium credits vary.
- Jewelry & Furs: Forms 3, 4 & 6; \$2500 limit \$33; \$5000 limit - \$60. Form 3 w/XL coverage \$5000 included in base premium. To reduce to \$2500 limit subtract \$35. \$1000 limit subtract \$56.
- Form 3: Replacement Cost (HO-290) Coverage C is increased to 70% of Coverage A at no extra charge; Charge of 9% (7% in Beach area) is added to basic premium.
- Forms 4 & 6: Replacement Cost (HO-290); Charge of 30% is added to basic premium.
- All Forms: Include Personal Injury HO-82 at no charge.
- Form 3: Replacement or Repair Cost Protection Coverage A dwelling HO-500; No charge.
- Form 6: Coverage A increased limits; Basic coverage rate per \$1000 increase \$2.70.
- Form 3: New Home Credit; Current yr. - 15%; one yr. preceding current yr. - 12%; 2nd, 3rd & 4th yrs.--10%; 5th & 6th yrs. - 6%; 7th, 8th & 9th yrs. - 4%.
- Form 3: New dwelling under construction; 20% when certain requirements are met.
- Renewal credit for consecutive yrs. with American States Group; 3-5 yrs. - 5%; 6 or more yrs. - 10%.
- Eff. 10-30-97

26. **American Strategic Insurance Corporation**

- Territory Zone Deviation
- Protection Class Construction Factors HO 00 03, HO 00 04 and HO 00 05.
- Key Factors – Forms HO 00 03, HO 00 04 and HO 00 05.
- Age of Home.
- Tier Forms HO 00 03 and HO 00 04.
- Companion Policy – All Forms.
- “E Policy” – All Forms.
- New Purchase – HO 00 03.
- Senior Retiree – Forms HO 00 03 and HO 00 05.
- Non Smoker – All Forms.
- Accredited Builder – Forms HO 00 03 and HO 00 05.
- Advanced quote discount form HO 00 04.
- Loss History form HO 00 04.
- Paid in full discount form HO 00 04.
- Bundled coverage Credit form HO 00 04.
- Secured community Discount form HO 00 04.
- Household Structure.
- Personal Property Replacement Cost – All Forms.
- Protective Devices - All Forms.
- Wind Mitigation Forms HO 00 03 and HO 00 05.
- Form Factors-Form HO 00 05.
- Eff 8-15-15 AMSI-129893853 [NCDOI](#)

27. **AMICA Mutual Insurance Company**

- Waive the additional premium for Coverage C, Personal Property at 75% of Coverage A.
- Form HO 00 04 rate deviation by policy amount.
- Additional Amounts of Insurance-1.00 All territories with exceptions.
- Personal Property-Increased Limit, \$1.60 for all forms.
- Premium Payment Option.
- Multi-Line Discount, Optional Rating Characteristics. Various discounts in all territories with exceptions.
- Preferred Risk Deviation, Optional Rating Characteristics.
- Eff. 6-1-15 AMMA-129880475 [NCDOI](#)

28. **Amerisure Insurance Company**

- All Forms: Minimum additional charge of \$30 for \$100 deductible is waived.
- Mature Homeowners Credit Factor .95 insured age 55 or older & dwelling is primary.
- Multi Policy Credit: Forms 2, 3 & 6: 15% multi-policy credit when personal auto coverage in force in Amerisure Group.
- New Home Credit Factors: Current year -.80; 1 yr.- .81; 2 yrs. -.82; 3 yrs -.84; 4 yrs. -.86; 5 yrs. -.88; 6 yrs. -.90; 7 yrs.-.93; 8 yrs. -.96; 9 yrs. - .99.
- Form 3: Deviation by Territory: 0% - 18% credit based on territory, protection class & construction.
- Form 1, 2 & 3: Amount of Insurance Deviation; Coverage A amount \$60000-\$199000 credit varies 0.46% - 9.77%.
- Form 6: Relativity .85.
- Eff. 10-1-94

29. **Amerisure Mutual Insurance Company**

- All Forms: Minimum additional charge of \$30 for \$100 deductible is waived.
- Multi-Policy Credit: Forms 2, 3 & 6 - 15% multi-policy credit to homeowners rates when automobile policy is written with Amerisure Group.
- Form 6: Relativity is .85.
- Eff. 10-1-94

30. **Armed Forces Insurance Exchange**

- Optional Deductible Credits.
- Year of Construction - Newer Home Discount.

- Earthquake Coverage.
- Sinkhole Collapse Coverage.
- Base Premium Computation.
- Minimum policy premium waived.
- Protective Devices-Maximum credit.
- Eff 6-1-15 ARMD-129941707 [NCDOI](#)

31. **Arrowwood Indemnity Company**

- Additional Amounts of Insurance: Forms HO 00 02 HO 00 03 \$8 per policy.
- Deductible Credits: Credit varies by form & deductible amount.
- Personal Property (Coverage C) Replacement Cost Coverage: Forms 2 & 3 - Coverage A amount under \$100000 - 11% surcharge; \$100000 & over - 8% surcharge; Forms 4 & 6 - 40% surcharge.
- Preferred Customer Renewal Credit: 5% credit: Certain criteria must be met.
- Homeowners Enhancement Program: 1.25 factor applies to base premium.
- Installment Payment Plan: Policies billed by agent through account current payroll deduction program are not subject to installment fees.
- Deviation by Forms: Forms 2, 3, & 3w/15- 10%; Form 6- 20%.
- Eff. 5-15-04 PC069340 [North Carolina Department of Insurance](#)

32. **Associated Indemnity Corporation**

- Forms 2, 3 & 3w/15: New Home Credits; 20% current yr. & one yr. preceding current yr.; 2% less each added yr. Credit applies base premium.
- Protective Device Credits: All territories; 1% - 15%; Credit applies to company base premium.
- Forms 1, 2, 3, 3w/15 & deductible credits; \$500-10%;\$1000-20%;\$2500-30%. Credit applies to company base premium.
- HO-3w/15 Key Premium: Multiply HO-3 key premium by factor of 1.08.
- Discount of Replacement Cost on Contents: Surcharge of 10% to HO-3 company base premium.
- Form 4 & 6: Ded credits all territories; Credits for Coverage C \$10000 & above, \$500-10%,\$1000-20%, \$2500-30%. Credit applies to base premium.
- Eff. 6-1-93

33. **Association Insurance Company**

- Deviation by Coverage A limit \$100000 & above - 30% credit.
- Forms 1, 2 & 3: RC Coverage HO-290; Personal property incr. limits charge \$1 per \$1000; Waive 5% surcharge.
- New Home Credit: Cov A amount \$100000 & above; Age of dwelling 0-5 yrs - 15%, 6-10 yrs - 10%, 11-15 yrs - 5%.
- 44% deviation off N.C. Rate Bureau Rates if Cov A amount is \$100000 or above for all SAS Institute Inc. Employees.
- Eff. 1-1-96

34. **Assurance Company of America**

- All Forms, except 4 & 6: Age of dwelling credit; New-20%; 1yr.-18%; 2yrs.-16%; 3yrs-14%; 4yrs-13%; 5yrs.-12%; 6yrs-10%; 7yrs.-8%; 8yrs.-6%; 9yrs.-4%. 10yrs.-2%.
- Forms 4 & 6: Replacement Cost on Contents; Factor 1.35.
- Forms 2 & 3: Charge \$1 per \$1000 for increase in Coverage C limit.
- Form 4: 15% deviation.
- Form 6: 20% deviation.
- Base Premium Discount: All Forms, except 4 & 6; Factor varies .95 -1.25.
- Forms 2, 3 & 3w/15: Deviation by territories: Variable credits.
- All Forms: Fixed dollar amount deductibles factors: \$500-.85; \$1000-.75; \$2500-.70.
- Account Credit: 10% credit when home & auto coverage with Zurich Insurance Cos. when criteria is met.
- Protective Device Credit: Factor varies. Maximum credit of \$75 is waived.
- Eff. 7-1-98

35. **Automobile Insurance Company of Hartford, Connecticut**

- Base Rate Deviation.
- Coverage A relativity curve.
- Account Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.

- Loss Free Customer Credit.
- Loss History.
- Insurance Score.
- New Home Credits.
- Home Buyer Credit.
- Installment Payment Plan.
- Eff 11-7-15 TRVA-130152389 [NCDOI](#)

36. **Auto-Owners Insurance Company**

- Key factors.
- Deductibles – Waiver of Minimum charges.
- Protective Device Credit.
- Protective Device Credit – alarm systems.
- Mature Homeowner Discount.
- Townhouse or row house deviation.
- Credit card, fund transfer card, forgery and counterfeit money.
- Form HO-6 coverage A Dwelling increased Limits and special coverage.
- Personal Injury coverage-no charge.
- Special Personal Property Coverage HO 00 05.
- Multi-Policy Discount.
- Section II liability watercraft.
- Life/Homeowners Multi-Policy Discount
- Home/Umbrella Multi-Policy discount.
- Paid in Full discount.
- Personal Property Increased Limits.
- All Forms except HO 00 04 and HO 00 06.
- Protection Class Relativities.
- Age of Construction Discount.
- Base Class Premium.
- Windstorm or Hail Exclusion.
- Windstorm Mitigation.
- Changes or Cancellations.
- Theft Coverage.
- Underwriting Score.
- Solid Fuel Heating.
- Actual Cash Value Loss Settlement Windstorm or Hail Losses to Roof Surfacing.
- Roof Age and Type.
- Eff. 10-2-15 AOIC-130099363 [NCDOI](#)

37. **Balboa Insurance Company**

- Age of Dwelling Credit: 0 - 9 yrs. of age: Credit varies.
- Deductible Factors Deviation: Credit varies.
- Protective Device Credits: Credit varies.
- Brick or Masonry Construction.
- Eff. 5-1-09 BALB-126027963 [North Carolina Department of Insurance](#)

38. **Bankers Standard Insurance Company**

- Deviation forms HO 00 02, HO 00 03, HO 00 04, HO 00 06, HO 00 05 and HE-7.
- Key Factors Coverage A over \$750,000.
- Protective Devices maximum credit allowed is deleted.
- Optional Higher Deductibles forms HO 00 04 and HO 00 06.
- Named Storm Percentage Deductible.
- Additional Amounts of Insurance.
- Gated Community Credit.
- Valuable Articles Credit-Multi Policy.
- Mass Merchandising Discount.
- Installment Payments.

- Electric Backup System.
  - Eff. 10-1-15 ACEH-130109778 [NCDOI](#)
39. **Camden Fire Insurance Association, The**
- All Forms, except 4 & 6: New Home Credit.
  - All Forms, except 4: Account credit applies to homeowner premium when personal automobiles in any of the General Accident Companies.
  - All Forms: Protective devices: Credit varies 2% - 15%.
  - All Forms: Fixed Dollar Amount Deductible Factors; \$500 - .90; \$1000 - .77.
  - Forms 1, 2, 3 & 3w/15: Personal Property Increased Limits; \$1 per \$1000 of insurance.
  - Forms 1, 2 & 3: Personal Property Replacement Cost coverage; Waive charge to increase Coverage C limit 70% of Coverage A limit. Premium for replacement cost coverage developed by applying factor of 1.05 to base premium including any premium adjustment for Coverage C in excess of 70% of Coverage A.
  - All Forms, except 4 & 6: Deviation by policy size; Coverage A Amounts. Credit varies.
  - Uniform base rate deviation – all forms except HO 04 and HO 06 10% credit applied when written in the Camden Fire Insurance Association.
  - Eff.8-15-02 PC054137 [North Carolina Department of Insurance](#)
40. **Central Mutual Insurance Company**
- Owners Program**
- Deviation by territory and protection class.
  - Homeowners Enhancement Program – Deviation by form HE-7 and HE-7 with HE-20.
  - Deviation by amount of insurance and insurance score.
  - Insurance Score Deviation.
  - Customer loyalty deviation.
  - Optional Deductibles.
  - Payment timelines deviation.
  - Loss history deviation.
  - Personal Property Replacement Cost.
  - Accompanying schedule or boat deviation.
  - Age of dwelling.
  - Home buyer deviation.
  - Gated community deviation.
  - Non-Packaged Risk deviation.
  - Wood Roof Factor.
  - Residence held in trust deviation.
  - Package deviation.
  - Installment Payment with Electronic Transfer.
  - Deviation for Waiver of Premium.
- Condo Program**
- Deviation by territory, protection class.
  - Deviation by amount of insurance.
  - Deviation by insurance score.
  - Customer loyalty deviation.
  - Deductible Optional Higher Deductibles.
  - Payment timelines deviation.
  - Loss history Deviation.
  - Accompanying schedule or boat deviation.
  - Form HO 00 06 Coverage A Dwelling Basic and Increased Limits and Special Coverage.
  - Residence held in trust.
  - Package Deviation.
  - Installment Payment Plan.
  - Deviation for waiver of premium.
- Tenants Program**
- Base Class territory and protection class.
  - Amount of insurance deviation.
  - Insurance score deviation.
  - Customer loyalty deviation.

- Deductibles B. Optional Higher Deductibles.
- Payment timelines deviation
- Loss history deviation.
- Accompanying schedule or boat deviation.
- Package Deviation.
- Installment Payment Plan with Electronic Transfer.
- Deviation for waiver of premium.
- Eff 6-1-15 CEMC-129924586 [NCDOI](#)

41. **Century National Insurance Company**

- Installment Charge.
- Eff 8-1-15 CENT-130132700 [NCDOI](#)

42. **The Charter Oak Fire Insurance Company**

- Base Rate Deviation.
- Coverage A relativity curve.
- Account Credit HO policy written in conjunction with Travelers Private Passenger Automobile policy.
- Loss Free Customer Credit HO policy written in conjunction with Travelers Private Passenger Auto policy.
- Loss History.
- Insurance Score.
- New Home Credits.
- Home Buyer Credit.
- Installment Payment Plan.
- Eff 11-7-15 TRVA-130152463 [NCDOI](#)

43. **Cincinnati Indemnity Company**

- New home credit Forms 2, 3 & 3w/32 36; New – 9 years, credit varies.
- Installment Payment Plan: Delete the \$3 charge for each installment.
- Homeowners Enhancement Deviation.
- Eff 4-1-04 PC065697 [North Carolina Department of Insurance](#)

44. **The Cincinnati Insurance Company**

- Year of construction-Newly Constructed Dwellings Age of Dwelling Credits.
- Base Rate Deviations by Territory.
- Installment Payment Plan.
- Homeowners Enhancement Deviation.
- Watercraft Liability deviation.
- Preferred Risk credit.
- Superior Risk Credit – Forms HO 00 03 and HE 00 07 only.
- Insurance Score Factor – All Forms.
- Package Credit-Multi Policy credit – All Forms.
- Automatic Water Shut-Off System Credit.
- Mature Homeowners Discount – All Forms.
- Secured Community Credit.
- Wood Burning or Solid Fuel Heating Appliances.
- Earthquake Coverage.
- Wood Roof.
- Eff 6-1-15 CNNB-129926943 [NCDOI](#)

45. **Continental Indemnity Company**

- Form 3: Age of Dwelling Discount: 0 - 9 yrs. of age: Credit varies 2% - 20%.
- Account Credit Program: .85 factor applies when both the homeowner & auto policy is written through CNIC.
- Deductible Credit/Charges Deviation: Credit varies by deductible amount.
- Form 6: .80 factor applied to HO-4 base premium.
- Protective Device Deviation: Credit varies 1% - 15%.
- Forms 3, 4 & 6: Eliminate minimum premium for Replacement Cost Coverage.
- Form 3: Additional Limits of Liability for Coverages A, B, C & D: 6% applies to base premium when certain criteria

is met.

- Form 3: Personal Property Replacement Cost will be 5% of base premium, no minimum additional premium & no charge to increase Coverage C when certain criteria is met.
- Form 3: Personal Injury charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Water Back-Up of Sewers or Drains, charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Credit Card, Fund Transfer Card, Forgery & Counterfeit Money, to increase coverage charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Special Computer Coverage, charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Cov C Increased Special Limits of Liability, charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Fire Department Service charge will be increased to \$1000 when certain coverages & increased limits options are selected.
- Form 3: Increasing Coverage D to 30% of Coverage A, charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Coverage A Relativities Deviation: Credit varies 3.8% - 6.5%.
- Form 3: Ordinance or Law-Increased Amount of Coverage will be 4% of base premium when certain coverages & increased limits options are selected.
- Form 3: Refrigerated Property Cov, charge will be deleted when certain coverages & increased limits options are selected
- Eff. 1-1-01 PC038500 [North Carolina Department of Insurance](#)

46. **Continental Insurance Company**

- Amount of Insurance Deviation forms HO-2, HO-3, and HO-8.
- Amount of Insurance Deviation forms HO-4
- Amount of Insurance Deviation forms HO-6
- Earthquake Rate Deviations.
- Companion Policy Discount: applies when named insured has an auto policy with any Encompass Ins Co.
- Gated Community Discount. 10% credit when criteria are met.
- New Home Discount: 1 year -18%, 1-5 yrs. -15%; 6-10 yrs. -10%.
- Deductible Credits Deviation – based on Coverage A Limit.
- Additional Limits Deviation Coverage F: Deviation.
- Business Pursuits Rate Deviation. Credits vary .14% - .33%.
- Incidental Farm Rate Deviation. Residence Premises - 48%; Other Residence - 65%.
- Superior Construction Discount: 15% credit applies to masonry base premium or apartment unit.
- Protective Device Credits: Credit varies 1% - 9%.
- Automatic Sprinkler System Deviation: Credit of 7% or 13% applies.
- Preferred Rate Deviation 5% conditions vary.
- Special Personal Property Coverage HO 00 06 only – deviation 4.3%
- Eff. 8-15-02 PC052786 [North Carolina Department of Insurance](#)

47. **Economy Premier Assurance Company**

- PAK II Program – HE 00 07 Base Rates and Policy Amount.
- PAK II Program – HO 00 06 Base Rates by Territory.
- PAK II Program – HO 00 04 Base Rates by Territory.
- PAK II Program – HO 00 04 and HO 00 06 Policy Amount Relativities by Territory.
- Homeowners Enhancement Program HE 00 07 with HE 32 20.
- Homeowners Enhancement Program HE 00 07 with HE 32 21.
- PAK II Package Credit Multi Policy.
- Renewal Credit.
- Year of Construction.
- Personal Injury Protection Liability Deviation.
- Deductible credits.
- Protective Devices Credit and Home Safety Coverage.
- Business Pursuits Deviation.
- Outboard motors and watercraft.

- Home day care.
- Personal Property Increased Limits.
- Earthquake Coverage-Ordinance or Law Coverage.
- Residence Premises Basic and Increased Limits Coverage F- Medical Payments.
- Other Exposures-Medical Payments to Others Increased Limits.
- Other Structures – On Premises Structures Specific Structures – Increase Limits.
- Other Structures-On Premises Structures Specific Structures-Rented to Others.
- Eff. 7-1-13 METX-G129007172 [NCDOI](#)

48. **Electric Insurance Company**

- Protective Device Credits.
- Deductible Factors.
- Unscheduled Jewelry, Watches and Furs.
- Silverware, Goldware and Pewterware.
- Firearms.
- Group Marketing discount.
- Eff. 3-16-13 ELEC-128801672 [NCDOI](#)

49. **EMCASC0 Insurance Company**

- Personal Property (Coverage C) Replacement Coverage
- Deductible Credits
- Additional Amounts of Insurance
- Base Rate Deviation on Forms HO 00 02 and HO 00 03
- Combination Policy Discount
- Renovated Dwelling Components
- 15% Deviation applicable to Optional Section I and II rates
- Electronic Funds Transfer
- Insurance Scoring
- Eff. 3-15-07 PC097670 [North Carolina Department of Insurance](#)

50. **Employers Mutual Casualty Company**

- Optional Higher Flat deductible credits all forms,
- Additional Amounts of Insurance forms HO 00 02 and HO 00 03.
- Combination Premium Credit: 15% when homeowners & auto policies are written in one of the EMC Companies.
- Renovated Dwelling Components: Variable credits when criteria is met.
- Electronic Fund Transfer transaction fee is waived when the electronic funds transfer options is selected.
- Insurance Scoring.
- Eff. 3-15-07 PC097669 [North Carolina Department of Insurance](#)

51. **+Encompass Indemnity Company**

- Forms 2, 3, and 8 Base Rate Deviations by Territory.
- Form 4 Base Rate Deviation by Territory.
- Form 6 Base Rate Deviation by Territory.
- Gated Community Discount.
- New Home Discount.
- Deductible Credits Discount.
- Additional Limits Deviation, Coverage F
- Business Pursuits Rate Deviation.
- Incidental Farming Personal Liability Deviation.
- Superior Construction Discount.
- Special Personal Property Coverage HO 6 only.
- Companion Policy Discount.
- Preferred Rate Deviation.
- Windstorm or Hail deviation.
- Policy Group Determination.
- Effective 6-1-15 ALSE-129929324 [NCDOI](#)

52. **Erie Insurance Company**

- Erie Base Rate Deviations.
- Form Factor deviation.
- Protection Construction Factor Deviation.
- Windstorm or Hail Exclusion Credit deviation.
- Amount of Insurance.
- Optional Deductible Factors HO 00 04 and HO 00 06.
- Personal Property Replacement Cost.
- Multi Policy Deviation.
- Underwriting tier deviation.
- Claims tier deviation.
- Occupancy deviation.
- Home Age/Policy Age deviation.
- Townhouse or row-house deviation.
- Business Pursuits.
- Waterbed Liability.
- Refrigerated Property Coverage.
- Rented Personal Property.
- Increased Special Limits of Liability.
- Outboard Motors and Watercraft Deviation.
- Other Members of a Named Insured's Household.
- Installment Payment Plan.
- Special Personal Property Coverage.
- Windstorm Mitigation Credits.
- Eff 10-1-15 ERPP-130101422 [NCDOI](#)

53. **Erie Insurance Exchange**

- Base Rate Deviations.
- Amount of Insurance Deviation all forms except HO 00 04 & HO 00 06.
- Multi-Policy Discount.
- New Home Discount.
- Optional Deductible Factors - all forms, deviation varies.
- Protective Device Credit Deviation.
- Increased Special Limits of Liability HO 04 64 (all forms except HE-7) Credit varies.
- Personal Property Replacement Cost.
- Townhouse or rowhouse charge eliminated except HO 00 04 and HO 00 06.
- Earthquake Coverage.
- Outboard Motors & Watercraft.
- Building Addition & Alterations Increased Coverage C limit - Form HO 00 04 (HO 0451).
- Seasonal Dwelling Factors.
- Rented Personal Property: HO 32 21 No charge.
- Business Pursuits: No charge.
- Waterbed Liability HO 04 00 HO 00 06.
- Refrigerated Property Coverage.
- Personal Property Increased Limits; HE 7.
- Premium payment plan service charge – installment payments.
- Tiered Rating
- Other Members of a Named Insured's Household.
- Advance Quote Discount – New business.
- Claims Experience Rating Program.
- Age of Insured Discount.
- Windstorm or Hail Exclusion Credit.
- County Factors.
- Windstorm Mitigation Credits.
- Eff. 10-1-15 ERPP-130101416 [NCDOI](#)

54. **Esurance Insurance Company**

- Tier deviation.
- Eff 12-16-15 ESUR-130150903 [NCDOI](#)

55. **Fairmont Premier Insurance Company**

- All Forms: Age of Dwelling Credit; 0-3 yrs. old - 21%; 4-6 - 14%; 7-9 - 7%.
- Forms 1, 2 & 3: 38.0%.
- Form 6: 17.5%.
- Eff. 5-1-92

56. **Farmers Insurance Exchange Farmers Underwriters Association**

- Form Factor Deviations: Forms 3w/15 & 4.
- Territory Relativity Factor deviation.
- Amount of Insurance Deviations: Forms, HO 00 04 and HO 00 06.
- Rule 403. Personal Property –Coverage C Replacement Cost Coverage.
- Rule 404 Protective Devices.
- Deductible Rule 406 credits.
- Loss Assessment Coverage Deviation.
- Rule 515 personal property.
- Other Insured Location Occupied by Insured.
- Additional Residence Rented to Others.
- Permitted Incidental Occupancies - Residence Premises & Other Residences: Deviation applies to Residence Premises.
- Business Pursuits Deviation for \$200,000 limit.
- Optional Rating Characteristics Age 50 Plus Discount.
- Optional Rating Characteristics Auto/Homeowners Discount: All Forms: Factor of .90: Certain criteria apply.
- Affinity Banking Discounts HO 00 03 and HO 00 06 only. Certain qualifications apply. Credit varies.
- Ordinance or Law-Increased Amount of coverage.
- Eff 5-16-08 PC112928 [North Carolina Department of Insurance](#)

57. **Federal Insurance Company**

- Installment Payment Plan-recurring payments.
- Maximum credit for protective devices.
- Optional Higher Deductibles.
- Named Storm Deductible.
- Additional Amount of Insurance deviation.
- Replacement Cost Loss Settlement.
- Supplemental Loss assessment Coverage Premium for Additional Location.
- Water Back-Up and Sump Discharge or Overflow.
- Gated Community Credit.
- Effective 6-1-15 CHUB-129916441 [NCDOI](#)

58. **Federated Mutual Insurance Company**

- Forms 1, 2, 3 & 3w/15: New Home Credit: 14% dwellings 0-1 yr. old; 2% less credit each added yr.; applies to \$250 deductible basic premium & premium for amended Coverage C limit.
- Forms 1, 2, 3 & 3w/15: Fixed dollar amount deductibles; \$100 +10%; \$500 -10%; \$1000 -20%; \$2500 -30%.
- Forms 4 & 6: Fixed dollar amount deductibles; \$100 +10%; \$500 -15%; \$1000 -30%; \$2500 -40%.
- Forms 1, 2, 3 & 3w/15: Deviation by policy amount varies 0%-25%.
- Form 4: 10%.
- Form 6: 25%.
- Forms 3 & 3w/15: Special Additional Credit Rule: 10% when eligibility & mandatory coverage requirements are met.
- Multiple Policy Discount: 5% applied to HO Policy when private passenger auto policy & personal umbrella policy is written by this Company.
- Installment Pay Plan: \$5 maximum charge per account for all policies.
- Eff. 11-15-94

59. **Fidelity & Guaranty Insurance Company**

- Waive additional premium of \$5 or less.
- Deviation of HO-3 Base Rates by territory & policy amount: Credits vary.
- Forms 4 & 6: Personal Property Replacement Coverage: Reduced premium charge.
- Special Package Discount: 5% credit to total residential premium when underwriting criteria is met.
- Form 6: Relativity factor .750 in lieu of .855.
- Employees Discount: 20%.
- Forms 2 & 3: Additional amount of insurance: HO 3211 \$5 premium charge.
- Deductible Credits.
- Increase in Coverage C: Reduced rate per \$1000.
- Multi-Policy Discount: 10% credit when private passenger auto policy is also purchased with USF&G.
- All Forms, except 4, 6 & 8: New Home Discount; 1 yr.-20%; 2% less credit each added yr. to 9th yr.
- Eff. 4-15-00 PC030961 [North Carolina Department of Insurance](#)

60. **Fidelity & Guaranty Insurance Underwriters**

- Deviation of HO-3 Base Rates by territory & policy amount: Credits vary.
- Forms 4 & 6: Personal Property Replacement Cost Coverage; Factor 1.35.
- Waive additional premium of \$5 or less.
- Special Package Discount: 5% credit to total residential insurance premium when underwriting criteria is met.
- Form 6: Form Relativity of .800 in lieu of .855.
- Employees Discount: 20%.
- Forms 2 & 3: Additional amount of insurance: HO 3211 - \$5 premium charge.
- Deductible Credits.
- Increase in Coverage C: Reduced rate per \$1000.
- Multi-Policy Discount: 10% credit when private passenger auto policy is also purchased with USF&G.
- All Forms, except 4 6 & 8: New Home Discount; 1 yr.-20%, 2% less credit each added yr. to 9th year.
- Forms 2, 3 & 3w/15: Protection Class Deviation.
- Eff. 4-15-00 PC030953 [North Carolina Department of Insurance](#)

61. **Firemans Fund Insurance Company**

- Protective Device Credits: All territories: Credit varies 1% - 15%.
- Portfolio Credit: 5% applies to all HO policies when Personal Catastrophe Coverage and Inland Marine Coverage is written with Fireman's Fund.
- Eff. 12-01-03 PC065121 [North Carolina Department of Insurance](#)

62. **Firemen's Insurance Company of Washington D.C.**

- Deluxe Program: Form 3: 5% deviation off base premiums.
- All Forms: Protective Device Credit: Credit varies 2% - 13%.
- All Forms, except 4 & 6: Age of Home Discount: Credit varies 4% - 20% for age of dwelling 0 - 25 yrs. with greatest credit for newest homes.
- All Forms, except 4 & 6: Senior Citizen Discount; Factor of .92 of base premium age 50-54 yrs. Factor .95 age 55 yrs. & older.
- All Forms, except 4 & 6: Renovation Discount 0-15 yrs. factors apply when underwriting guidelines are met. Credit applies to base premium.
- Renewal Discount: Factor .95 applies to base premium when criteria is met.
- Form 3: Loss Free Credit; 1yr. - 5%; Renewal with 2 yrs. loss free - 10%. Credit applies to base premium.
- All Forms, except 4 & 6: Optional deductible credits applies to base premium. Coverage A limit under \$200,000 - \$500 ded. - .87; \$1000 - .76; \$2500 - .73. \$20000-\$400,000 - \$500 ded - .89; \$1000 - .80; \$2500 - .77. Over \$400,000 - \$500 - .92; \$1000 - 86; \$2500 - .83.
- Eff. 10-1-97

63. **First Community Insurance Company**

- Base Premium HO 00 03.
- Base Premium HO 00 04.
- Base Premium HO 00 06.
- Windstorm or Hail Exclusion HO 00 03.
- Age of Home.
- Book Transfer Discount.

- Multiple Policy Discount.
- Prior Insurance HO 0003 and HO 0006.
- Occupancy Factors HO 00 03 and HO 00 06.
- Experience Rating Factors.
- Mature Homeowners Discount All Forms.
- New Purchase Discount.
- Underwriting Tier.
- Hip Roof Discount.
- Preferred Builder Discount.
- Renovation Discount.
- Secured Community.
- Key Factor Table HO 00 03 Discount.
- Key Factor Table HO 00 04 Discount.
- Key Factor Table HO 00 06 Discount.
- Superior Construction-All Forms.
- Eff 6-1-15 BKIC-129875960 [NCDOI](#)

64. **First Protective Insurance Company**

- Base Rates for all forms except HO 00 04 and HO 00 06.
- Eff 6-1-15 PARE-130035422 [NCDOI](#)

**WIND ONLY Policy**

- Base rates for all forms except HS 00 04 and HS 00 06.
- Deductible for all forms except HS 00 04 and HS 00 06.
- Other Structures on Premises.
- Eff 6-20-15 PARE-130123406 [NCDOI](#)

65. **Garrison Property and Casualty Insurance Company**

- Tier Discount, HO 00 03.
- Tier Discount HO 00 06.
- Base Premium HO 00 03.
- Base Premium HO 00 06.
- Deductibles.
- Windstorm or Hail Exclusion Credits.
- Personal Property-Additional Coverage-Jewelry and Furs.
- Sinkhole Collapse Coverage.
- Coverage A Dwelling Basic and Increased Limits.
- Earthquake Coverage.
- Protective Devices.
- Loss History.
- Auto and Home Combination Discount.
- Refrigerated Personal Property.
- Installment Payment Plan.
- Eff 9-15-15 USAA-130073184 [NCDOI](#)

66. **General Insurance Company of America**

- Base Key Premiums all forms by Territory Deviation.
- Deductible Debit/Credits Deviation.
- Renewal Credit all forms: 3-5 yrs. - 5%; 6 yrs.+ - 9%.
- Account Credit all forms: 5% credit for total policy premium when insured has a Safeco auto policy also.
- Condominium Unit Owners Coverage A Increased Limits & Special Coverage Deviation.
- Business Pursuits (HO 24 71) all forms: the charge is deleted.
- Credit Card Forgery & Counterfeit Money Coverages (HO 04 53): Delete \$1 charge for \$1000 limit.
- Personal Injury (HO 24 82): \$10 charge per policy.
- Landlord's Furnishing (HO 32 21): \$10 premium per policy to increase coverage to total \$5000 with burglary coverage added.
- Ordinance or Law Cov (HO 04 77) Deviation for Quality Plus Form, Quality Crest Form & Condominium Form.

- Medical Payments: Other exposures - Higher limits all forms: Additional charge for higher limits of medical payments will be waived.
- Additional Residence Rented to Other (HO 24 70): Limit of Liability \$100,000 - \$1,000,000: Premium charge varies.
- Outboard Motors & Water Craft: Reduced premiums based on limits, length and horsepower.
- Personal Liability - Residence Premises Deviation: Increased Limits: Coverage E base \$300,000: Coverage F no charge.
- Special Personal Property Coverage HO-OO 15 & HO-17 31: Quality Plus Form & Condominium Form- Increase basic premium 8%. Quality Crest Form automatically included.
- Installment Payment Charge: \$2 each installment.
- Eff. 8-15-02 PC052887 [North Carolina Department of Insurance](#)

**67. Government Employees Insurance Company**

- Forms 1, 2, 3 & 3 w/15: New Home Discount: 10% for dwellings 5 yrs. old or less.
- Homeowners Theft Deterrent Premium Credit Program: Forms 1, 2, 3 & 3 w/15 - 7%; Forms 4 & 6 - 20%.
- Forms 1, 2 & 3: Amount of Insurance Credit; Classes 1-9 - \$10,000-\$200,000 & over. Credit varies.
- Form 6: 10%.
- All Forms: Protective Devices: Variable credits.
- Forms 2, 3, 4 & 6: Retired Discount Credit; 20% when specified criteria are met.
- All Forms: Dual Policy Discount: 10% when specified criteria are met.
- Forms 4 & 6: Key factor +.074 for each additional \$1000 of coverage.
- Installment Payment Plan: Waive the charge of \$3 first installment if first payment received with application.
- Form 4 & 6: Waterbed Liability Endorsement: No premium charge.
- Eff. 3-1-95

**68. Grain Dealers Mutual Insurance Company**

- Continuous policyholder discount.
- Account Credit.
- New Home Discount.
- Personal Property, over 70% of Coverage A.
- Insurance Score.
- Eff. 7-1-13 NGMC-128962658 [NCDOI](#)

**69. Granite State Insurance Company**

- Forms 1, 2, 3, 4, 3w/15 & 6: 20% deviation.
- Replacement or Repair Cost protection Coverage A premium \$1.
- Age of Dwelling Deviation: 0 - 20 yrs. old - 10%.
- Forms 1, 2, 3, 3w/15, 4 & 6: 20%.
- Eff. 7-1-87

**70. Graphic Arts Mutual Insurance Company**

- Personal Property Replacement Cost.
- Mass Merchandising Plan.
- W.I.S.E./Affinity program discount,
- Territory Deviations.
- Personal Lines Account Credit
- Package Deviation.
- Protection Class deviation/Suburban Rating.
- Eff. 6-1-15 UTCX-G129910958 [NCDOI](#)

**71. Hanover American Insurance Company**

- Mature Homeowners Credit.
- Deductible Credits for all forms except HO 00 04 and HO 00 06.
- Deductible Credits for Forms HO 00 04 and HO 00 06.
- Windstorm & Hail Deductible Credits.
- Personal Property Replacement Cost for all forms except HO 00 04 and HO 00 06.
- Personal Property Replacement Cost for forms HO 00 04 and HO 00 06.

- Account Credit Discount.
- Loss of Use-Increased Limits – Reduced premium charge.
- Condominium Unit Owners-Coverage A Dwelling – Basic and Increased Limits.
- Watercraft Liability Rates: All forms.
- Personal Property, Increased Limits All forms, except HO 00 04 and HO 00 06.
- Special Personal Property, all forms except HO 00 02, HO 00 04 and HO 00 06.
- Electronic Funds Transfer Plan Discount.
- Group Modification Plan Discount.
- Direct Bill Policies.
- Cap on total credits/discounts.
- Relativity Curve Deviation Forms HO 00 03.
- Relativity Curve Deviation Forms HO 00 04 and HO 00 06.
- Eff. 6-1-15 HNVX-G129953461 [NCDOI](#)

72. **Hanover Insurance Company**

- Mature Homeowners Credit.
- Deductible Credits for all forms except HO 00 04 and HO 00 06.
- Deductible Credits for Forms HO 00 04 and HO 00 06.
- Windstorm & Hail Deductible Credits: All forms, except 4 & 6.
- Personal Property Replacement Cost on Coverage C: All forms, except 4 & 6.
- Personal Property Replacement Cost on Coverage C: Forms 4 & 6.
- Account Credit: All forms.
- Loss of Use-Increased Limits: All forms.
- Condominium Unit Owners-Coverage A Dwelling: Basic & Increased Limits.
- Watercraft Liability Rates: All forms.
- Personal Property Increased Limits.
- Special Personal Property.
- Electronic Funds Transfer Installment Payment Plan.
- Group Modification Plan Discount (Mass Merchandising Plan)
- Direct Bill Policies Installment payment plan.
- Cap on credits/discounts
- Relativity curve deviation HO 00 03.
- Relativity Curve deviation forms HO 00 04 and HO 00 06.
- Eff. 2-1-12 HNVX-G127879210 [NCDOI](#)

73. **Harbor Specialty Insurance Company**

Preferred:

- Homes 25 yrs. of age or less insured for \$50,000 or more.
- Form 3: Base Rate Deviation by territories; Credit varies 20.2% - 24.3%.
- Form 4: Credits off Key Premiums; 2% Alamance County.
- Form 6: Base Rate Deviation by territories; Credit varies 19.4% - 22%.
- Form 3: Replacement Cost Protection (HO-500): Charge \$1 in lieu of \$5 when requirements are met.
- Form 3: Protective Devices Credit; Class 1-9, credit varies 2%-15%.
- Form 3: New Home Credit; 0-1 yr. old - 21%; 1% less credit each added yr. thru 8th yr.; 9 yrs. - 12%; 10 yrs. - 10%; 11 yrs. - 8%; 12 yrs. - 6%; 13 yrs. - 4%; 14 & 15 yrs. - 3%. Credit applicable to annual premium.
- Form 3: Personal Property Increased Limits; \$.50 per \$1000 of insurance.
- Form 3: Deductible Credits; \$500 ded. - 10%; \$1000 - 20%.
- Forms 3, 4 & 6: 20% deviation for policies written as part of Personal Protection Package Policy.
- Forms 4 & 6: Deductible Credits; \$500 ded. - 10%; \$1000 ded. - 23%.

Standard:

- Form HO-3 only - Homes 25 years of age or older and/or insured for less than \$50,000.
- Form HO 3 Credit off Key Premiums; 13.4% Alamance County; 9.4% territory 34; 8.6% territories 30 & 31; 11.4% territories 4, 32, 33, 36, 37, 38, 39, 40, 41, Lincoln & Rockingham County; 11.4% for remainder of Alamance County & remainder of territories. Form 3: Coverage C increased limit charge \$.50 per \$1000 of insurance.
- Form 3: Deductible Credits; \$500 - 10%; \$1000 - 20%.
- Form 3: Protective Credit; Same as for preferred.
- Form 3: New Home Credit; Same as for Preferred.

- Form 3: 20% deviation applies to HO program when written as part of Personal Protector Package Policy.
- Eff. 3-1-94

74. **Harford Mutual Insurance Company**

- Forms 1, 2 & 3: New Home Discount; 10% - dwellings 15 yrs. old or less.
- Forms 1, 2, 3 & 8: Fixed dollar amount deductible factors; \$500 - .90; \$1000 - .83; \$2500 - .75. \$100 deductible amount - minimum \$30 - maximum \$60.
- Forms 4 & 6: Fixed dollar amount ded. factors; \$500 .90; \$1000 .77; \$2500 .63. \$100 deductible amount min. \$30, max. \$60.
- All Forms: Protective devices factors for all territories & all protection classes - factors varies .98 to .85.
- Eff. 5-1-92

75. **Harleysville Preferred Insurance Company**

- Group Mass Marketing Discount.
- Preferred customer discount – all territories except 07, 08, 41, 48, 49, 81 and 86.
- StarPak Program Discount
- Companion Credit (homeowners and private passenger auto policy).
- Newly Purchased Home Credit Forms HO 02, HO 03, HO 05, and HE 7.
- Mature Homeowner Discount (HO 03, HO 05 and HE 7 only) 55 years of age or older.
- Life Insurance Policy Discount (life insurance/annuity policy).
- Coverage A Key Factors discount.
- HO 00 04 or HO 00 06, Base Premium deviation for certain Territories.
- Personal Property Increased Limit.
- Other Members of a Named Insured's Household.
- Electronic Funds Transfer (EFT).
- Eff 9-13-15 HRLV-130177052 [NCDOI](#)

76. **Hartford Accident and Indemnity Company**

- Age of Dwelling Credit for all territories except 7, 8, 41, 48, 49, 52.
- Account Credit for all territories.
- Retiree Credit named insured is age 50 and older.
- Limited Access Credit Forms 4 & 6: if complex meets the protection requirements.
- Product Factor – Forms HO 00 04 and HO 00 06.
- Retirement Community/Limited Access Community Credit.
- Key Factor for Premier, CCRL and Elite.
- Insurance Score.
- Prior Losses.
- Territory Deviation.
- Effective 06-01-15 HART-129889560-[NCDOI](#)

77. **Hartford Casualty Insurance Company**

- Age of Dwelling Credit for all territories except 7, 8, 41, 48, 49 and 52.
- Account Credit for all territories.
- Retiree Credit, named insured is age 50 or older.
- Limited Access Credit-Forms HO 00 04 and HO 00 06 is protected 24 hours a day.
- Product Factor- Forms HO 00 04 and HO 00 06.
- Retirement community/Limited Access community Credit.
- Key Factor for Premier, CCRL and Elite.
- Insurance Score.
- Prior Losses.
- Territory Deviation.
- Eff. 06-01-15 HART-129889694 [NCDOI](#)

78. **Hartford Fire Insurance Company**

- Age of Dwelling Credit for all territories except 7, 8, 41, 48, 49 and 52.
- Account Credit deviation for all territories.
- Retirees Credit, named insured is age 50 and older.

- Limited Access Credit-Forms HO 00 04 and HO 00 06 is protected 24 hours a day.
- Product Factor (Merit, Elite, CCRL, Premier), - Forms HO 00 04 and HO 00 06.
- Retirement community/Limited Access Community Credit.
- Key Factor for Premier, CCRL and Elite.
- Insurance Score.
- Prior Losses.
- Territory Deviation Factor.
- Eff. 10-9-10 HART-126607350 [North Carolina Department of Insurance](#)

79. **Hartford Insurance Company of Midwest**

- Age of Dwelling credit for all territories except 7, 8, 41, 48, 49 and 52.
- Account Credit all territories.
- Retirees Credit: named insured is age 50 and older.
- Limited Access Credit Forms 4 & 6: is protected 24 hours a day.
- Product Factor – Forms HO 00 04 and HO 00 06.
- Retirement Community/Limited Access Community Credit.
- Key factors.
- Insurance Score.
- Prior Losses.
- Territory Deviation Factor.
- Effective 06-01-15 HART-129889569 [NCDOI](#)

80. **Hartford Underwriters Insurance Company**

- Age of Dwelling Credit.
- Account Credit for all territories.
- Retiree Credit.
- Limited Access Credit.
- Product Factors.
- Key Factors deviation.
- Insurance score.
- Prior Losses.
- Territory deviation.
- Eff. 06-01-15 HART-129889698-[NCDOI](#)

81. **Homesite Insurance Company**

- Preferred Risk Group 1 Discount on form HO 00 03 and HO 00 06.
- Preferred Risk Group 2 Discount on form HO 00 03.
- Partner Discount-Form HO 00 04.
- Agency Capping Rule-all forms.
- Eff 7-1-15 HMSS-130072842 [NCDOI](#)

82. **Horace Mann Insurance Company**

- Installment Payment Plan Waive initial \$3 installment fee.
- Multi-Line Deviation.
- Credit Rating Tier/Insurance Score.
- Installment Payments - Electronic Funds Transfer.
- Educator Deviation.
- Claims Deviation Form 3.
- Territorial Deviation Form 3.
- Eff. 10-1-15 HRMN-130060883 [NCDOI](#)

83. **Horace Mann Property & Casualty Insurance Company**

- Installment Payment Plan Waive initial \$3 installment fee.
- Multi-Line Deviation.
- Credit Rating Tier/Insurance Score.
- Installment Payments - Electronic Funds Transfer.

- Educator Deviation.
- Claims Deviation Form 3.
- Territorial Deviation Form 3.
- Eff 10-1-15 HRMN-130060865 [NCDOI](#)

84. **IDS Property Casualty Insurance Company**

- Protective Device Credits
- Deductible Credits Forms HO 00 04 HO 00 06.
- Home and Auto Discount.
- Replacement Cost on Contents Discount Forms HO 00 03, HO 00 04 HO 00 06.
- Condo Coverage A increased limits.
- Newly Constructed Dwellings-Utilities Rating Plan.
- Coverage C Increased Limits.
- Refrigerated Personal Property
- Townhouse/Rowhouse
- Costco Discount
- Territories Base Rates (Form HO 00 04).
- Installment Electronic Funds Transfer.
- Eff 6-1-15 PRCA-129896497 [NCDOI](#)

85. **Indemnity Insurance Company of North America**

- New Construction Credit: New - 20%; 2% less credit for each yr. to 9th yr.
- All Forms: Fixed Dollar Deductible: Credit varies 15% - 40%.
- Personal Property Increased Limit: \$2 premium charge per \$1000 of coverage.
- Forms 2 & 3: Replacement Cost Coverage Personal Property: HO 0490; Factor 10.5% includes increased Coverage C to 70% of Coverage A at no additional premium charge.
- Protective Device Credits: All zones & protection classes: Credit varies 2% - 15%.
- Rated Deviation: Homeowners - 11%; Tenants - 10%; Condominiums - 15%.
- Eff. 9-1-99

86. **Indiana Lumbermens Mutual Insurance Company**

- Forms 1, 2, 3 & 3 w/15: 15% 0-10 yrs. old; 10% 11-15 yrs. old; 0% 16 yrs. & over.
- Eff. 9-1-85

87. **Insurance Company of North America**

- Forms 1, 2 & 3: Fixed dollar deductible credits; \$500-11%; \$1000-21%; \$2500-34%.
- Form 4: Fixed dollar deductible credits; \$500-11%; \$1000-25%; \$2500-40%.
- Forms 1, 2 & 3: Rate for increase in Coverage C; \$1 per \$1000.
- Forms 1, 2 & 3: Personal Property Replacement Cost coverage HO 290; Charge shall be 4% of adjusted base premium. Coverage C must be increased to 70% of A & \$1 per \$1000 charge made.
- Protective Device Credits: All zones & all protection classes: Credits vary from 1%-15%.
- Eff. 5-1-92

88. **Insurance Company of the State of Pennsylvania**

- Form 6: 35%.
- Form 4: 20%.
- Forms 2 & 3: Deductible Credits; \$250 - 15%; \$500 - 25%; \$1000 - 35%.
- Forms 2, 3, 3w/15 & 6: Age of Dwelling Discount; 0-5 yrs. - 15%; 6-10 yrs. - 10%; 11-20 yrs. - 5%.
- Forms 1, 2, 3, 3 w/15 & 8: 28%.
- Home Buyers Discount: 10% first 3 yrs. ownership; 5% second 3 yrs.
- Forms 1, 2, 3 & 3 w/15: Delete 5% surcharge for replacement cost of contents.
- Eff. 6-15-88

89. **Integon General Insurance Corporation**

- Delete the surcharge for \$100 deductible.
- Form 6: 10% deviation.
- Deviation by amount of insurance: Coverage A amount \$50,000 - \$250,000 & above based on territory; Credit varies - 0% - .340%.

- Deductible Credits: Form 3; Terr. 32, 33, 34-41- \$250 ded., \$500 ded., \$1000 ded. & \$2500 ded.: Credits varies .05%- .41%.
- Long-Term Customer Discount: 5-9 yrs. with Co.- 5%; 10 yrs. or longer with company -10%.
- Eff. 5-1-92

90. **Integon Indemnity Corporation**

- Delete surcharge for \$100 deductible.
- Form 6: 15% deviation.
- Replacement Cost Coverage C: Delete surcharge for replacement cost on contents.
- Deviation by Amount of Insurance: Cov. A amount \$50,000 - \$250,000 & above & based on territory.
- Deductible Credits Form 3; Terr. 32, 33, 34-41 - \$250 ded; \$500 ded. \$1000 & \$2500 ded. Credits vary .05%-41%.
- Long Term Customer Discount: 5-9 yrs. renewal with company - 5%; 10 yrs. or longer with Company - 10%.
- Eff. 5-1-92

91. **Integon National Insurance Company**

- Companion policy discount Form HO 00 04 with auto or recreation vehicle.
- Deviation of 6% Form HO 00 04.
- Eff 5-15-12 GMMX-128088782 [NCDOI](#)

92. **Liberty Mutual Fire Insurance Company**

- Mass Merchandising Program – 5% deviation when certain criteria is met
- Installment Payment Plan all forms.
- Coverage A Dwelling Limit for form HO 00 06.
- Watercraft Deviation by limits of liability.
- Multi-Policy Discounts.
- Property Tiering Program.
- Condominium and Renters Tiering Program.
- Eff. 8-23-10 LBPM-126601313 [North Carolina Department of Insurance](#)

93. **Liberty Mutual Mid-Atlantic Insurance Company**

- Forms 2,3,4, & 6 35% deviation.
- Forms 2 & 3 Dwellings 0-10 years – 10%.
- Eff 11-1-86

94. **Lighthouse Property Insurance Corporation**

- Base Premium HO 00 03 deviation.
- Age of Dwelling deviation.
- Book transfer discount.
- Claim free discount.
- Companion policy discount.
- Golden age discount.
- New purchase discount.
- Secured Communities discount.
- E-Policy discount.
- Maximum discount.
- Seasonal/secondary home deviation.
- Wood burning stove deviation.
- Experience rating deviation.
- Eff 6-1-15 MERL-129957112 [NCDOI](#)

95. **Lititz Mutual Insurance Company**

- New Home Credit.
- Combination of forms.
- Optional Higher Deductibles Deviation.
- Eff 6-1-15 LITZ-129887592 [NCDOI](#)

96. **LM Property and Casualty Insurance Company**

- New Home Credit: Age of Home 0 - 7 yrs. of age: Credit varies 0%-20%.
- Deductible credits
- Personal Property Replacement Cost: - HO-3 Apply 4% surcharge to adjusted base premium.
- Enhanced Dwelling Limit (EDL) – Form HO-3 \$1.00 per policy.
- Protective Device Credits: Variable Credits 2%-15%.
- Forms 3, 3w/15, Premier & 6: 5% Mature Homeowners Credit.
- Personal Property – Increased Limit Form HO-3: \$1.00 per \$1,000 increase of insurance
- Mature Homeowner Credit – Forms HO-3 and HO-6 5% credit. A premium credit applies if any named insured is age 55 or older as of the effective date of the policy.
- Companion for Life Discount all forms 10% credit.
- Secured Community Credit: Credit applies if primary residence is located in a fully secured or partially secured community. Fully secured - 10%; Partially secured -5%.
- Electronic Funds Transfer Fee: No charge.
- Increased Limits Jewelry, Watches & Furs: \$14 per \$1000 of Coverage.
- Personal Property Replacement Cost: Form HO4 and HO 6 Minimum charge of \$20.
- Silverware, Goldware, & Pewterware: \$2.50 per \$500.
- Deviation for 3 & 4 Family Liability Rates.
- Deviation by Liability Coverage.
- Outboard Motors & Water Craft Deviation for Coverage E, Increased Limits: Certain criteria apply.
- Outboard Motors & Water Craft Deviation for Coverage F, Increased Limits: Certain criteria apply.
- Business Property - Increased Limits Deviation: \$10 per \$2500.
- Eff. 3-14-03 PC058007 [North Carolina Department of Insurance](#)

97. **Lumbermens Mutual Casualty Company**

- Premium Credits for Protective Devices: Certain criteria apply.
- Mature Homeowners Credit: 5% credit applies to base premium if insured is 55 yrs. of age & is home during the day.
- Personal Property (Coverage C) Replacement Cost Coverage Deviation.
- \$100 Deductible: Waive minimum premium.
- \$250 Theft Deductible Factors: Certain criteria apply.
- All Forms: Optional Higher Deductibles deviation.
- Form 3: Special Personal Property Coverage: Apply a factor of 1.10 to base premium.
- Form HO 6: Special Personal Property Coverage: Apply a factor of 1.20 to base premium.
- Form 4: Building Addition & Alterations Increased Limit deviation.
- Form HO 6: Coverage A Dwelling Basic & Increased Limits Special Coverage Deviation.
- Ordinance or Law Increased Amount of Insurance: Form 4 & 6.
- Deferred Premium Payment Plan Option.
- New Home Discount: 0 - 6+ yrs. of age: Credit varies 0% - 18%.
- 5% Kemper Network Discount: Certain criteria apply.
- Eff. 2-25-02 PC047939 [North Carolina Department of Insurance](#)

98. **Maryland Casualty Company**

- All Forms, except 4 & 6: Age of Dwelling Credit; New-20%; 1 yr.-18%; 2 yrs.-16%; 3 yrs.-14%; 4 yrs.-13%; 5 yrs.-12%; 6 yrs.-10%; 7 yrs.-8%; 8 yrs.-6%; 9 yrs.-4%; 10 yrs.-2%.
- Forms 4 & 6: Replacement Cost on Contents: Factor 1.35.
- Protector Series Program: Reduce homeowners premium by 5%, if insured has auto policy with Maryland Casualty Group.
- Forms 2 & 3: Charge \$1 per \$1000 for increase in Coverage C limit.
- All Forms: Deductible Credits: \$500 - 15%; \$1000 - 20%; \$2500 - 30%.
- Deviation by Territory: Form 2, 3, 3w/15; Credit varies 0% - 14%.
- Base Premium Deviation: All Forms, except 4 & 6; Credit varies.
- Account Credit: 10% credit when insured has home & auto coverage with Zurich Insurance Companies when criteria is met.
- Protective Device Credit: Factors vary. Maximum credit of \$75 is waived.
- Eff. 7-1-98

99. **Massachusetts Bay Insurance Company**

- Mature Homeowners Credit.
- Deductible Credits for all forms except HO 00 04 and HO 00 06.
- Deductible Credits for Forms HO 00 04 and HO 00 06.
- Windstorm & Hail Deductible Credits: All forms, except HO 00 04 and HO 00 06.
- Personal Property Replacement Cost.
- Personal Property Replacement Cost on Coverage C: Forms HO 00 04 and HO 00 06
- Account Credit: All forms.
- Loss of Use-Increased Limits.
- Condominium Unit Owners-Coverage A Dwelling: Basic & Increased Limits.
- Watercraft Liability Rates: All forms.
- Personal Property - Increased Limits.
- Special Personal Property.
- Electronic Funds Transfer Installment Payment Plan Discount.
- Group Modification Plan (Mass Merchandising Plan).
- Direct Bill Policies installment payment plan.
- Cap on total credits/discounts of 35%.
- Relativity Curve Deviation Forms HO 00 03.
- Relativity Curve Deviation Forms HO 00 04 and HO 00 06.
- Eff 6-1-15 HNVX-G129953474 [NCDOJ](#)

100. **Max America Insurance Company**

- Forms 1, 2, 3 & 3 w/15: Amount of insurance credit.
- Forms 1, 2, 3 & 3 w/15: New Home Credit.
- All Forms: Eliminate 5% surcharge for personal property replacement cost (HO 290) endorsement.
- All Forms: Reduced key premiums for protection classes 7 & 8.
- Eff. 03-5-02

101. **Medmarc Casualty Insurance Company**

- New Home Credit: 0-1 yr.-20%; 2 or 3 yrs.-18%; 4 yrs.-15%; 5 yrs.-12%; 6 yrs.-10%; 7 yrs.-9%; 8 yrs.-6%; 9 yrs.-3%; 10 yrs.- 2%.
- Smoke Detectors Discount: 2.0%.
- Eff. 7-15-90

102. **The Members Insurance Company**

- Account Credit, Forms HO 00 03 and HE 00 07 By Territories, Tier.
- Loss History Factors.
- Coverage A Amount.
- Affinity Factors.
- Financial Responsibility factors.
- Home Buyer factors.
- Territory factors.
- Unit Owner's Building Increase Limits and Special Coverage-Form HO 00 06.
- Tenure Factors.
- Age of Home.
- Age of Roof factors.
- Woodstove factors.
- Protective device/controlled access security discount.
- Eff 6-1-15 CMCG-130081795 [NCDOJ](#)

103. **Merastar Insurance Company**

- New Home Credit.
- Safe and Sound Discount.
- Auto-Home Discount.
- Waiver of installment charge.
- Increased Special Limits of Liability.
- Merastar Maximum Credit.

- Deductible credits;Forms 3 & 5: \$500 - \$1000
- Deductible credits;Forms 4 & 6: \$500 - \$1000
- Protective Device Credits.
- Boat Liability Rate Deviation.
- Base rate deviation Forms 3 & 8: based on territory: Credit varies.
- Base rate deviation Forms 4 & 6: based on territory.
- Account Discount.
- Eff. 6-1-11 UNTR-126984235 [NCDOI](#)

104. **Meritplan Insurance Company**

- Affinity Discount.
- Electronic DFT and Online Processing Discount.
- Eff 11-5-10 BALB-126700430 [North Carolina Department of Insurance](#)

105. **Metropolitan Direct Property & Casualty Insurance Company**

- Territory deviation.
- Deductible Deviation.
- Additional Limits of Liability
- Personal Property Replacement Cost Loss Settlement.
- Year of Construction – Newly Constructed Dwellings.
- Protective Devices
- Mature Homeowners Discount.
- Multi-Policy Discount.
- Mass Merchandising Account Deviation
- Met ReWards Claim Free Discount.
- Increased Ordinance or Law Coverage
- Earthquake Coverage
- Platinum Coverage Package.
- Tier Program.
- Eff. 10-30-14 METX-G129672932 [NCDOI](#)

106. **Metropolitan Property & Casualty Insurance Company**  
**Standard Program**

- Territory Deviation.
- Deductible Deviation.
- Additional Limits of Liability.
- Personal Property Replacement Cost Loss Settlement.
- Year of construction – Newly Constructed Dwellings.
- Protective Devices.
- Mature Homeowners Discount.
- Multi-Policy Discount.
- Mass Merchandising Account Deviation:
- Small Employer Group Program.
- Claim Free Discount.
- Increase Ordinance or Law coverage.
- Earthquake Coverage.
- Platinum Coverage Package – Form HO 00 05.
- Waterbed Liability.
- Coverage A Dwelling Special Coverage HO 00 06.
- GrandProtect Coverage Package.
- Water Back-Up and Sump Discharge or Overflow.
- Tier Program.

**Conversion Program**

- Territory Deviation.
- Deductible Deviation.
- Windstorm or Hail Percentage Deductible.
- Personal Property Replacement Cost.

- Year of Construction New Home Discount.
- Protective Devices Premium Credits for Alarm Systems: Credit applies to base premium.
- Mature Homeowners Discount.
- Multi-Policy Discount.
- Met Rewards Claim Free Discount when criteria are met.
- Increased Ordinance or Law Coverage.
- Earthquake Coverage.
- Platinum Coverage Package – Form HO 00 05.
- Waterbed Liability.
- Coverage A Dwelling Special Coverage HO 00 06.
- Tier Program.
- Eff 10-30-14 METX-G129672818 [NCDOI](#)

107. **Montgomery Mutual Insurance Company**

- Forms 3, HE-7, HE-7w/20 & HE-7w/21: Pers Prop Increased Limits: .50 per \$1000 of insurance for Coverage C.
- Deductible Amount Deviation: Forms 3, HE-7, HE-7w/20 & HE-7w/21: Credit varies
- 10% Account Credit when auto policy is written for the same insured through Montgomery Mutual Insurance Co.
- Forms 3, HE-7, HE-7w/20 & HE-7w/21: New Home Credit: New - 6 yrs. of age: Credit varies 0% - 20%.
- Base Rate Deviation by Territory: Forms 3, HE-7, HE-7w/20 & HE-7w/21 Credit varies 0% -7.1%
- Form 4: Base Rate Deviation by Territory: Credit varies 0% - 14.8%.
- Form 6: Base Rate Deviation by Territory: Credit varies 9.3% - 32%.
- Protective Device Credits: Credits vary 2% - 15%.
- Base Rate Deviation on HE-7 - 1.15, HE-7w/20 - 1.20 & HE-7w/21 - 1.25.
- Replacement or Repair Cost Protection(HO 3211): \$5 per policy when criteria is met.
- All Forms: 10% Account Credit.
- Water Craft Liability Deviation - 70%.
- Form 3: Amount of Coverage A Relativity Curve Deviation: Credit varies 0.6% - 7.4%.
- Eff. 8-15-02 PC052789 [North Carolina Department of Insurance](#)

108. **Mosaic Insurance Company**

- Discount on Installment Payment Plan: \$1 - \$2 charge.
- Three or Four Family Dwelling Discount.
- Townhouse or Rowhouse Discount.
- Waterbed Liability waived.
- Base Premium Deviation.
- Forms 2, 3, 4, 6 or 8: Deviation by Amount of Insurance.
- New Home Discount: 0-9 yrs. of age: Credit varies 2%-9%.
- Protective Devices Discount: Credit varies 1%-7%.
- Multi Policy Discount: 5% of the base premium.
- Personal Property Increased Limits Discount: \$2 rate per \$1000.
- Personal Property Replacement Cost Coverage Discount.
- Form 4: Building Additions & Alterations Increased Limits Deviation.
- Personal Property Increased Limits of Liability: Charge varies by additional amount of insurance.
- Rented Personal Property: No charge.
- Form 6: Coverage A - Dwelling Basic & Increased Limits Deviation.
- Forms 3 & 3 Plus: Inflation Guard Discount.
- Watercraft Discount: Up to 50 HP, no charge.
- Business Pursuits Discount.
- Form 3 Plus: Personal Injury Liability: No charge.
- Eff.10-18-00 PC035279 [North Carolina Department of Insurance](#)

109. **NGM Insurance Company**

- Combined Personal Protection Program.
- Deductible credits/charges, factor varies by ded amount.
- Protective device credits.
- Replacement Cost on Contents.
- Specified Additional Amount of Insurance Coverage A Dwelling.

- Personal Property Replacement Cost.
- Personal Injury.
- Water Back-up of Sewers or Drains.
- Credit Card, Fund Transfer Card, Forgery, & Counterfeit Money.
- Special Computer Coverage.
- Coverage C Special Limits of Liability.
- Coverage D increased to 30% of Coverage A.
- Installment Payment Plan Deviation.
- Ordinance or Law Deviation – Increased Amount of Coverage.
- Refrigerated Property Coverage.
- Insurance Score Discount factor varies by Insurance Score.
- Territorial Base Rate Deviation.
- Eff. 10-1-15 NGMC-130179190 [NCDOI](#)

110. **National General Insurance Company**

- All Forms: Protection Device Credits: Variable credits from 2% to 15%.
- All Forms, except 4 & 6: Deductible/factors; \$100-1.10 - no minimum or maximum charge; \$500-.90; \$1000-.80.
- Forms 4 & 6: Deductible/factors; \$100/\$250 theft - 1.05. No minimum or maximum charge; \$500-.90; \$1000-.77.
- Form 3: New/Renovated Home Discount; Variable credits based on age of dwelling & type of renovation.
- Forms 4 & 6: Thrifty Fifty Discount; 10% credit if insured meets criteria.
- Forms 1, 2 & 3: \$5 Photo Credit New Business.
- Form 4: Building additions & alterations increased limits \$5 per \$1000 of insurance.
- Form 6: Coverage A Dwelling; Basic & Increased Limits, \$5000 Coverage A is provided at no additional charge. Charge \$5 per \$1,000 for increased limit up to total of \$15,000.
- Forms 4 & 6: Loss of Use; Increased limits \$3 per \$1000 of additional insurance.
- Form 3: Base rate deviation; Rating factor of .80 applies.
- Form 6: Base rate deviation; Rating factor of .80 applies.
- Installment Payment Plan: Two payment plan - \$2 per installment.
- Eff. 6-1-99

111. **National Specialty Insurance Company**

- Forms 2 & 3: Base deviations vary by amounts of insurance - \$55,000 - \$120,000 & over; Territory 34 Cumberland County - 0% - 22.1%; Territories 32, 33, 35 & 41 - 0% to -35.1% deviations vary by amount of insurance. \$50,000 - \$120,000 & over; all other territories 0% - 35.1%. Deviation vary by amounts of insurance \$50,000 - \$120,000 & over.
- Forms 4 & 6: 10% credit applies to optional coverages that are applicable exclusively to Forms 4 & 6.
- All Forms, except 4 & 6: 20% credit applies to optional coverages.
- Forms 2, 3 & Homeowners Plus: Fixed dollar amount deductible credits; \$500-10%; \$1000 - 17%.
- Forms 4 & 6: Fixed dollar amount deductible; \$500 - 10%; \$1000 - 23%.
- Homeowners Plus Package: Form 3 Credit for amount of insurance \$50,000-\$69,000 - 10%; \$70,000 - 110,000 - 11%; \$120,000 - \$170,000 - 12%; \$180,000 - \$200,000 - 13%, each additional \$10,000 - 0% when special requirement are met.
- Forms 4 & 6: 10%.
- Forms 2, 3 & Homeowners Plus: New home credit - 25% current yr.; 2.5% less credit each added yr.
- Premium credit for alarm systems HO 216: 2-15%.
- All Forms: Manned Security Discount: 10% additional when property is residential area with limited entry & exit points manned by employed uniformed security guards.
- All Forms: 55 & Retired Discount: 10% if one insured is 55 or older & both insured & spouse, if any, are neither gainfully employed or seeking gainful employment. Residence must be principal residence of applicant.
- Earthquake Coverage: Superior construction will be rated same as frame construction.
- Form HO-6: Coverage A increased limits; \$3 for each additional \$1000.
- Form HO-6: Units regularly rented to others HO-33; Charge 25% of base premium.
- Eff. 5-1-92 *Name changed from State National Specialty Company effective 3/16/04*

112. **National Surety Corporation**

- Protective Device Credits: All forms & all territories: 1% - 15% credit applies to company base premium.
- Portfolio Credit: 5% credit applies to all homeowners policies when Personal Catastrophe Coverage and Personal Inland Marine Coverage is written with Company.

- Eff 12-01-03 PC065123 [North Carolina Department of Insurance](#)

113. **National Union Fire Insurance Company of Pittsburgh**

- Territorial Base Rate Deviation.
- Amount of Insurance Relatives Deviation.
- Maximum Credit for Protective Devices waived.
- Higher Deductible Credit.
- Increased Coverage C Limit Deviation.
- Renovated House Credit.
- Gated Community Credit.
- Loss Free/ Persistency Credit.
- Eff. 10-13-00 PC037427 [North Carolina Department of Insurance](#)

114. **Nationwide General Insurance Company**

- Territory Deviation.
- Amount of Insurance – Territory Deviation.
- Deductible deviations.
- Age of Construction.
- Home renovation Deviation.
- Home Purchase Deviation.
- Age of Oldest insured deviation.
- Gated community deviation.
- Supplemental Heating deviation.
- Prior insurance deviation.
- Safe home rating plan deviation.
- Protection class deviation.
- Roof age and type deviation.
- Household composition deviation.
- Associate deviation.
- Maximum deviation.
- Number of units deviation HO 00 04 and HO 00 06.
- Installment PaymentOptions.
- Miles to coast deviation.
- Census Block Deviation.
- Eff 12-20-15 NWPC-130192752 [NCDOI](#)

115. **Nationwide Mutual Fire Insurance Company**

- Nationwide Territory Deviation Forms HO 02, HO 03 & HO 05.
- Home & Car Deviation.
- Amount of Insurance Deviation.
- Personal Property Replacement Cost Deviation.
- Deductible Deviations.
- Protective Device Deviations by territory: Credit varies.
- Safe Home Rating Plan Deviation.
- Age of Home Component.
- Age of Construction Deviation.
- Nationwide Associate.
- Multi-line deviation.
- Installment Payment Plan.
- Census Block Deviation.
- Eff. 12-20-15 NWPC-130192749 [NCDOI](#)

116. **Nationwide Mutual Insurance Company**

**Nationwide Mutual Insurance Company (Harleysville Operations)**

- Group/Mass Marketing Discount.
- Preferred Customer Discount.
- HE-7 Deviations by certain territories.

- Star Pak Program Discount.
- Companion Credit.
- Newly Purchased Home Credit.
- Mature Homeowner Discount.
- Life Insurance Policy Discount (homeowner and life policy).
- Coverage A Key Factors.
- Form HO 00 04 or HO 00 06, Rule 301.
- Personal Property, Rule 515.A.1.
- Other Members of a Named Insured's Household.
- Electronic Funds Transfer (EFT) payment plan.

**Nationwide Mutual Insurance Company**

- Nationwide Territory Definitions Forms HO 02, HO 03, HO 04, HO 05, and HO 06.
- Home and Car Deviation Forms HO 02, HO 03, HO 05, and HO 06.
- Deductible Deviations.
- Protective Device Deviation.
- Safe Home Rating Program – Form HO 02, HO 03, HO 05 and HO 06.
- Age of oldest Insured.
- Personal Status Deviation.
- Age of construction deviation.
- Amount of Insurance – Forms HO 02, HO 03, and HO 05.
- Age of Home Component Deviation.
- Home Purchase Deviation.
- Nationwide Associate Deviation.
- Prior Insurance Deviation Forms HO 02, HO 03 and HO 05.
- Multi-Line Deviation.
- Installment Payment Plans.
- Census Block Deviation.
- Eff. 12-2015 NWPC-130192717 [NCDOL](#)

117. **Netherlands Insurance Company**

**Preferred Homeowners**

- Personal Property Increased Limits;. Forms 3, HE-7, HE-7w/20 & HE7w/21 \$.50 per \$1000 of insurance
- Deductible amounts deviation Credit: Forms 3, 4, 6, HE-7, HE-7w/20 & HE-7w/21 :Credit varies
- New Home Credit: Forms 3, HE-7, HE-7w/20 & HE-7w/21: Credit varies.
- Protective Device Credit: Forms 3, HE-7, HE-7w/20 & HE-7w/21: Credit varies
- Base Rate Deviation by Territory Forms 3, HE-7, HE-7w/20 & HE7-21:: Credit varies.
- Form 4: 3% Key Premium Deviation by Territory.
- Form 6: Key Premium Deviation: Credit varies 29.3%-31.6%.
- Forms 3, HE-7, HE-7w/20 & HE-7w/21: HO-3211- Replacement or Repair Cost Protection: Premium charge \$5.
- Forms 3, 4, 6, HE-7, HE-7w/20 & HE-7w/21: 15% deviation for policies written as part of Personal Protector Package Policy.
- Water Craft Deviation of 70%.
- Base Rate Deviation on HE-7, HE-7w/20 & HE-7w/21: HE-7 factor - 1.15; HE-7w/20 factor - 1.20; HE7w/21 - 1.25.
- Amount of Coverage A Relativity: Deviation varies .6% - 7.4%.

**Standard Homeowners**

- Personal Property Increased Limits Forms 3, HE-7, HE-7w/20 & HE-7w/21: ; \$.50 per \$1000 of insurance.
- Deductible Credits; Forms 3, HE-7, HE-7w/20 & HE-7w/21: credit varies.
- New Home Credit: Forms 3, HE-7, HE-7w/20 & HE-7w/21: 0 -12 yrs. of age: Credit varies 0% - 25%.
- Protective Device Credit: Forms 3, HE-7, HE-7w/20 & HE-7w/21: Credit varies 2% - 15%.
- Base rate deviation by territory: Forms 3, HE-7, HE-7w/20 & HE-7w/21 Credit varies
- Base Rate Deviation HO 6 by territory: Deviation varies.
- Base Rate Deviation on HE-7, HE-7w/20 & HE-7w/21: credit varies
- Replacement or Repair Cost Protection: Forms 3, HE-7, HE-7w/20 & HE-7w/21: HO-3211 Premium charge \$5.
- Deviation will apply to HO 3 standard, HE 7 standard HE7/w20 standard, HE 7/ w21 standard for monoline homeowners premiums when they ar written as part fot the Personal Protector Package Policy.
- Water Craft Deviation of 70%.
- Amount of Coverage A Relativity curve: Deviation varies .6% - 7.4%.

- Eff 10-15-02 PC053999 [North Carolina Department of Insurance](#)

118. **New Hampshire Insurance Company**

- Forms 1, 2, 3, 3w/15 4 & 6: Age of dwelling credit; 0-20 yrs. - 10%.
- Replacement or Repair Cost prot. Coverage A (HO-500): \$1 per policy.
- Eff. 7/1/87

119. **New South Insurance Company**

- Deviation by Amount of Insurance: Coverage A amount: \$50,000 - \$250,000 & above based on territory.
- Long-term Customer Discount: 5-9 yrs. with Co. on HO policy - 5%; 10 yrs. or longer with Co. on HO policy - 10%.
- Deductible Credits.
- Form 6: 15%.
- Delete surcharge for \$100 deductible.
- Replacement Cost- Coverage C: Delete surcharge for replacement cost on contents.
- Eff. 5-1-92

120. **North Carolina Farm Bureau Mutual Insurance Company**

- Personal Property (Coverage C) Replacement Cost.
- Deductible Credits.
- Deductibles – Windstorm or Hail Deductibles.
- Personal Property.
- Additional Residence Rented to Others.
- Other Structures Rented to Others - Residence Premises.
- Outboard Motors and Water Craft.
- New Home Deviation, Forms HO 00 02 and HO 00 03.
- Enhancement Deviation.
- Value-Plus Deviation.
- Carolina Partner Plus Discount.
- Company Deviations.
- Deviation Forms HO 00 02 and HO 00 03.
- Deviations by territories 07, 08, 48, 49, 52.
- Deviations Forms HO 00 04 and HO 00 06.
- Windstorm or Hail Exclusion Credits.
- Eff. 6-1-15 NCFB-129893882 [NCDOI](#)

121. **North River Insurance Company**

- Forms 1, 2, 3 & 3 w/15: Age of dwelling credit; 0 - 1 yr. - 20%; 2% less credit each added yr.
- Preferred plan deviation for owners forms: Varying credits based on amount of insurance & territory.
- Forms 1, 2, 3 & 3 w/15: Replacement cost contents for preferred owners forms to \$1 per \$1000 of increased Coverage C.
- All Forms: Replacement cost on contents; Deletion of \$20 minimum additional premium.
- Forms 1, 2, 3 & 3 w/15: Higher deductible credits factors; \$500 - .89; \$1000 - .80; \$2500 - .67.
- Forms 4 & 6: Higher deductible credits factors; \$500 - .83; \$1000 - .67; \$2500 - .54.
- Premises Alarm System: Expand table of credits for protection classes 1 - 7 to include class 8.
- Form 6: 20%.
- Eff. 3-1-90

122. **Northern Assurance Company of America**

- New Home Credit.
- Personal Property Replacement Charge Reduced to \$1 per \$1,000.
- Additional Limits of Liability for Coverage A.
- Protective Devices Credits.
- No charge for Inflation Guard Endorsement.
- Fixed dollar amount deductibles.
- 5% discount for insured age 49 or older.
- Deviation to form HE-7.
- Deviation by Amount of Insurance for Coverage A between \$250,000 and \$500,000.

- Windstorm or Hail Deductibles.
- Eff. 8-15-02 PC053955 [North Carolina Department of Insurance](#)

123. **Northern Insurance Company of New York**

- Forms 1, 2, 3 & 3w/15: Age of dwelling credit.
- Forms 1, 2, 3 & 3 w/15: Replacement or repair cost protection HO-500.
- Forms 4 & 6: Replacement Cost on Contents.
- Forms 1, 2 & 3: Charge \$1 per \$1000 for increase in Coverage C limits.
- Eff. 2-15-92

124. **OneBeacon America Insurance Company**

- New Home Discount.
- Personal Property Replacement Charge Reduced to \$1 per \$1,000.
- Additional Limits of Liability for Coverage A.
- Protective Devices Credits.
- No charge for Inflation Guard Endorsement.
- Fixed dollar amount deductibles.
- Deviation on HO 00 06 Coverage A Increased Limits.
- Deviation to Form HO 00 06 rates.
- 5% discount for insured age 49 or older.
- Deviation to form HE-7.
- Deviation by Amount of Insurance for Coverage A between \$250,000 and \$500,000.
- Windstorm or Hail Deductibles.
- Eff. 8-15-02 PC053954 [North Carolina Department of Insurance](#)

125. **OneBeacon Insurance Company**

- Replacement on contents endorsement.
- Protective Devices Credit.
- Personal Property Increased Limits.
- Account Credit when the named insured insures personal auto in any of the General Accident Companies.
- Fixed Dollar Amount Deductible.
- New Home Credits.
- Eff 4-15-96

126. **OneBeacon Midwest Insurance Company**

- All Forms, except 4 & 6: New Home Discount; 0-1 yr. old -20%; 2% less credit each added yr. to 10th yr.
- Forms 2 & 3: Personal Property Replacement Cost; Charge to increase Coverage C to 70% of Coverage A; \$1 per \$1000.
- Replacement or Repair Cost Protection Coverage A (HO-3211): \$5 premium charge.
- Protective Devices Credits: PPC 1-7 - 2%-15%; PPC 8-9 - 1%-15%: Maximum credit of 20% applies.
- All Forms, except 4 & 6: Provide Inflation Guard endorsement coverage at 6% amount of annual increase at no charge.
- All Forms, except 4 & 6: Fixed Dollar Amount deductibles: \$500-15%; \$1000-21%; \$2500-38%.
- 5% discount for insured age 49 or older.
- Deviation to Enhancement Forms HE-7; HE-7w/20 & HE-7w/21: Credits vary.
- Deviation by amount of Coverage A: \$250000 - \$500000. Variable credits.
- Windstorm or Hail Deductibles
- Eff. 8-15-02 PC053952 [North Carolina Department of Insurance](#)

127. **Owners Insurance Company**

- Key factors.
- Deductibles - Waiver of Minimum Charges.
- Protective Device Credit.
- Protective Device-Alarm Systems.
- Mature Homeowners Discount.
- Townhouse or Row House discount factors.

- Credit Card, Fund Transfer Card, Forgery and Counterfeit Money.
- Form HO 00 06 Coverage A Dwelling Increased Limits and Special Coverage.
- Personal Injury coverage-no charge.
- Special Personal Property Coverage HO 00 05.
- Multi-Policy Discount.
- Section II, Liability-watercraft.
- Life-Homeowners Multi Policy Discount.
- Home/Umbrella Multi-Policy discount.
- Paid in full discount.
- Personal Property Increased limits.
- All forms except HO00 04 and HO 00 06.
- Protection Class Relativities.
- Age of construction discount.
- Base Class Premium.
- Windstorm or Hail Exclusion.
- Windstorm Mitigation.
- Changes or Cancellations.
- Theft Coverage.
- Company Deviation.
- Underwriting Score.
- Solid Fuel Heating.
- Actual cash Value Loss Settlement Windstorm or Hail Loses to Roof Surfacing.
- Roof Age and Type.
- Eff 10-2-15 AOIC-130099368 [NCDOI](#)

128. **Pacific Employers Insurance Company**

- Forms 1, 2 & 3: Fixed dollar deductible credits; \$500-11%; \$1000-21%; \$2500-34%.
- Form 4: Fixed dollar deductible credits; \$500-11%; \$1000-25%; \$2500-40%.
- Rate for increase in Coverage C: \$1 per \$1000.
- Forms 1, 2 & 3: Replacement Cost Coverage Charge shall be 4% of adjusted base premium. Coverage C must also be increased to 70% of Coverage A at \$1 per \$1000.
- Protection Device Credits: All zones & all protection classes; Credits vary 2%-15%.
- New Home Discount: Credit varies 2% -20% based on age of dwelling. Credit applies to base premium.
- Base Rate Deviation: Homeowners -25%; Tenants -15%; Condominiums -20%.
- Eff. 2-24-98

129. **Pacific Indemnity Company**

- Base Premium Computation - Forms HO 00 04.
- Installment Payment Plan-recurring payments.
- Base Premium Computation by territory and forms.
- Protective Devices – Maximum Credit.
- Deductibles - Optional Higher Deductibles.
- Deductibles – Named Storm Percentage Deductible.
- Additional Amount of Insurance deviation. Forms HO 00 02, HO 00 03 & HO 00 05.
- Replacement Cost Loss Settlement.
- Supplemental Loss Assessment Coverage Premium for Additional Location.
- Water Back-Up and Sump Discharge or Overflow.
- Gated Community Credit.
- Eff 6-1-15 CHUB-129916708 [NCDOI](#)

130. **Peerless Insurance Company**

- Protective devices.
- Base Premium Computation (HO 00 06).
- Installment Payment plan – no charge for each installment for Electronic Fund Transfer.
- Eff. 9-1-12 LBRM-128206895 [NCDOI](#)

131. **Pennsylvania General Insurance Company**

- All Forms, except 4 & 6: New home credit; Current yr. - 20%; 1 yr. old -18%; 2 yrs. old -16%; 3 yrs. old - 14%; 4 yrs. old - 12%; 5 yrs. old - 10%; 6 yrs. old - 10%; 7 yrs. old - 8%; 8 yrs. old - 7%; 9 yrs. old - 6%; 10yrs.-6%; 11yrs-4%;12yrs-4%;13yrs-2%; 14yrs-2% .
- All Forms: Fixed dollar amount deductible factors; \$500 - .90; \$1000 - .77.
- Forms 1, 2, 3 & 3w/15: Personal property increased limits; \$1 per \$1000 of insurance.
- All Forms, except 4: Account Credit: 10% discount when named insured insures his/her personal auto in any of General Accident Companies.
- Forms 1, 2 & 3: Personal Property Replacement Cost Coverage.
- All Forms: Protective Device Credit: Credit Varies 2% - 15%.
- All Forms, except 4 & 6: 8.8% base rate deviation.
- Eff. 4-15-96

132. **Pennsylvania Lumbermens Mutual Insurance Company**

- Forms 1, 2 & 3: 10% dwellings 5 yrs. old or less; 5% dwellings 6-10 yrs. old.
- All Forms: 10%.
- Eff. 10-1-85

133. **Pennsylvania National Mutual Casualty Insurance Company**

- Age New Home Discount: Forms HO 00 02, HO 00 03, HO 00 05 and HE 00 07.
- Deductibles – Optional Higher Deductibles.
- Personal Property A Increased Limits.
- Preferred Program territory & protection class.
- Account Credit Program.
- Outboard motors and watercraft Deviation.
- Protective Device Credits.
- Additional Amount of Insurance HO 00 02 & HO 00 03.
- Ordinance or Law Coverage.
- Preferred Advantage Program Deviation.
- Form HO 06 Coverage A Dwelling Basic and Increase Limits and Special Coverage.
- Credit Card, Fund Transfer Card, Forgery and Counterfeit Money Deviation.
- Loss Assessment coverage Forms HO 00 02, HO 00 03, HO 00 04, HO 00 05 and HO 00 06.
- Personal Property - Increased Special Limits of Liability.
- Personal Property – Refrigerated personal Property.
- Water Back Up and Sump Discharge or Overflow.
- Personal Injury Increased Special Limits of Liability
- Installment Charges-Recurring Payments automatically deducted.
- Affinity Group Discount.
- Agency Transfer Transaction Factor.
- Eff 06-01-15 PNPR-129871225- [NCDO](#)

134. **Pharmacists Mutual Insurance Company**

- -25% base rate deviation.
- Waiver of premium is amended to \$5.
- Installment Payment Plan: Charge varies based on installment plan.
- Personal Package Discount: Credit varies when criteria is met.
- Automatic Adjustments of Limits: Annual 4% increase at no charge.
- Effective 5-1-07 PC102682 [North Carolina Department of Insurance](#)

135. **Phoenix Insurance Company**

- Base Rate Deviation.
- Coverage A relativity curve.
- Account Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.
- Loss Free customer Credit Homeowners policy written in conjunction with Travelers Private Passenger Auto policy.
- Loss History.
- Insurance Score.

- New Home Credits.
- Home Buyer Credit.
- Multi-Line Insurance & Financial Services Institution Employees Credit.
- Royal SunAlliance Employee Program.
- Installment Payment Plan.
- Eff 11-7-15 TRVA-130152401 [NCDOI](#)

136. **Platte River Insurance Company**

- Age of Dwelling
- Account Credit Program: 15% discount when insured has coverage for both auto & HO policies through UIC.
- Preferred Homeowners Credit: 0% - 23% Credit by territory, pPC, construction type: Other criteria apply.
- Revitalized Home Credit for dwellings 25 yrs. or older if certain criteria is met.
- Deductible Credits: Forms 3, 4, & 6.
- Base Premium Discount for Form 6: A factor of .80 applies.
- Protective Device Credits: All Forms: Credit varies 1% - 15%.
- Replacement Cost on Contents: Forms 3, 4, & 6: Minimum premium does not apply.
- Additional Limits of Liability for Coverages A, B, C, & D: Form 3: 6% credit when certain options are selected.
- Pers Prop Replacement Cost: Form 3: 5% of base prem with min prem waived when certain options are selected.
- Personal Injury: Form 3: Charge waived if certain coverages and options are selected.
- Water Back-Up of Sewers or Drains: Form 3: Charge waived if certain coverages and options are selected.
- Credit Card, Fund Transfer Card, Forgery & Counterfeit: Form 3: Charge waived if certain coverages and options are selected.
- Special Computer Coverages: Form 3: Charge waived if certain coverages and options are selected.
- Coverage C Increased Special Limits of Liability: Form 3: Charge waived if certain coverages and options are selected.
- Fire Department Service Charge: Form 3: Increased to \$1000 in lieu of \$500 if certain coverages and options are selected.
- Form 3: Coverage D Increased to 30% of Coverage A will be deleted if certain coverages & increased limits options are selected.
- Form 3: Coverage A Relativities Deviation.
- Form 3: Ordinance or Law will be 4% of base premium if certain coverages & increased limits options are selected.
- Form 3: The charge for Refrigerated Property Coverage will be deleted if certain coverages & increased limits options are selected.
- Eff.10-1-99

137. **Praetorian Insurance Company**

- Base rate deviation.
- Age of Home Deviation.
- New Purchase Discount.
- Renovated Home Discount.
- Mature Citizen Discount.
- Builder Credit.
- Loss Free Renewal Credit.
- Multi-Policy Credit.
- Replacement Cost Coverage C.
- Specified Additional Amount of Insurance Coverage A.
- Eff 8-1-15 QBEC-130156771 [NCDOI](#)

138. **Privilege Underwriters Reciprocal Exchange**

- Years Renovated
- Territory Deviation
- Coverage A Deviation
- Superior Construction Credits
- Generator Credit
- Financial Responsibility Factor
- Seasonal/Secondary Home

- Occupancy Deviation
- Multi Policy Credit (Personal Automobile)
- Multi Policy Credit (Personal Excess Liability)
- Multi Policy Credit (Jewelry & Art)
- Protective Devices
- Loss Free Credits
- Eff 6-1-15 PRIV-129924399 [NCDOI](#)

139. **Progressive Northern Insurance Company**

- Zone deviations.
- Protection class Construction Factors.
- Key Factors.
- Underwriting Tier.
- Companion Policy.
- E Policy.
- Advance Quote discount.
- Loss History.
- Paid in full discount.
- Bundled coverageCredit.
- Secured community discount.
- Household structure.
- Personal Property Replacement Cost.
- Protective Devices.
- Eff 7-15-15 ASIT-130101836 [NCDOI](#)

140. **Providence Washington Insurance Company**

- Forms 2 & 3: Deviation by territory, Coverage A amount & protection class: Credit varies.
- All Forms, except 4 & 6: New Home Credit: 1 to 20 yrs. old: Credit varies 1% to 20%.
- All Forms, except 4 & 6: Deductible credits: \$500 - 10%; \$1000 - 17%; \$2500 - 25%.
- Protective Devices for all protection classes & territories: Credits vary 1%-15%.
- Forms 2, 3 & 6: 15% Multiple Policy Credit when Providence Washington writes auto & homeowner.
- Waiver of Premium: \$5 or less.
- Personal Property Replacement Cost: Minimum charge not applicable.
- Eff. 4-18-00 PC033008 [North Carolina Department of Insurance](#)

141. **QBE Insurance Company**

- Territorial Deviations-Form HO 00 03.
- New Home Discount.
- New Purchase Discount.
- Renovated Home Discount.
- Mature Citizen Discount.
- Loss Free Renewal Credit.
- Multi-Policy Credit.
- Replacement Cost Coverage Contents.
- Specified Additional Amount of Insurance Coverage A.
- Eff 8-1-15 QBEC-130156634 [NCDOI](#)

142. **Republic-Franklin Insurance Company**

**Edge Program**

- Protection Classification credit.
- Edge Program Tiered.
- Personal Property.
- Mass Merchandising Plan.
- Affinity Group-Wise Program.
- Personal Lines Account Credit.
- Package Additional Coverages.
- Flexible Hose Credit.

- High Efficiency Gas Furnace Credit Rule.

Essentials Program

- Protection Classification credit.
- Personal Property.
- Personal Lines Account Credit.
- Homeowners Extension Package.
- Flexible Hose Credit.
- High Efficiency Gas Furnace Credit Rule.
- Edge Essential Program Tiered Rating.
- Eff 11-15-12 UTCX-G128669380 [NCDOI](#)

143. **Response Worldwide Insurance Company**

- Protective Devices Discount: 3% for deadbolt locks on all main doors & fire extinguishers in house.
- Forms 1, 2, 3 & 3w/15: Deductible Credits; \$500 - 12%; \$1000 - 24%; \$2500 - 36%.
- Forms 4 & 6: Deductible Credits; \$500 - 17%; \$1000 - 30%; \$2500 - 37%.
- Replacement or Repair Cost Protection (HO-500); Waive \$5 charge.
- Forms 4 & 6: 10% deviation.
- Forms 4 & 6: Personal Property (Coverage C) Replacement Cost: 1.30 factor applies.
- Eff. 1-15-95

144. **Safeco Insurance Company of America**

- Deductible Debit/Credits.
- Account Credit: all forms certain criteria apply.
- Credit Card, fund transfer card, forgery and counterfeit money coverage.
- Medical Payments/Other Exposures/Higher Limits Deviation: all forms.
- Other Insured Locations Occupied by Insured.
- Special Personal Property Coverage – Coverage C (HO32 35)
- Market Tier Relativities.
- Employee Discount Plan.
- New Buyer discount.
- Age of Roof Discount.
- Umbrella Discount
- Eff. 06-01-15 LBRM-130014262 [NCDOI](#)

145. **RLI Insurance Company**

- Year of Construction-Newly Constructed Dwellings.
- Loss Free Renewal Credit.
- New Roof Credit.
- Mature Retiree Credit.
- Eff 6-1-15 RLSC-130005225 [NCDOI](#)

146. **Safeco Insurance Company of Indiana**

- Form 3: Preferred Business; 25% off Bureau rates when eligibility guidelines are met.
- Form 3: Standard Business; 5% off Bureau rates when eligibility guidelines are met.
- Form 6: 17% off Bureau rates when eligibility guidelines are met.
- Form 3: Preferred Business; Guaranteed Replacement Cost Coverage A charged waived.
- Form 3: New Home Credit; During calendar yr. - 10%; 1% additional credit each added yr. to 9th yr
- Eff. 2-15-95

147. **Seaton Insurance Company**

- Form 3: Credits vary by protection class, & Coverage A dwelling amounts; Coverage A amount under \$40000 - \$1000000 & over. Credit varies 0% - 19% based on territory.
- Form 3: Personal Property Replacement Cost; Delete 5% surcharge.
- Form 6: 19% to be applied to base rate of 10% off Form HO-4.
- Form 3: Fixed Dollar Amount Deductibles Credits; \$500-9%; \$1000-17%; \$2500-25%.
- Forms 4 & 6: \$500-10%; \$1000-23%; \$2500-37%.
- Form 3: New Home Credit; Current yr. - 20%; 2% less credit each added year.

- Personal Property Coverage C increased limits: Form 3; \$1; Form 3w/15 - \$2.
- Protection Device Credit: 5% in all territories & protection classes for an installed smoke detector, fire extinguisher & dead bolt locks.
- Reduced rates for Outboard Motors & Water Craft liability.
- Forms 3, 4 & 6: Personal Injury Coverage; HO-82 included at no charge.
- Form 3: Deviation of territorial relativities varies 0.0% - 15.8%.
- Form 4: 5% credit off base rates.
- Forms 4 & 6: Personal Property Replacement Cost Coverage; Surcharge reduced from 1.40 to 1.30.
- Eff. 6-13-94

148. **Select Insurance Company**

- Forms 1, 2, 3 & 3 w/15: 15%.
- Eff. 2/8/86

149. **Selective Insurance Company of South Carolina**

- Forms 4 & 6: 25%.
- Forms 1, 2, 3 & 3w/15: Replacement Cost on Personal Property; Delete 5% surcharge.
- Forms 4 & 6: RC Personal Property; shall be \$1 per \$1000 of ins. applied to Coverage C.
- Protective Devices Credit: Factors vary .85 to .98.
- All Forms, except 4 & 6: Fixed dollar amount deductible factors.
- Amount of Insurance Deviation: \$60000 - \$140000: Credit varies 0%-25%.
- Age of Dwelling Credits: New 20%; 1 yr. old 18%; 2% less credit each added yr. through 9th yr.
- Eff. 5/1/92

150. **Selective Insurance Company of the Southeast**

- Credit for protective devices: Factors vary .85 to .98.
- Forms 1, 2, 3, & 3 w/15: Replacement cost on personal property; Delete 5% surcharge.
- Forms 4 & 6: Charge an annual additional premium of \$1 per \$1000 of insurance applied to Coverage C. Minimum limit of Coverage is \$12000.
- All Forms, except HO 4 & HO 6: Fixed dollar amt ded factors; \$500 - .85; \$1000 - .80; \$2500 - .70.
- Amount of Insurance Deviation: \$20000 - \$75000; Credits vary 3.0% - 10.0%.
- Eff. 5-1-2

151. **Sentry Insurance A Mutual Company**

- All Forms, except 4 & 6: Fixed dollar amt ded; Factors for Cov A limits: \$500 ded. - .91; \$1000 ded. - .79; \$2500 ded. - .62.
- Eff. 11-1-96

152. **Service Insurance Company**

- Year of Construction Deviation by territory: Credit varies 3% - 30%.
- Deviation for Masonry Construction by protection class: Credit varies.
- Form 3: 10% Base Deviation by territory.
- Claim Free Credit: 5% applied to base premium: Not available in terr 5,6,42,43. Certain criteria apply.
- Mature Homeowner Credit: 5% credit by territory: Certain criteria apply.
- Gated Community Credit: 5% credit by territory: Certain criteria apply.
- Form 3: Increased Limit of Personal Property: \$1 per 1000.
- Windstorm or Hail Deductible Deviation: Credit varies.
- Key Premium Factors Deviation.
- 2% Protective Device Credit for auto smoke detectors, fire extinguishers & deadbolt locks on all exterior doors.
- Maximum Allowable Credit – The max allowable credit for newly constructed dwellings, gated community, and claim free combined, is limited to 30%.
- Auto Companion Credit: 4% credit when criteria are met.
- Deductible Credit Discounts.
- Percent Windstorm or Hail Deductibles Deviation.
- HO-6 Base Class Premium; Credit varies based on territories.
- HO-6 Protection-Construction factor deviation.
- HO-6 Key Premium Factor Deviation.
- Eff. 6-1-03 PC061674 [North Carolina Department of Insurance](#)

153. **Sirius American Insurance Company**

- Base Premium Computation deviation Form HO 00 04.
- Protection Construction deviation factors.
- Personal Property Coverage C Replacement Cost Loss Settlement.
- Limited Water Back-up and Sump Discharge or Overflow Coverage.
- Personal Injury Coverage.
- Eff 3-1-15 DEAH-129875739 [NCDOL](#)

154. **Southern Guaranty Insurance Company**

- Form 3 & HE-7: Deviation by Territorial Relativities.
- Form 4: Deviation by Territorial Relativities.
- Form 6: Deviation by Territorial Relativities.
- Form 3 & HE-7: Amount of Insurance Deviation.
- Form 3 & HE-7: New Home Credit; 1 yr. - 18%; 2% less credit each added yr. to 9th yr.
- All Forms, except 4 & 6: Deductible Credits; \$500-.91; \$1000-.83; \$2500-.75. Forms 4 & 6: \$500-.90; \$1000-.77; \$2500-.63.
- Forms 4 & 6: Personal Property (Coverage C) Replacement Cost Coverage; Factor 1.30 from 1.40.
- Reduced charge for Personal Property Increased Limits: Form 3 - \$1; Form 3w/15 - \$2.
- Reduced rates for Outboard & Water Craft Liability.
- Forms 3, 4 & 6: Personal Injury Coverage at no charge.
- Form 3 & HE-7: Exceptional Homeowner: 10% credit when criteria are met.
- Protective Devices Credit: Credit varies.
- Multi-Policy Credit: 5% credit applies when insured has personal auto & homeowners with Southern Guaranty Insurance Company.
- Eff. 1-1-01 PC038720 [North Carolina Department of Insurance](#)

155. **Southern Insurance Company of Virginia**

**PREFERRED**

- Territory Deviation; for form HO 00 02, HO 00 03, and HO 00 05 Credit varies.
- Optional Deductible Credits: Change in credit for increasing the deductibles based on Coverage A limit.
- Protective Device Credits Combined – credit varies.
- Additional Amounts of Insurance – form HO 03 and HO 05.
- Personal Property Replacement Cost HO 00 02, HO 00 03 and HO 00 05.
- Southern Homeowners Account Credit Plan.
- Credits for newer homes.
- Outboard Motors and Watercraft reduced rates.
- HE-00 07 Program – 10% credit for policies written with HE 00 07, HE 00 07 with HE 32 20 or HE 00 07 with HE 32 21.
- Automatic Payment Plan.
- Multi-Protector Plus-Coverage C Increase Special Limits of Liability.
- Multi-Protector Plus – Business Property.
- Multi-Protector Plus-Personal Injury Coverage
- Multi-Protector-Water Backup
- Multi-Protector Plus-Refrigerated Property
- Multi-Protector Deluxe-Coverage C Increase Special Limits of Liability
- Multi-Protector Deluxe-Business Property
- Multi-Protector Deluxe Personal Injury Coverage
- Multi-Protector Deluxe Water Backup
- Multi-Protector Deluxe Refrigerated Property
- Multi-Protector Deluxe Loss Assessment Coverage
- Multi-Protector Elite Coverage C Increased Special Limits of Liability
- Multi-Protector Elite Business Property
- Multi-Protector Elite-Personal Property Replacement Cost Coverage
- Multi-Protector Elite Personal Injury Coverage
- Multi-Protector Elite Water Backup
- Multi-Protector Elite Refrigerated Property

- Multi-Protector Elite Loss Assessment Coverage
- Multi-Protector Elite Increased Ordinance or Law Coverage
- Multi-Protector Elite Increased Section II Limits of Liability

**STANDARD**

- Territory Deviation for HO 00 02, HO 00 03, and HO 00 05.
- Optional Deductible Credits: Change in credit for increasing the deductibles based on Coverage A limit.
- Protective Device Credits Combined – credit varies.
- Additional Amounts of Insurance – form HO 03 and HO 05.
- Personal Property Replacement Cost HO 00 02, HO 00 03 and HO 00 05.
- Personal Property Replacement Cost Coverage HO 00 04 and HO 00 06.
- Credits for newer homes.
- Outboard Motors and Watercraft reduced rates.
- HE-00 07 Program – 10% credit for policies written with HE 00 07, HE 00 07 with HE 32 20 or HE 00 07 with HE 32 21.
- Southern Homeowners Account Credit Plan.
- Automatic Payment Plan.
- Multi-Protector Plus-Coverage C Increase Special Limits of Liability.
- Multi-Protector Plus – Business Property.
- Multi-Protector Plus-Personal Injury Coverage.
- Multi-Protector-Water Backup.
- Multi-Protector Plus-Refrigerated Property.
- Multi-Protector Deluxe-Coverage C Increase Special Limits of Liability.
- Multi-Protector Deluxe-Business Property.
- Multi-Protector Deluxe Personal Injury Coverage.
- Multi-Protector Deluxe Water Backup.
- Multi-Protector Deluxe Refrigerated Property.
- Multi-Protector Deluxe Loss Assessment Coverage.
- Eff 1-1-09 DNGL-125861191 [North Carolina Department of Insurance](#)

156. **Southern Pilot Insurance Company**

- Territory/Protection Class/Construction Forms HO 00 03, HO 00 05, HE-7.
- Territory/Protection Class/Construction Forms HO 00 04.
- Territory/Protection Class/Construction Forms HO 00 06.
- Amount of Insurance Deviation (HO-3, HO-5 and HE-7).
- New Home Credits
- Optional Deductible Credits.
- Personal Property (Coverage C) Replacement Cost Coverage.
- Personal Property Increased Limits.
- Outboard Motors and Watercraft Liability.
- Personal Injury Coverage.
- Protective Devices Credit.
- Multi-Policy Credit.
- HE-7 Level of Enhancement Factor.
- Eff. 6-1-15 QBEC-130076168 [NCDOI](#)

157. **SPARTA Insurance Holdings**

- New Home Credit All Forms, except 4 & 6; 0-1 yr. old - 20%; 2% less credit each added yr. to 10th yr.
- Personal Property Replacement Forms 2 & 3: Cost; Charge to increase Cov C to 70% of Cov A; \$1 per \$1000.
- Additional Limit of Liability for Coverage A. HO 3211. \$5 premium charge.
- Protective Devices Credits: PPC 1-7 - 2%-15%; PPC 8-9 - 1%-15%: Maximum credit of 20% applies.
- Inflation Guard Endorsement (HO-243) at 6% - at no charge.
- Fixed dollar amount deductible credits Forms 2 & 3:- \$500-15%; \$1000-21%; \$2500-38%.
- Fixed dollar amount deductible credits Forms 4 & 6; \$500-10%; \$1000-23%; \$2500-37%.
- Increased Coverage A limits HO-6 \$3000 coverage A at no additional charge. Coverage A limit may be increased.
- Form 6: 6.4% deviation.
- 5% discount for insured age 49 or older.
- Form HE-7; HE7w/20 & HE7w/21: Reduced Factors.

- Deviation by amount of insurance for Coverage A \$250,000 - \$500,000. Variable credit.
- Windstorm or Hail Deductible credit varies by amount of deductible
- Eff. 8/15/02 PC053953 [North Carolina Department of Insurance](#)

158. **St. Paul Fire & Marine Insurance Company**

- Forms 1, 2, 3 & 3 w/15: New Home Discount: Yr. of construction; 0-1 yr. of age - 15%; 2-3 yrs. - 13%; 4-5 yrs. - 11%; 6-7 yrs. - 9%; 8-9 yrs. - 7%; 10-11 yrs. - 5%; 12-15 yrs. - 3%.
- Forms 1, 2, 3 & 3 w/15: Personal Property Replacement Cost; No charge for Cov C increase from 50% to 70%.
- Forms 4 & 6: 30% surcharge to basic premium (after higher deductible credit) & for attaching HO-50.
- All Forms: Minimum premium \$15 per policy.
- Eff. 9-23-92

159. **St. Paul Guardian Insurance Company**

- Operation Identification Credit: 5% rate credit on Basic Homeowners Insurance Premium.
- New Home Discount: 0-1 yr.-18%; 2-3 yrs -15%; 4-5 yrs.-10%; 6-7 yrs -8%; 8-9 yrs -7%; 10-11 yrs.-5%; 12-15 yrs.-3%.
- Personal Injury Protection (Form HO-82) provided at no additional charge.
- Forms 3, 3 w/15, 4, 6, HE-7 & HE-7w/HE20: Deductible credits: \$500 - 11%; \$1000 - 23%; \$2500 - 37%.
- Form 6: 14.5% off St. Paul Guardian HO-4 rates.
- Form 3: Deviation on policy amount Relativities by territory; Variable credits.
- Form 4: Deviation on base rates by territory; Variable credits.
- Forms 4 & 6: Deviation on policy amount Relativities by territory; Variable credits.
- Form 3: Replacement or repair cost Coverage A (HO-500) provided at no charge.
- Protective Devices Credit & Home Safety Coverage Credits.
- Business Pursuits Section II coverage: All classifications will be rated same as rate shown for clerical employees.
- Water Craft: Same charge applies for lengths over 15 - 26 feet & over 151 horsepower as to lengths up to 15 feet & below 151 horsepower.
- Home Day Care: Rated at Bureau rates for Permitted Incidental Occupancies (HO-42).
- Forms 3, 3w/15, 4 & 6: Pers prop replacement cost (HO-290) coverage is provided at no additional charge.
- Homeowners PAK II Credit: Forms 3, 4, 6 & HE-7; 10% when insured qualifies for PAK II Program for terr 32 - 43.
- Base premiums for HE-7 policies: No additional charge.
- Base premium for HE-7w/HE-20 policies: +2.0% above St. Paul Guardian HO-3 rates.
- Base premium for HE-7w/HE-21 policies: +4.0% above St. Paul Guardian HO-3 rates.
- Renewal Credit: credit when insured maintains consecutive yrs. of both auto & homeowners coverage with the St. Paul, 3-5 yrs. Credit varies 3%-5%.
- Forms 3 & 3w/15: Personal property increase limits; \$1 per \$1000 of insurance.
- Installment Payment Plan: \$2 charge each installment unless Electronic Funds Transfer billing option is selected, then no charge.
- Employee Discount: 20% new business: 15% renewals.
- Eff. 3-1-00

160. **St. Paul Mercury Insurance Company**

- Operation Identification Credit: 5%.
- New Home Discount: 0-1 yr. - 15%; 2-3 yrs. - 13%; 4-5 yrs. - 11%; 6-7yrs. -9%; 8-9 yrs. -7%; 10-11 yrs. -5%; 12-15 yrs. -3%.
- Personal Injury Protection (HO-82) provided at no additional charge.
- Personal Property Replacement Cost (HO-290) coverage is provided at no additional charge.
- Forms 3, 3 w/15, 4 & 6: Deductible credits; \$500 - 11%; \$1000 - 23%; \$2500 - 37%.
- HO-6: 15% on Companies HO-4 rates.
- HO-3: Deviation on base rates by territory; Credit varies 15.5% - 37.2%.
- Form 4: Deviation on base rates by territory; Credit varies 16.0% - 29.6%.
- Forms 4 & 6: Deviation on policy amount Relativities by territory; Credit varies 0.1% - 3.1%.
- Form 3: Replacement or repair cost Coverage A (HO-500) provided at no charge.
- Protective Devices Credit & Home Safety Coverage Credits.
- Business Pursuits Section II Coverage: All classifications will be rated same as rate shown for clerical employees.
- Water Craft: Same charge apply for lengths over 15-26 ft. & over 151 horsepower as to lengths up to 15 ft. & below 151 horsepower.
- Home Day Care: Rated at Bureau rates for Permitted Incidental Occupancies (HO-42).

- Installment Payment Plan: \$2 charges each installment.
- Eff. 3-1-95

161. **Standard Fire Insurance Company**

- Base Rate Deviation.
- Coverage A relativity curve.
- Account Credit HO policy written in conjunction with Travelers Private Passenger Automobile policy.
- Loss Free Customer Credit HO policy written in conjunction with Travelers Private Passenger Auto policy.
- Loss History.
- Insurance Score.
- New Home Credits.
- Home Buyer Credit.
- Installment Payment Plan.
- Eff. 11-7-15 TRVA-130152387 [NCDOI](#)

162. **Starr Indemnity & Casualty Company**

- All Forms: Personal Prop Replacement Cost; Minimum additional premium for coverage is deleted.
- All Forms: Protective Devices; Maximum credit allowed is deleted.
- All Forms, except 4 & 6: Fixed dollar amount deductible credits.
- Eff. 4-1-95

163. **State Automobile Mutual Insurance Company**

- Auto/Home Discount.
- Credits for Protective Devices
- Age of Dwelling Credit.
- Increased Coverage C.
- Protection Class 9 Rates.
- Prime of Life Discount, Age 55 and older.
- Townhouse /Row House.
- Three or Four Family Dwellings.
- Residence Held in Trust.
- Base Premium.
- Ordinance or Law Coverage.
- Boating Course Credit.
- Watercraft Membership Credit.
- Payment Plan.
- Employee Group discount Plan.
- Eff 6-1-15 STAT-129905964 [NCDOI](#)

164. **State Auto Property & Casualty Insurance Company**

- Credits for Protective Devices
- Protection Class 9 Rates.
- Townhouse /Row House.
- Three or Four Family Dwellings.
- Residence Held in Trust.
- Ordinance or Law Coverage.
- Boating Course Credit.
- Watercraft Membership Credit.
- Payment Plan.
- Employee Group Discount Plan.
- Base Premiums by NCRB territory codes from HO 00 03.
- Eff. 6-1-15 STAT-129906006 [NCDOI](#)

165. **State Farm Fire & Casualty**

- Deviation by Territory HO 00 03.
- Deviation by Territory HO 00 04.
- Deviation by Territory HO 00 06.

- Protective devices.
- Coverage A Increased limits & Special Coverage Form HO 00 06.
- Claims Free Discount.
- Claim Record Rating Plan Deviation.
- Installment Payment Plan.
- Refrigerated Personal Property, No Charge.
- Home-Auto Discount.
- Deductibles-Named Storm Percentage deductibles HO 00 03, HO 00 04 and HO 00 06.
- All peril deductibles.
- Customer Rating Index.
- Utilities Rating Index.
- Wind Exclusion Credits by Protection class – HO 00 03.
- Location Rating Factors.
- Construction and Protection class.
- Eff. 6-1-15 SFMA-129875894 [NCDOI](#)

166. **Stonington Insurance Company**

- Mature Retirees Credit: 10% when required criteria are met.
- All Forms: 10% base rate deviation for protection class 1-9 & 9s for territories 32-40.
- New Roof Credit: 5% off base premium when eligibility met; Not applicable with new home credit.
- Form 3: 10% credit Preferred Homeowners Program when criteria are met.
- Loss Free Renewal Credit: Applied to renewal date of policy that has been free of losses: 1 yr. - 3%; 2 yrs. - 6%; 3+ more yrs. - 9%.
- Multi-Policy Credit: 10% applies to new business only when applicant has auto with agency representing Nobel & their homeowners coverage is placed with Nobel. 5% credit applies second yr.
- Eff. 6-1-99

167. **Teachers Insurance Company**

- Installment Pay Plan.
- Multi-Line Discount.
- Credit Rating Tier/Insurance Score.
- Installment Payments (EFT).
- Educator Deviation.
- Claims Deviation Form 3.
- Territorial Deviation Form 3.
- Eff. 10-1-15 HRMN-130060866 [NCDOI](#)

168. **Travelers Casualty & Surety Company**

- Base Rate Deviation.
- Coverage A relativity curve.
- Account Credit HO policy written in conjunction with Travelers Private Passenger Automobile policy.
- Loss Free Customer Credit HO policy written in conjunction with Travelers Private Passenger Auto policy.
- Loss History.
- Insurance Score.
- New Home Credits.
- Home Buyer Credit.
- Installment Payment Plan.
- Eff 11-7-15 TRVA-130152456 [NCDOI](#)

169. **Travelers Indemnity Company**

- Base Rate Deviation.
- Coverage A relativity curve.
- Account Credit HO policy written in conjunction with Travelers Private Passenger Automobile policy.
- Loss Free Customer Credit HO policy written in conjunction with Travelers Private Passenger Auto policy.
- Loss History.
- Insurance Score.
- New Home Credits.

- Home Buyer Credit.
- Installment Payment Plan.
- Eff 11-7-15 TRVA-130152386 [NCDOI](#)

170. **Travelers Indemnity Company of America**

- Base Rate Deviation.
- Coverage A relativity curve.
- Account Credit HO policy written in conjunction with Travelers Private Passenger Automobile policy.
- Loss Free Customer Credit HO policy written in conjunction with Travelers Private Passenger Auto policy.
- Loss History.
- Insurance Score.
- New Home Credits.
- Home Buyer Credit.
- Multi-Line Insurance & Financial Services Institution Employees Credit.
- Royal SunAlliance Employee Program.
- Installment Payment Plan.
- Final Premium Adjustment Factor.
- Eff 11-7-15 TRVA-130152382 [NCDOI](#)

171. **Travelers Indemnity Company of Connecticut**

- Forms 3 & 3w/15: Base rate deviation based on protection class, amount of insurance & territory; Variable credit factors.
- Form 3: 12% optional coverage credit.
- Forms 3 & 3w/15: Deductible credits; \$500-16%; \$1000-26%; \$2500-32%.
- Protective Device Credits: Variable credits.
- Increased Limits Coverage C: Reduce charge to \$2 per \$1000.
- New Home Credit: New - 20%; 1 yr. old - 19%; 2 yrs. 18%; 3 yrs. - 16%; 4 yrs. - 15% - 14%; 6 yrs. - 12%; 7 yrs. - 11%; 8 yrs. - 10%; 9 yrs. - 8%; 10 yrs. - 7%; 11 yrs. - 6%; 12 yrs. - 4%; 13 yrs. - 3%; 14 yrs. - 2%; 15 yrs. - 1%.
- Replacement or Repair Cost Protection: Reduce charge to \$1 per policy.
- Account Discount: 10% when insured has both auto & homeowners policy.
- Forms 3 & 3w/15: Loss Free Credit; 3+ yrs. loss free - 3% credit.
- Rate Credit for Multi-Line Insurance & Financial Services Institution Employees Credit: 20% credit.
- Eff. 11-1-96

172. **Travelers Personal Security Insurance Company**

- Base Rate Deviation.
- Coverage A relativity curve.
- Account Credit HO policy written in conjunction with Travelers Private Passenger Automobile policy.
- Loss Free Customer Credit HO policy written in conjunction with Travelers Private Passenger Auto policy.
- Loss History.
- Insurance Score.
- New Home Credits.
- Home Buyer Credit.
- Multi-Line Insurance & Financial Services Institution Employees Credit.
- Royal SunAlliance Employee Program.
- Installment Payment Plan.
- Final Premium Adjustment Factor.
- Eff 11-7-15 TRVA-130152381 [NCDOI](#)

173. **Travelers Property Casualty Company of America**

- Base Rate Deviation: Credit varies based on territory.
- New Home Credit: 0 - 15 yrs. old: Credit varies 2% - 20%.
- Protective Device Deviation: Credit varies 1% - 15%.
- Forms 2, 3 & 3w/15, 4 & 6: 10% Account Credit.
- Forms 2, 3 & 3w/15: Personal Property - Increased Limit Coverage C: \$1 per \$1000.
- Form 3w/15: 10% Additional premium charge.
- Forms 2, 3, 3/w15, 4 & 6: Loss Free Credit: 5+ yrs. loss free - 5% credit.

- Deductible Credits: Varies by amount of deductible & territory.
- Form 3: Homeowners Extra Credit: 15% when criteria are met.
- Refrigerated Personal Property. \$10 charge waived.
- Forms 3 & 6: Association Credit Program: 10% credit applies when certain criteria are met.
- Forms 2 & 3: Inflation Guard premium charge waived.
- Eff. 5-21-00 PC032643 [North Carolina Department of Insurance](#)

174. **Twin City Fire Insurance Company**

- Age of Dwelling Credit for all territories except 7, 8, 41, 48, 49, 52.
- Account Credit for all territories.
- Retiree Credit named insured is age 50 and older.
- Limited Access Credit Forms 4 & 6: if complex meets the protection requirements.
- Insurance Score.
- Key Factors
- Prior Losses.
- Territory Deviation.
- Eff. 06-01-15 HART-129889670-[NCDOI](#)

175. **USAA CASUALTY INSURANCE COMPANY**

- Tier Discount, HO 00 03.
- Tier Discount HO 00 06.
- Base Premium HO 00 03.
- Base Premium HO 00 06.
- Deductibles.
- Windstorm or Hail Exclusion Credits.
- Personal Property-Additional Coverage-Jewelry and Furs.
- Sinkhole Collapse Coverage.
- Coverage A Dwelling Basic and Increased Limits.
- Earthquake Coverage.
- Protective Devices.
- Loss History.
- Auto and Home Combination Discount.
- Refrigerated Personal Property.
- Installment Payment Plan.
- Eff 9-15-15 USAA-130073273 [NCDOI](#)

176. **USAA General Indemnity Company**

- Tier Discount, HO 00 03.
- Tier Discount HO 00 06.
- Base Premium HO 00 03.
- Base Premium HO 00 06.
- Deductibles.
- Windstorm or Hail Exclusion Credits.
- Personal Property-Additional Coverage-Jewelry and Furs.
- Sinkhole Collapse Coverage.
- Coverage A Dwelling Basic and Increased Limits.
- Earthquake Coverage.
- Protective Devices.
- Loss History.
- Auto and Home Combination Discount.
- Refrigerated Personal Property.
- Installment Payment Plan.
- Eff 10-14-14 USAA-129529748 [NCDOI](#)

177. **Unigard Indemnity Company & Unigard Insurance Company**

- Form 3: Credits vary by protection class & Coverage A dwelling amounts; \$40000 & under to \$1000000 & over. Credit varies based on territory.

- Form 3: Personal Property Replacement Cost; Delete 5% surcharge.
- Form 6: 16% to be applied to base rate of 10% off Form 4.
- Form 3: Fixed dollar amount deductibles credits; \$500-9%; \$1000-17%; \$2500-25%.
- Forms 4 & 6: \$500-10%; \$1000-23%; \$2500-37%.
- Form 3: New Home Credit; Current yr. - 20%; 2% less credit each added yr.
- Personal Property Coverage C Increased Limits: Form 3 - \$1; Form 3w/15 - \$2.
- Protection Device Credit: 5% in all territories & protection classes for an installed smoke detector, fire extinguisher & dead bolt locks.
- Reduced rates for Outboard Motors & Water Craft liability.
- Forms 3, 4 & 6: Personal Injury Coverage; HO-82 included at no charge.
- Form 3: Deviation of territorial Relativities: Credit varies 5.0% - 20.0%.
- Form 4: Credit off base rates by territory; Credit varies 3.5% - 10.0%.
- Forms 4 & 6: Personal Property Replacement Cost Coverage; Surcharge reduced from 1.40 to 1.30.
- Forms 4 & 6: Deviation varies by protection class & territory.
- Eff. 10-3-94

178. **Union Insurance Company**

- Protective Device Credit: Credit varies 2% - 15%.
- All Forms: Account Credit: 10% when auto coverage is written with Union Ins. Co.
- Form 3: New Home/Dwelling Under Construction Discount: Discount based on yr. completed & occupied. Credit varies.
  - 3% - 20%.
- Mature Homeowner Credit: 5% if insured is 55 yrs. & an adult is usually home during the day.
- All Forms, except 4 & 6: Replacement cost on contents. \$10 charge plus \$2 per \$1000 when increasing Coverage C from 50% to 70% of Coverage A.
- Increased Deductible Credits: Forms 3, HE-7, 4 & 6; \$500-19%; \$1000-21%.
- Form 3: Coverage A Factor Deviation by amount & territory.
- Eff. 7-1-01

179. **United Property & Casualty**

- Book Transfer discount.
- Companion Policy discount.
- Prior Insurance Discount.
- Claim Free Discount.
- Claim Rating Discount.
- Mature Homeowner Discount.
- New Purchase Discount.
- Age of Home Discount.
- Hip Roof Discount.
- Secured Community Discount.
- Water Loss Prevention Credit.
- Maximum Discount Rule.
- Eff 4-15-13 UPCI-128951923 [NCDOI](#)

180. **United Services Automobile Association**

- Tier Discount, HO 00 03.
- Tier Discount HO 00 06.
- Base Premium HO 00 03.
- Base Premium HO 00 06.
- Deductibles.
- Windstorm or Hail Exclusion Credits.
- Personal Property-Additional Coverage-Jewelry and Furs.
- Sinkhole Collapse Coverage.
- Coverage A Dwelling Basic and Increased Limits.
- Earthquake Coverage.
- Protective Devices.

- Loss History.
- Auto and Home Combination Discount.
- Refrigerated Personal Property.
- Installment Payment Plan.
- Eff 9-15-15 USAA-130073175 [NCDOI](#)

181. **United States Fidelity & Guaranty Company**

- Waive any additional premium of \$5 or less.
- Forms 4 & 6: Personal Property Replacement Cost Coverage; 1.35 factor.
- Increase in Coverage C limits: Forms 1, 2 & 3 - \$1.50 per \$1000; Form 3w15 - \$2.50 per \$1000.
- Form 6: Form Relativity Factor .800 in lieu of .855.
- Employee Group Discount: 15%.
- Forms 2 & 3: Additional Amount of Insurance. Premium charge \$5. HO 03211.
- Special Package Discount. 5% when criteria is met.
- Forms 2, 3, 3w/15 & 8: Deductible Credits.
- Multi-Policy Discount: 10% credit when both Residential & P P Auto policies purchased through USF&G Insurance.
- New Home Discount: 1 yr.-20%; 2% less credit to 9th yr.
- Deviation of HO-3 base rates by territory & policy amount: Credits vary.
- Eff. 4-15-00 PC030952 [North Carolina Department of Insurance](#)

182. **United States Fire Insurance Company**

- Forms 2, 3, & 3 w/15: New Home Credit; 0-1 yr. old - 20%; 2% less credit each added yr.
- Forms 1, 2, 3 & 3 w/15: Higher deductible credit factors; \$500-.89; \$1000-.80; \$2500-.67.
- Forms 4 & 6: Higher deductible credit factors; \$500 - .83; \$1000 - .67; \$2500 - .54
- Premises Alarm System: Expand table of credits for protection class 1-7 to include class 8.
- All Forms: Replacement Cost on Contents: Deletion of \$20 minimum additional premium.
- Eff. 3/1/90

183. **Unitrin Auto and Home Insurance Company**

- Base rate by territory.
- Protection Class.
- Amount of Insurance.
- Tier deviation.
- Loss Record deviation.
- Age of Dwelling.
- Roof Type.
- Mature Homeowners Credit.
- Optional All Other Perils deductible.
- Windstorm/Hail deductibles.
- Seasonal/secondary deviation.
- Pool Surcharge.
- Protective Devices.
- Home Buyer Discount.
- Coverage Level discount
- Personal Property (Coverage C) RC Coverage.
- Eff 06-01-15 KEMP-129888116-[NCDOI](#)

184. **Unitrin Safeguard Insurance Company**

- Base rate by territory.
- Protection Class.
- Amount of Insurance.
- Tier Deviation.
- Loss record deviation.
- Age of Home.
- Roof type.
- Mature Homeowners Credit.

- Optional All other perils deductible.
- Windstorm/hail deductible.
- Seasonal/secondary deviation.
- Pool surcharge.
- Protective devices.
- Residence Safety.
- Home buyer discount.
- Personal Property (Coverage C) RC Coverage.
- Outboard Motors and Watercraft.
- Ordinance or Law Coverage.
- Installment Payment Plans, Electronic Funds Transfer (EFT).
- Eff 10-9-14 KEMP-129542853 [NCDOI](#)

185. **Universal North American Insurance Company**  
**Homeowners Choice Program**

- Age of Dwelling.
- Personal Property Replacement Cost.
- Loss of Use.
- GEICO Credit.
- Costco Credit.
- Prior Claim rating.
- Insurance Score.
- Territory Deviation.
- Other than Primary Residence.

**Homeowners Advantage**

- Claim free discount.
- Maximum discount Rule.
- Loss Settlement Options.
- Territory Factors.
- Affinity Discount.
- Claim Free.
- Claim Rating.
- Financial Responsibility Score.
- Eff 7-6-15 UNAC-129973391 [NCDOI](#)

186. **Utica Mutual Insurance Company**

- Personal Property Replacement Cost.
- Mass Merchandising Plan.
- (W.I.S.E.)/Affinity Group Program.
- Personal Lines Account Credit.
- Extension Package.
- Protection Class deviation Suburban Rating.
- Eff. 4-1-15 UTCX-G129843575 [NCDOI](#)

187. **Valiant Insurance Company**

- Personal Property Replacement Cost
- Deductible Credits.
- Personal Property Increased Limits.
- Age of dwelling discount.
- Account Credit.
- Deviation by territory.
- Base Premium discount.
- Protective Device Credit.
- Eff 7-1-98

188. **Vesta Insurance Corporation**

- Inflation Guard Coverage: Premier, Deluxe, Renters & Condos; No charge.

- Loss Assessment Coverage for Earthquake: Premier, Renters & Condos; 5% deductible applies to insured's share of each assessment. Deductible amount not less than \$250 in any one assessment. \$1 per \$1000.
- Credit card, fund transfer card, forgery & counterfeit money coverage Premier, Deluxe & Renters; Reduced charge.
- Premium Credits for Protective Device: Premier, Deluxe, Renters & Condos: Credit varies 2%-15%.
- Increased Special Limits of Liability Premier, Deluxe, Renters & Condos: Reduced charge for certain class of property.
- Deductible Credits: Credits vary from 15% - 40%.
- Senior Citizen Discount Premier, Deluxe, Renters & Condos: 5% if at least one of the named insured is 55 yrs. or older & is not employed outside the home.
- Supporting Business Discount Premier, Deluxe, Renters & Condos: 2%.
- Base Rate Deviation by Territory; Premier & Deluxe; Variable credits.
- Coverage Amount Reactivities Deviations: Premier & Deluxe; Credits vary based on Coverage A amount.
- Loss Free Credit: Premier, Deluxe, Renters & Condos; 3 yrs. - 5%.
- Personal Property: Coverage C limit may be increased at a rate of \$2 per \$1000.
- Age of Home Credit: Premier & Deluxe; Credits vary 0%-20%.
- Eff. 6-1-99

189. **Vigilant Insurance Company.**

- Base premium computation forms HO 00 04.
- Installment Payment Plan-recurring payments.
- Base premium computation by form and territory.
- Protective Devices maximum credit.
- Deductibles - Optional Higher Deductibles.
- Deductibles – Named Storm Percentage deductible.
- Additional Amounts of Insurance discount.
- Replacement Cost Loss Settlement.
- Supplemental Loss Assessment Coverage Premium for Additional Location.
- Water Back-Up and Sump Discharge or Overflow.
- Gated Community credit.
- Multi-Policy Credit - Valuable Articles Credit.
- Eff. 6-1-15 CHUB-129916736 [NCDOJ](#)

190. **Westchester Fire Insurance Company**

- Forms 1, 2, 3 & 3 w/15: Age of dwelling credit 0-1 yr. 20%; 2% less credit each added yr.
- Forms 1, 2, 3 & 3 w/15: Higher deductible credit factors; \$500 - .89; \$1000 - .80; \$2500 - .67.
- Forms 4 & 6: Higher deductible credit factors; \$500 - .83; \$1000 - .67; \$2500 - .54.
- Premises Alarm System: Expand table of credits for protection class 1-7 to include class 8.
- All Forms: Replacement Cost on Contents: Deletion of \$20 minimum additional premium.
- Eff. 3/1/90

191. **XL Insurance America, Inc.**

- All Forms: Personal Property Replacement Cost Coverage; Minimum additional premium for coverage is deleted.
- All Forms: Protective Devices: Maximum credit allowed is deleted.
- Forms 1, 2 & 3: Replacement Cost on Contents: Charge \$1 per \$1000 for additional increase of Coverage C to 70% of Coverage A. Additional premium for this coverage will not apply.
- Deductibles: Deletion of minimum charges.
- Forms 1, 2, 3 & 8: Fixed dollar amount deductible factors; \$500 - .91; \$1000 - .83; \$2500 - .75.
- Forms 4 & 6: Fixed dollar amount deductible factors; \$500 - .90; \$1000 - .77; \$2500 - .63.
- Eff. 4-1-95

## **HOMEOWNERS**

### **1. ACE American Insurance Company**

- New Construction Credit: New home - 10 yrs. Credit varies 20% - 0%.
- Forms 1, 2, 3, 4 & 6: Fixed Dollar Deductible: Credit varies 15% - 40%.
- Personal Property Increased Limit: \$2 per \$1,000 of additional coverage.
- Form 2 & 3: Replacement cost on contents - HO 0490: Factor of 11.5% applies to end of the base premium & includes increased limits to 70% of Coverage A dwelling amount.
- Protective Device Credits: All zones & all protection classes: Credit varies 2% - 15%.
- Rate Deviation: Homeowners - 21%; Tenants - 15%; Condominiums - 20%
- Eff. 9-1-92

### **2. ACE Fire Underwriters Insurance Company**

- New Construction Credit: New 20%; 1 yr. old - 18%; 2% less credit each added yr.
- Forms 1, 2 & 3: Fixed dollar deductible credits; \$500 - 11%; \$1,000 - 21%; \$2,500 - 34%.
- Form 4: Fixed dollar deductible credits; \$500 - 11%; \$1,000 - 25%; \$2,500 - 40%.
- Forms 1, 2 & 3: Rate for increase in Coverage C: \$1 per \$1,000.
- Forms 1, 2 & 3: Replacement Cost Coverage HO-290; Charge shall be 4% of adjusted base premium. Coverage C must also be increased to 70% of A at \$1 per \$1,000.
- Protective Device Credits: All zones & all protection classes; Credit varies 1% - 15%.
- Eff. 5-1-92

### **3. AIG Property Casualty Company**

- Base Premium by Territory Form HO 00 03.
- Key Factor Deviation.
- Protective Devices.
- Eff 1-8-16 APCG-130345258 [SERFF Filing Access - North Carolina](#)

### **4. AIU Insurance Company**

- All Forms: 10%.
- Eff. 2-1-86

### **5. AMCO Insurance Company**

- Territory Deviation, excludes wind or hail or does not exclude wind or hail.
- Multiple Policy Deviation, Forms HO 00 02, HO 00 03 and HO 00 05, HO 00 04, HO 00 06.
- Deductible Deviations, Forms HO 00 02, HO 00 03 and HO 00 05.
- Safe Home Rating Plan Deviation, Forms HO 00 02, HO 00 03 and HO 00 05.
- Age of Oldest Insured Deviation, Forms HO 00 02, HO 00 03, HO 00 04, HO 00 05 and HO 00 06.
- Year of Construction-Age of Construction Deviation Forms HO 00 02, HO 00 03 and HO 00 05.
- Amount of Insurance, All Territories Forms HO 00 02, HO 00 03 and HO 00 05.
- Home Renovation Deviation, Forms HO 00 02, HO 00 03 and HO 00 05.
- Roof Rating Deviation, Forms HO 00 02, HO 00 03 and HO 00 05.
- Home Purchase Deviation, Forms HO 00 02, HO 00 03, HO 00 05, and HO 00 06.
- Gated Community Deviation, Forms HO 00 02, HO 00 03, and HO 00 05.
- Flex Check Payment Option-Installment Payment Plan, Forms HO 02, HO 03, HO 04, HO 05 and HO 06.
- Personal Status Deviation.
- Associate Discount Deviation.
- Increased Special Limits of Liability.
- Intra-Agency/Terms with Prior Carrier Discount Deviation – Forms 2, 3, 5, 4 and 6.
- Multi line Deviation.
- Census Block Deviation.
- Eff 10-1-15 NWPC-130174309 [SERFF Filing Access - North Carolina](#)

### **6. AMEX Assurance Company**

- Various downward deviation based on amount of insurance Form 3.
- Various downward deviation based on amount of insurance Form 4.
- Various downward deviation based on amount of insurance Form 6.
- Protective Device Credits: Credit varies 2% - 15%.

- Home & Auto Credit: Credit varies by form 2% or 5%.
- Replacement Cost on Contents Deviation: Form 3 - 5% of base premium: Forms 4 & 6 - 30% of base premium.
- Coverage A Increased Limits downward deviation form HO 06..
- Utilities rating (New Home Discount) Form 3: Downward deviation : Credit varies 2% - 25% based on age of dwelling.
- Form 3: Downward deviation Coverage C Increased Limits.
- Downward deviation for installment pay plan by electronic funds transfer or payroll deduction.
- No additional charge for Refrigerated Personal Property.
- No charge for townhouse or row house.
- Costco Discount: 2% applies to policies for member insureds of Costco.
- HO 3, 4 & 6 base rates vary by territory.
- Eff. 8-1-05 PC083887 [NCDOI](#)

7. **Affirmative Insurance Company**

- 15% base deviation for Premier Homeowners Program.
- 3% base deviation for Deluxe Homeowners Program.
- 15% base deviation for Premier Tenant Program.
- 10% base deviation for Deluxe Tenant Program.
- 20% base deviation for Premier Condominium Program.
- 15% base deviation for Deluxe Condominium Program.
- Forms 2 & 3: Deductible credits; \$500-15%; \$1000-25%; \$2500-38%.
- Forms 4 & 6: Deductible credits; \$500-15%; \$1000-25%; \$2500-40%.
- All Forms, except 4 & 6: New Home Credit: New 20%; 2% less credit each additional yr. to 9th yr.
- All Forms: Protective Device Credits: Credits vary 2%-15%.
- Forms 2 & 3: Replacement Cost on Contents; Surcharge of 7.5%. Coverage increased to 70% of Coverage A at no premium charge.
- All forms, except 4 & 6; Personal Property Increased Limit \$2 charge per \$1000 of coverage.
- Eff 02-15-02 PC046217 [NCDOI](#)

8. **AGRI General Insurance Company**

- Amount of Insurance Deviation: Credits vary 1%-15% by policy amount, territory & county.
- New Home Credit: 20% 1st yr.; 2% less credit each added yr. to 9th yr. Does not apply to Form 8, remodeled or restored homes.
- All Forms, except 4 & 6: Deductible Factors: \$250 ded.-1.00; \$500 ded.-0.91; \$1000 ded.-0.79; \$2500 ded.-0.62.
- Protective Device Credit: Premium credit for all protection classifications & territories; Credit varies 1%-15%.
- Eff. 1-1-97

9. **Alfa Alliance Insurance Corporation (Virginia Mutual Insurance Company)**

- Premium Credit Factors - Claims Free Forms HO 0002, HO 0003, HO 0005 and HO 0008.
- Premium Credit Factors - Claims Free for forms HO 0004 and HO 0006.
- Row and Townhouses - discount.
- Account Discount.
- Insurance Score Discount.
- Newly Constructed Residences (not applicable to Forms 4 and 6).
- Amount of insurance relativities – Coverage A forms HO 00 02 HO 00 03 HO 00 05 and HO 00 08.
- Installment Payment Plan-Electronic Funds Transfer.
- Effective 5-1-11 AFAL-127042137 [SERFF Filing Access - North Carolina](#)

10. **Alliance Mutual Insurance Company**

- Flat Deductibles.
- Higher Windstorm or Hail Deductibles – Flat deductible.
- Protective Devices.
- Eff 7-1-06 PC094461 [NCDOI](#)

11. **Allstate Indemnity Company**

- Claim Rating deviation.

- Claims Free Discount.
- New/Renovated Home Discount.
- Home and Auto Discount Deviation.
- The Good Hands People Discount (Affinity).
- Zone Deviation.
- Residence Rental Coverage.
- Amount of Insurance.
- Installment Payment Plan.
- Eff 6-21-16 ALSE-130448409 [SERFF Filing Access - North Carolina](#)

12. **Allstate Insurance Company**

- Deductibles.
- Personal Property Replacement Cost.
- Protective Devices.
- New/Renovated Home Discount.
- 55 and Retired Discount.
- Home and Auto Discount.
- The Good Hands People Discount.
- Waterbed Liability.
- Installment Payments Plan.
- Three or Four Family Dwellings.
- Zone Deviation.
- Rental to Others- Extended Theft Coverage.

**Deluxe Plus**

- Deductibles.
- Protective Devices.
- New/Renovated Home Discount.
- 55 and Retired Discount.
- Home and Auto Discount.
- The Good Hands People Discount.
- Zone Deviation.
- Rental to Others.
- Installment Payments Plan.
- Eff 6-14-16 ALSE-130448355 [SERFF Filing Access - North Carolina](#)

13. **AmComp Assurance Corporation**

- Forms 2 & 3: Deductible credits; \$500-9%; \$1000-17%.
- Forms 2 & 3: Premium credits for alarm systems vary 2% - 15%.
- Age 55 & Retired Discount: 10% credit applies when required criteria is met.
- Forms 2 & 3: New Home Credit; 14%; Homes completed & occupied current calendar yr.; 2% less credit each added yr.
- Eff. 12-1-91

14. **American Automobile Insurance Company**

- Protective Devices Discount.
- Portfolio Credit.
- Eff. 12-1-06 PC095049 [NCDOI](#)

15. **American Bankers Insurance Company of Florida**

- Select Tier Broad Form, Base Rate.
- Choice Tier Broad Form, Base Rate.
- Elite Tier Broad Form, Base Rate.
- Select Tier Comprehensive form Base Rate.
- Choice Tier Comprehensive form Base Rate.
- Elite Tier Comprehensive form Base Rate.
- Senior Discount Territory 2 and Territory 3.
- Claim Free Credit, Territory 2 and Territory 3.

- Eff. 1-1-15 ASPX-G130195038 [SERFF Filing Access - North Carolina](#)

16. **American Centennial Insurance Company**

- Forms 1, 2, 3, 3 w/15 & 6: 25%.
- Eff. 9-1-85

17. **American Economy Insurance Company**

- All Forms: Personal Injury (HO-82) included at no charge.
- All Forms, except 4 & 6: New home credit or renovated home credit for homes meeting required criteria; 0-1 yr. - 15%; 2 yrs. - 12%; 3, 4 or 5 yrs. - 10%; 6 or 7 yrs. - 6%; 8-10 yrs. - 4%.
- Forms 2 & 3: Replacement Cost (HO-290) Coverage C is increased to 70% of Coverage A at no extra charge. Charge of 9% (7% in Beach Area) is added to basic premium.
- Forms 4 & 6: Replacement Cost (HO-290); Charge of 30% is added to basic premium.
- Form 3: Replacement or Repair Cost Coverage A (HO-500); No charge.
- Forms 4 & 6: \$100 deductible; Minimum additional charge of \$10 in lieu of \$30.
- Forms 2 & 3: Fixed deductible; \$500 ded. - 9%; \$1000 ded. - 17%.
- Forms 4 & 6: Fixed deductible credits; \$500 - 10%; \$1000 - 23%.
- Form 3: XL Coverage rate deviation when eligibility requirements are met.
- One family premium for all Section I & II coverages will apply regardless of number of families.
- Form 2 & 3: Dwelling under construction credit of 20% applies during first yr. when certain requirements are met.
- Form 6: Coverage A increased limits rate; \$2.70 per \$1000.
- Renewal credit for consecutive yrs. insured with American States Group; 3-5 yrs. - 5%; 6 or more yrs. - 10%.
- Protective Devices: Credit factors vary .98 to .85.
- Forms 3, 4 & 6: Unscheduled jewelry & furs - (HO-65); \$2500 increased limit - \$33; \$5000 increased limit - \$60.
- Form 3: XL Coverage Program; \$5000 limit included in basic premium. To reduce to \$1000 limit, subtract \$56. To reduce to \$2500 subtract \$35.
- Eff. 11-17-97

18. **American Family Home Insurance Company**

- Installment Charge-Recurring Credit Card.
- Loss (Claim) Free Renewal.
- Mature Retire Credit - 55 years of age or older, not employed on a full-time basis, and resides in the home on a primary basis.
- Roof credit replaced within the past 5 years.
- Eff. 9-1-08 AMMH-125737994 [SERFF Filing Access - North Carolina](#)

19. **American Home Assurance Company**

- Base Premium by Territory Form HO 00 03.
- Key factor Deviation.
- Protective Devices.
- Eff. 6-1-10 APCG-126564265 [SERFF Filing Access - North Carolina](#)

20. **American Insurance Company**

- Forms 2, 3 & 3w/15: New Home Credit; 20% current yr. & one yr. preceding current yr. of construction; 2% less credit each added yr.
- Protective Devices Credit: All territories 1% - 15%. Credit applies to company base premium.
- All Forms: Deductible credits: \$500 -10%; \$1000 -20%; \$2500 -30%. Credit applies to company base premium.
- HO-3 w/15: Multiply HO-3 key premium by factor of 1.08 to obtain key premium for HO-3 w/15.
- Form 4 & 6: Deductible Credits for Coverage C limit. \$10000 & above \$500 -10%, \$1000 - 20%, \$2500 - 30%. Credit applies to company base premium.
- Discount of Replacement Cost on Contents: Apply surcharge of 10% to HO-3 company base premium for replacement cost on contents.
- Eff. 6-1-93

21. **American Manufacturers Mutual Insurance Company**

- Additional Amounts of Insurance (KIP only) deviation.
- All Forms: Optional Higher Deductibles deviation.
- Personal Property Replacement Cost: Increase Coverage C at \$1 per \$1000. Add \$10 surcharge.

- Mature Homeowners Credit: 5% applies when named insured is 55 yrs. of age & an adult is home during the day.
- New Home Credit Discount: 0 - 15+ yrs. of age: Credit varies 0% - 20%.
- Premium Credits for Protective Devices.
- All Forms, except 3w/15: \$100 deductible: Waive minimum premium.
- Form 3: Base rate deviation based on protection class & territory. Credit varies 0%-22%.
- All Forms except 3w/15: \$250 theft deductible/ \$100 deductible all other perils: Waive minimum premium.
- Form 4: Base Rate Deviation -7%.
- Form 6: Base Rate Deviation - 12%.
- Higher limits for credit cards, fund transfer card, forgery & counterfeit money coverage (KIP only). Outboard Motors & Water Craft (KIP only): Coverage up to & including 50 HP is included at no additional charge.
- Personal Injury (KIP only): Coverage included at no additional charge.
- Seasonal or Secondary Dwelling Discount (KIP only): 5% discount to base premium.
- Blanket Property Limit (KIP only): Replacement cost contents coverage included at no additional charge.
- Form 3: Special Personal Property Coverage: Factor 1.10 applies to base premium.
- Form 6: Special Personal Property Coverage: Factor 1.20 applies to base premium.
- Form 4: Building Additions & Alterations Increase: KIP & Monoline: Each addl. \$1000 rate \$10000 Form 4 premium x .08.
- Form 6: Coverage A Dwelling Basic and Increased Limits Special Coverage.
- Form 4 & 6: Ordinance or Law Increased Amount of Insurance Refrigerated Property with KIP policy.
- Form 3: KIP only: Ord or Law: Include 12.5% at no additional charge. Wind and Hail Deds for Form 3: Blkt Limits dev (KIP only).
- HE-7W/HE-40 deviation by territory for KIP only: Territory 40 - 1.20, Remainder of State 1.25.
- HE-7W/HE-40 & HE-20 deviation by territory for KIP only: Territory 40 - 1.25, Remainder of State 1.30.
- HE-7W/HE-40 & HE-21 deviation by territory for KIP only: Territory 40 - 1.30, Remainder of State 1.35.
- Deferred Premium Payment Plan: \$1 charge for electronic funds transfer.
- 5% Kemper Network Discount: Certain criteria apply.
- Eff. 2-25-02 PC047937 [NCDOI](#)

22. **American Modern Home Insurance Company**

- Form 3: Deductible Credits; \$500 Ded. - 10%; \$1000 - 22%; \$2500 - 28%.
- Form 3: New Home Credit; Current yr. - 26%; 1st. yr. - 24%; 3% less each yr. to 7th yr.
- Form 3: Multi-policy credit; 5% credit when auto policy written in addition to homeowners policy.
- Protective Device Credits: Credit varies 1% - 10%.
- Amount of Insurance Deviation: Coverage A amount \$10000 - \$200000: Credit varies by territory.
- Eliminate charge to increase personal property limits.
- For rates above \$200000, a factor of .007 applies for each additional \$1000 of premium
- Eff. 6-1-99

23. **American Motorists Insurance Company**

- All Forms: Optional Higher Deductibles deviation.
- Personal Property Replacement Cost.
- New Home Credit Discount: 0 - 10+ yrs. of age: Credit varies 0% - 20%.
- Premium Credits for Protective Devices.
- All Forms, except 3w/15: \$100 deductible: Waive minimum premium.
- Form 4: Base Rate Deviation 5%.
- Form 6: Base Rate Deviation - 10%.
- Higher limits for credit cards, fund transfer card, forgery & counterfeit money coverage (KIP only).
- Outboard Motors & Water Craft (KIP only): Coverage up to & including 50 HP is included at no additional charge.
- Personal Injury (KIP only): Coverage included at no additional charge.
- Seasonal or Secondary Dwelling Discount (KIP only): 5% discount to base premium.
- Blanket Property Limit (KIP only): Replacement cost contents coverage included at no additional charge.
- Form 3: Special Personal Property Coverage: Factor 1.10 applies to base premium.
- Form 6: Special Personal Property Coverage: Factor 1.20 applies to base premium.
- Form 4: Building Additions & Alterations Increase: KIP & Monoline: Each addl. \$1000 rate \$10000 Form 4 prem x .08.
- Form 6: Coverage A Dwelling Basic and Increased Limits Special Coverage.
- Form 4 & 6: Ordinance or Law Increased Amount of Insurance.

- Refrigerated Property: Coverage included at no additional charge with KIP policy.
- Form 3: KIP only: Ordinance or Law Coverage: Include 12.5% at no additional charge. Windstorm and Hail Deductibles for Form 3: Blanket Limits deviation (KIP only).
- HE-7W/HE-40 deviation by territory for KIP only: Territory 40 - 1.20, Remainder of State 1.25.
- HE-7W/HE-40 & HE-20 deviation by territory for KIP only: Territory 40 - 1.25, Remainder of State 1.30.
- HE-7W/HE-40 & HE-21 deviation by territory for KIP only: Territory 40 - 1.30, Remainder of State 1.35.
- Deferred Premium Payment Plan: \$1 charge for electronic funds transfer.
- 5% Kemper Network Discount: Certain criteria apply.
- Eff. 2-25-02 PC047938

**24. American States Insurance Company**

- All Forms: Include Personal Injury HO-82 at no charge.
- All Forms, except 4 & 6: New home credit or renovated home credit for homes meeting required criteria.
- Form 2 & 3: Replacement cost Coverage C is increased to 70% of Coverage A at no extra charge: Charge of 9% (7% in Beach Area) is added to basic premium.
- Forms 4 & 6: Replacement cost (HO-290); Charge of 30% is added to basic premium.
- Replacement or Repair Cost Protection Coverage A (HO-500): \$1.
- Forms 4 & 6: \$100 deductible; Minimum additional charge \$10 in lieu of \$30.
- One family premiums for all Section I & II coverages will apply regardless of number of families.
- Forms 2 & 3: Dwelling under construction credit of 20% applies during first yr. if certain requirements are met.
- Form 6: Coverage A increased limits; Basic coverage rate per \$1000 increase \$2.70.
- Renewal credit for consecutive years insured with American States Group: 3-5 yrs. - 5%; 6 or more yrs. - 10%.
- Protective Devices: Credit factors vary .98 to .85.
- Forms 2, 3, 4 & 6: Unscheduled jewelry & furs (HO-65) \$2500 increased limit - \$33; \$4000 increased limit - \$60.
- Forms 2, 3 & 8: Fixed deductible credits; \$500 - 9%; \$1000 - 17%.
- Forms 4 & 6: Fixed deductible credits; \$500 - 10%; \$1000 - 23%.
- Eff. 12-1-91

**25. American States Preferred Insurance Company**

- Form 3: Basic premium deviation varies by protection class. Variable credits.
- Form 3: Amount of insurance deviation: All amounts of insurance 13.0% credit.
- Form 3: Surcharges for townhouses & rowhouses are waived.
- Form 3: Homeowners XL Credit: When eligibility & coverage requirements are met. Variable credits.
- Form 3: Deductible credits/charges \$500 - 12%; \$1000 - 24%.
- The one family premiums for all Section I & Section II coverages shall apply regardless of number of families.
- Form 4: Amount of insurance deviation; \$15000 - \$30000 & above. Credit varies 2% - 22%, except for a few specific counties which receive 5% less.
- Form 6: Amount of insurance deviation; \$20000 - \$30000 & above. Credit varies 8% - 25%, except for a few specific counties which receive 5% less.
- Forms 4 & 6: Deductible credits/charges; \$500 - 17%; \$1000 - 30%.
- Alarm systems: Premium credits vary.
- Jewelry & Furs: Forms 3, 4 & 6; \$2500 limit \$33; \$5000 limit - \$60. Form 3 w/XL coverage \$5000 included in base premium. To reduce to \$2500 limit subtract \$35. \$1000 limit subtract \$56.
- Form 3: Replacement Cost (HO-290) Coverage C is increased to 70% of Coverage A at no extra charge; Charge of 9% (7% in Beach area) is added to basic premium.
- Forms 4 & 6: Replacement Cost (HO-290); Charge of 30% is added to basic premium.
- All Forms: Include Personal Injury HO-82 at no charge.
- Form 3: Replacement or Repair Cost Protection Coverage A dwelling HO-500; No charge.
- Form 6: Coverage A increased limits; Basic coverage rate per \$1000 increase \$2.70.
- Form 3: New Home Credit; Current yr. - 15%; one yr. preceding current yr. - 12%; 2nd, 3rd & 4th yrs.--10%; 5th & 6th yrs. - 6%; 7th, 8th & 9th yrs. - 4%.
- Form 3: New dwelling under construction; 20% when certain requirements are met.
- Renewal credit for consecutive yrs. with American States Group; 3-5 yrs. - 5%; 6 or more yrs. - 10%.
- Eff. 10-30-97

**26. American Strategic Insurance Corporation**

- Territory Zone Deviation
- Protection Class Construction Factors HO 00 03, HO 00 04 and HO 00 05.

- Key Factors – Forms HO 00 03, HO 00 04 and HO 00 05.
- Age of Home.
- Tier Forms HO 00 03 and HO 00 04.
- Companion Policy – All Forms.
- “E Policy” – All Forms.
- New Purchase – HO 00 03.
- Senior Retiree – Forms HO 00 03 and HO 00 05.
- Non Smoker – All Forms.
- Accredited Builder – Forms HO 00 03 and HO 00 05.
- Advanced quote discount form HO 00 04.
- Loss History form HO 00 04.
- Paid in full discount form HO 00 04.
- Bundled coverage Credit form HO 00 04.
- Secured community Discount form HO 00 04.
- Household Structure.
- Personal Property Replacement Cost – All Forms.
- Protective Devices - All Forms.
- Wind Mitigation Forms HO 00 03 and HO 00 05.
- Form Factors-Form HO 00 05.
- Eff 8-15-15 AMSI-129893853 [SERFF Filing Access - North Carolina](#)

**27. AMICA Mutual Insurance Company**

- Waive the Additional Premium for Coverage C, Personal Property at 75% of Coverage A.
- Form HO 00 04 Rate Deviation by Policy Amount.
- Additional Amounts of Insurance-1.00 All Territories with Exceptions.
- Personal Property-Increased Limit, \$1.60 for All Forms.
- Premium Payment Option.
- Multi-Line Discount.
- Preferred Risk Deviation, Optional Rating Characteristics.
- Eff. 7-1-16 AMMA-130376653 [SERFF Filing Access - North Carolina](#)

**28. Amerisure Insurance Company**

- All Forms: Minimum additional charge of \$30 for \$100 deductible is waived.
- Mature Homeowners Credit Factor .95 insured age 55 or older & dwelling is primary.
- Multi Policy Credit: Forms 2, 3 & 6: 15% multi-policy credit when personal auto coverage in force in Amerisure Group.
- New Home Credit Factors: Current year -.80; 1 yr.- .81; 2 yrs. -.82; 3 yrs -.84; 4 yrs. -.86; 5 yrs. -.88; 6 yrs. -.90; 7 yrs.-.93; 8 yrs. -.96; 9 yrs. - .99.
- Form 3: Deviation by Territory: 0% - 18% credit based on territory, protection class & construction.
- Form 1, 2 & 3: Amount of Insurance Deviation; Coverage A amount \$60000-\$199000 credit varies 0.46% - 9.77%.
- Form 6: Relativity .85.
- Eff. 10-1-94

**29. Amerisure Mutual Insurance Company**

- All Forms: Minimum additional charge of \$30 for \$100 deductible is waived.
- Multi-Policy Credit: Forms 2, 3 & 6 - 15% multi-policy credit to homeowners rates when automobile policy is written with Amerisure Group.
- Form 6: Relativity is .85.
- Eff. 10-1-94

**30. Armed Forces Insurance Exchange**

- Optional Deductible Credits.
- Year of Construction - Newer Home Discount.
- Earthquake Coverage.
- Sinkhole Collapse Coverage.
- Base Premium Computation.
- Minimum policy premium waived.

- Protective Devices-Maximum credit.
- Eff 6-1-15 ARMD-129941707 [SERFF Filing Access - North Carolina](#)

31. **Arrowwood Indemnity Company**

- Additional Amounts of Insurance: Forms HO 00 02 HO 00 03 \$8 per policy.
- Deductible Credits: Credit varies by form & deductible amount.
- Personal Property (Coverage C) Replacement Cost Coverage: Forms 2 & 3 - Coverage A amount under \$100000 - 11% surcharge; \$100000 & over - 8% surcharge: Forms 4 & 6 - 40% surcharge.
- Preferred Customer Renewal Credit: 5% credit: Certain criteria must be met.
- Homeowners Enhancement Program: 1.25 factor applies to base premium.
- Installment Payment Plan: Policies billed by agent through account current payroll deduction program are not subject to installment fees.
- Deviation by Forms: Forms 2, 3, & 3w/15- 10%: Form 6- 20%.
- Eff. 5-15-04 PC069340 [NCDOI](#)

32. **Associated Indemnity Corporation**

- Forms 2, 3 & 3w/15: New Home Credits; 20% current yr. & one yr. preceding current yr.; 2% less each added yr. Credit applies base premium.
- Protective Device Credits: All territories; 1% - 15%; Credit applies to company base premium.
- Forms 1, 2, 3, 3w/15 & deductible credits; \$500-10%;\$1000-20%;\$2500-30%. Credit applies to company base premium.
- HO-3w/15 Key Premium: Multiply HO-3 key premium by factor of 1.08.
- Discount of Replacement Cost on Contents: Surcharge of 10% to HO-3 company base premium.
- Form 4 & 6: Ded credits all territories; Credits for Coverage C \$10000 & above, \$500-10%,\$1000-20%, \$2500-30%. Credit applies to base premium.
- Eff. 6-1-93

33. **Association Insurance Company**

- Deviation by Coverage A limit \$100000 & above - 30% credit.
- Forms 1, 2 & 3: RC Coverage HO-290; Personal property incr. limits charge \$1 per \$1000; Waive 5% surcharge.
- New Home Credit: Cov A amount \$100000 & above; Age of dwelling 0-5 yrs - 15%, 6-10 yrs - 10%, 11-15 yrs - 5%.
- 44% deviation off N.C. Rate Bureau Rates if Cov A amount is \$100000 or above for all SAS Institute Inc. Employees.
- Eff. 1-1-96

34. **Assurance Company of America**

- All Forms, except 4 & 6: Age of dwelling credit; New-20%; 1yr.-18%; 2yrs.-16%; 3yrs-14%; 4yrs-13%; 5yrs.-12%; 6yrs-10%; 7yrs.-8%; 8yrs.-6%; 9yrs.-4%. 10yrs.-2%.
- Forms 4 & 6: Replacement Cost on Contents; Factor 1.35.
- Forms 2 & 3: Charge \$1 per \$1000 for increase in Coverage C limit.
- Form 4: 15% deviation.
- Form 6: 20% deviation.
- Base Premium Discount: All Forms, except 4 & 6; Factor varies .95 -1.25.
- Forms 2, 3 & 3w/15: Deviation by territories: Variable credits.
- All Forms: Fixed dollar amount deductibles factors: \$500-.85; \$1000-.75; \$2500-.70.
- Account Credit: 10% credit when home & auto coverage with Zurich Insurance Cos. when criteria is met.
- Protective Device Credit: Factor varies. Maximum credit of \$75 is waived.
- Eff. 7-1-98

35. **Automobile Insurance Company of Hartford, Connecticut**

- Base Rate Deviation.
- Coverage A relativity curve.
- Account Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.
- Loss Free Customer Credit.
- Loss History.
- Insurance Score.
- New Home Credits.

- Home Buyer Credit.
- Installment Payment Plan.
- Eff 11-7-15 TRVA-130152389 [SERFF Filing Access - North Carolina](#)

36. **Auto-Owners Insurance Company**

- Key factors.
- Deductibles – Waiver of Minimum charges.
- Protective Device Credit.
- Protective Device Credit – alarm systems.
- Mature Homeowner Discount.
- Townhouse or row house deviation.
- Credit card, fund transfer card, forgery and counterfeit money.
- Form HO-6 coverage A Dwelling increased Limits and special coverage.
- Personal Injury coverage-no charge.
- Special Personal Property Coverage HO 00 05.
- Multi-Policy Discount.
- Section II liability watercraft.
- Life/Homeowners Multi-Policy Discount
- Home/Umbrella Multi-Policy discount.
- Paid in Full discount.
- Personal Property Increased Limits.
- All Forms except HO 00 04 and HO 00 06.
- Protection Class Relativities.
- Age of Construction Discount.
- Base Class Premium.
- Windstorm or Hail Exclusion.
- Windstorm Mitigation.
- Changes or Cancellations.
- Theft Coverage.
- Underwriting Score.
- Solid Fuel Heating.
- Actual Cash Value Loss Settlement Windstorm or Hail Losses to Roof Surfacing.
- Roof Age and Type.
- Eff. 10-2-15 AOIC-130099363 [SERFF Filing Access - North Carolina](#)

37. **Balboa Insurance Company**

- Age of Dwelling Credit: 0 - 9 yrs. of age: Credit varies.
- Deductible Factors Deviation: Credit varies.
- Protective Device Credits: Credit varies.
- Brick or Masonry Construction.
- Eff. 5-1-09 BALB-126027963 [SERFF Filing Access - North Carolina](#)

38. **Bankers Standard Insurance Company**

- Deviation forms HO 00 02, HO 00 03, HO 00 04, HO 00 06, HO 00 05 and HE-7.
- Key Factors Coverage A over \$750,000.
- Protective Devices maximum credit allowed is deleted.
- Optional Higher Deductibles forms HO 00 04 and HO 00 06.
- Named Storm Percentage Deductible.
- Additional Amounts of Insurance.
- Gated Community Credit.
- Valuable Articles Credit-Multi Policy.
- Mass Merchandising Discount.
- Installment Payments.
- Electric Backup System.
- Eff. 10-1-15 ACEH-130109778 [SERFF Filing Access - North Carolina](#)

39. **Camden Fire Insurance Association, The**

- All Forms, except 4 & 6: New Home Credit.
- All Forms, except 4: Account credit applies to homeowner premium when personal automobiles in any of the General Accident Companies.
- All Forms: Protective devices: Credit varies 2% - 15%.
- All Forms: Fixed Dollar Amount Deductible Factors; \$500 - .90; \$1000 - .77.
- Forms 1, 2, 3 & 3w/15: Personal Property Increased Limits; \$1 per \$1000 of insurance.
- Forms 1, 2 & 3: Personal Property Replacement Cost coverage; Waive charge to increase Coverage C limit 70% of Coverage A limit. Premium for replacement cost coverage developed by applying factor of 1.05 to base premium including any premium adjustment for Coverage C in excess of 70% of Coverage A.
- All Forms, except 4 & 6: Deviation by policy size; Coverage A Amounts. Credit varies.
- Uniform base rate deviation – all forms except HO 04 and HO 06 10% credit applied when written in the Camden Fire Insurance Association.
- Eff.8-15-02 PC054137 [NCDOL](#)

40. **Central Mutual Insurance Company**

**Owners Program**

- Deviation by Territory and Protection Class.
- Homeowners Enhancement Program – Deviation by form HE-7 and HE-7 with HE-20.
- Deviation by Amount of Insurance.
- Insurance Score Deviation.
- Customer Loyalty Deviation.
- Optional Deductibles.
- Payment Timeliness Deviation.
- Loss History Deviation.
- Personal Property Replacement Cost.
- Accompanying Schedule or Boat Deviation.
- Age of Dwelling.
- Home Buyer Deviation.
- Gated Community Deviation.
- Non-Packaged Risk Deviation.
- Deviation of Wood Roofs.
- Superior Protection Credits.
- Residence Held in Trusts.
- Package Deviation.
- Installment Payment with Electronic Transfer.
- Deviation for Waiver of Premium.

**Condo Program**

- Deviation by Territory and Protection Class.
- Amount of Insurance.
- Insurance Score Deviation.
- Customer Loyalty Deviation.
- Deductible Optional Higher Deductibles.
- Payment Timeliness Deviation.
- Loss History Deviation.
- Accompanying Schedule or Boat Deviation.
- Form HO 00 06 Coverage A.
- Residence Held in Trust – All Forms except HO 00 04.
- Package Deviation.
- Installment Payment Plan.
- Deviation for Waiver of Premium.

**Tenants Program**

- Base Class Territory and Protection Class.
- Amount of Insurance Deviation.
- Insurance Score Deviation.
- Customer Loyalty Deviation.
- Deductibles B. Optional Higher Deductibles.
- Payment Timeliness Deviation.

- Loss History Deviation.
- Accompanying Schedule or Boat Deviation.
- Superior Protection Credits.
- Package Deviation.
- Installment Payment Plan with Electronic Transfer.
- Deviation for Waiver of Premium.
- Eff 4-1-16 CEMC-130-398255 [SERFF Filing Access - North Carolina](#)

41. **Century National Insurance Company**

- Installment Charge.
- Eff 8-1-15 CENT-130132700 [SERFF Filing Access - North Carolina](#)

42. **The Charter Oak Fire Insurance Company**

- Base Rate Deviation.
- Coverage A relativity curve.
- Account Credit HO policy written in conjunction with Travelers Private Passenger Automobile policy.
- Loss Free Customer Credit HO policy written in conjunction with Travelers Private Passenger Auto policy.
- Loss History.
- Insurance Score.
- New Home Credits.
- Home Buyer Credit.
- Installment Payment Plan.
- Eff 11-7-15 TRVA-130152463 [SERFF Filing Access - North Carolina](#)

43. **Cincinnati Indemnity Company**

- New home credit Forms 2, 3 & 3w/32 36; New – 9 years, credit varies.
- Installment Payment Plan: Delete the \$3 charge for each installment.
- Homeowners Enhancement Deviation.
- Eff 4-1-04 PC065697 [NCDOI](#)

44. **The Cincinnati Insurance Company**

- Dwellings Age of Dwelling Credits.
- Base Rate Deviation by Territory.
- Installment Payment Plan.
- Homeowners Enhancement Deviation.
- Watercraft Liability Deviation.
- Preferred Risk Credit.
- Superior Risk Credit – Forms HO 00 03 and HE 00 07 Only.
- Insurance Score Factor – All Forms.
- Package Credit-Multi Policy Credit – All Forms.
- Automatic Water Shut-Off System Credit.
- Mature Homeowners Discount – All Forms.
- Secured Community Credit.
- Wood Burning or Solid Fuel Heating Appliances.
- Earthquake Coverage.
- Wood Roof.
- Advance Quote Discout.
- Renovation or Construction Factor.
- Seasonal/Secondary Factor.
- Vacancy Factor.
- Rented to Others Factor.
- Caretaker Credit.
- Security Protection Credit.
- Temperature Monitoring System Credit.
- Back-up Generator Credit.
- Explosive Gas Leak Detector Credit.
- Automatic Seismic Shut-off Gas Line Valve Credit.

- Lightning Protection System Credit.
- Twenty-Four Hour Signal Continuity.
- Sprinkler System Alarm Credit.
- Perimeter Gate Credit.
- Building Protection Credit.
- Elevators Manned or Locked and Coded.
- Lobby with Functioning Surveillance.
- Protection Devices.
- Eff 8-1-16 CNNB-130401287 [SERFF Filing Access - North Carolina](#)

45. **Continental Indemnity Company**

- Form 3: Age of Dwelling Discount: 0 - 9 yrs. of age: Credit varies 2% - 20%.
- Account Credit Program: .85 factor applies when both the homeowner & auto policy is written through CNIC.
- Deductible Credit/Charges Deviation: Credit varies by deductible amount.
- Form 6: .80 factor applied to HO-4 base premium.
- Protective Device Deviation: Credit varies 1% - 15%.
- Forms 3, 4 & 6: Eliminate minimum premium for Replacement Cost Coverage.
- Form 3: Additional Limits of Liability for Coverages A, B, C & D: 6% applies to base premium when certain criteria is met.
- Form 3: Personal Property Replacement Cost will be 5% of base premium, no minimum additional premium & no charge to increase Coverage C when certain criteria is met.
- Form 3: Personal Injury charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Water Back-Up of Sewers or Drains, charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Credit Card, Fund Transfer Card, Forgery & Counterfeit Money, to increase coverage charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Special Computer Coverage, charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Cov C Increased Special Limits of Liability, charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Fire Department Service charge will be increased to \$1000 when certain coverages & increased limits options are selected.
- Form 3: Increasing Coverage D to 30% of Coverage A, charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Coverage A Relativities Deviation: Credit varies 3.8% - 6.5%.
- Form 3: Ordinance or Law-Increased Amount of Coverage will be 4% of base premium when certain coverages & increased limits options are selected.
- Form 3: Refrigerated Property Cov, charge will be deleted when certain coverages & increased limits options are selected
- Eff. 1-1-01 PC038500 [NCDOI](#)

46. **Continental Insurance Company**

- Amount of Insurance Deviation forms HO-2, HO-3, and HO-8.
- Amount of Insurance Deviation forms HO-4
- Amount of Insurance Deviation forms HO-6
- Earthquake Rate Deviations.
- Companion Policy Discount: applies when named insured has an auto policy with any Encompass Ins Co.
- Gated Community Discount. 10% credit when criteria are met.
- New Home Discount: 1 year -18%, 1-5 yrs. -15%; 6-10 yrs. -10%.
- Deductible Credits Deviation – based on Coverage A Limit.
- Additional Limits Deviation Coverage F: Deviation.
- Business Pursuits Rate Deviation. Credits vary .14% - .33%.
- Incidental Farm Rate Deviation. Residence Premises - 48%; Other Residence - 65%.
- Superior Construction Discount: 15% credit applies to masonry base premium or apartment unit.
- Protective Device Credits: Credit varies 1% - 9%.
- Automatic Sprinkler System Deviation: Credit of 7% or 13% applies.
- Preferred Rate Deviation 5% conditions vary.
- Special Personal Property Coverage HO 00 06 only – deviation 4.3%

- Eff. 8-15-02 PC052786 [NCDOI](#)

47. **Economy Premier Assurance Company**

- PAK II Program – HE 00 07 Base Rates and Policy Amount.
- PAK II Program – HO 00 06 Base Rates by Territory.
- PAK II Program – HO 00 04 Base Rates by Territory.
- PAK II Program – HO 00 04 and HO 00 06 Policy Amount Relativities by Territory.
- Homeowners Enhancement Program HE 00 07 with HE 32 20.
- Homeowners Enhancement Program HE 00 07 with HE 32 21.
- PAK II Package Credit Multi Policy.
- Renewal Credit.
- Year of Construction.
- Personal Injury Protection Liability Deviation.
- Deductible credits.
- Protective Devices Credit and Home Safety Coverage.
- Business Pursuits Deviation.
- Outboard motors and watercraft.
- Home day care.
- Personal Property Increased Limits.
- Earthquake Coverage-Ordinance or Law Coverage.
- Residence Premises Basic and Increased Limits Coverage F- Medical Payments.
- Other Exposures-Medical Payments to Others Increased Limits.
- Other Structures – On Premises Structures Specific Structures – Increase Limits.
- Other Structures-On Premises Structures Specific Structures-Rented to Others.
- Eff. 7-1-13 METX-G129007172 [SERFF Filing Access - North Carolina](#)

48. **Electric Insurance Company**

- Protective Device Credits.
- Deductibles.
- Unscheduled Jewelry, Watches and Furs.
- Silverware, Goldware, and Pewterware.
- Firearms.
- Mass Marketing Discount.
- Payroll Deduction Discount.
- Eff. 6-6-16 ELEC-130556205 [SERFF Filing Access - North Carolina](#)

49. **EMCASCO Insurance Company**

- Personal Property (Coverage C) Replacement Coverage
- Deductible Credits
- Additional Amounts of Insurance
- Base Rate Deviation on Forms HO 00 02 and HO 00 03
- Combination Policy Discount
- Renovated Dwelling Components
- 15% Deviation applicable to Optional Section I and II rates
- Electronic Funds Transfer
- Insurance Scoring
- Eff. 3-15-07 PC097670 [NCDOI](#)

50. **Employers Mutual Casualty Company**

- Optional Higher Flat deductible credits all forms,
- Additional Amounts of Insurance forms HO 00 02 and HO 00 03.
- Combination Premium Credit: 15% when homeowners & auto policies are written in one of the EMC Companies.
- Renovated Dwelling Components: Variable credits when criteria is met.
- Electronic Fund Transfer transaction fee is waived when the electronic funds transfer options is selected.
- Insurance Scoring.
- Eff. 3-15-07 PC097669 [NCDOI](#)

51. **Encompass Indemnity Company**

- Forms 2, 3, and 8 Base Rate Deviations by Territory.
- Form 4 Base Rate Deviation by Territory.
- Form 6 Base Rate Deviation by Territory.
- Gated Community Discount.
- New Home Discount.
- Deductible Credits Discount.
- Additional Limits Deviation, Coverage F
- Business Pursuits Rate Deviation.
- Incidental Farming Personal Liability Deviation.
- Superior Construction Discount.
- Special Personal Property Coverage HO 6 only.
- Companion Policy Discount.
- Preferred Rate Deviation.
- Windstorm or Hail deviation.
- Policy Group Determination.
- Effective 6-1-15 ALSE-129929324 [SERFF Filing Access - North Carolina](#)

52. **Erie Insurance Company**

- Erie Base Rate Deviations.
- Form Factor deviation.
- Protection Construction Factor Deviation.
- Windstorm or Hail Exclusion Credit deviation.
- Amount of Insurance.
- Optional Deductible Factors HO 00 04 and HO 00 06.
- Personal Property Replacement Cost.
- Multi Policy Deviation.
- Underwriting tier deviation.
- Claims tier deviation.
- Occupancy deviation.
- Home Age/Policy Age deviation.
- Townhouse or row-house deviation.
- Business Pursuits.
- Waterbed Liability.
- Refrigerated Property Coverage.
- Rented Personal Property.
- Increased Special Limits of Liability.
- Outboard Motors and Watercraft Deviation.
- Other Members of a Named Insured's Household.
- Installment Payment Plan.
- Special Personal Property Coverage.
- Windstorm Mitigation Credits.
- Eff 10-1-15 ERPP-130101422 [SERFF Filing Access - North Carolina](#)

53. **Erie Insurance Exchange**

- Base Rate Deviations.
- Amount of Insurance Deviation all forms except HO 00 04 & HO 00 06.
- Multi-Policy Discount.
- New Home Discount.
- Optional Deductible Factors - all forms, deviation varies.
- Protective Device Credit Deviation.
- Increased Special Limits of Liability HO 04 64 (all forms except HE-7) Credit varies.
- Personal Property Replacement Cost.
- Townhouse or rowhouse charge eliminated except HO 00 04 and HO 00 06.
- Earthquake Coverage.
- Outboard Motors & Watercraft.

- Building Addition & Alterations Increased Coverage C limit - Form HO 00 04 (HO 0451).
- Seasonal Dwelling Factors.
- Rented Personal Property: HO 32 21 No charge.
- Business Pursuits: No charge.
- Waterbed Liability HO 04 00 HO 00 06.
- Refrigerated Property Coverage.
- Personal Property Increased Limits; HE 7.
- Premium payment plan service charge – installment payments.
- Tiered Rating
- Other Members of a Named Insured's Household.
- Advance Quote Discount – New business.
- Claims Experience Rating Program.
- Age of Insured Discount.
- Windstorm or Hail Exclusion Credit.
- County Factors.
- Windstorm Mitigation Credits.
- Eff. 10-1-15 ERPP-130101416 [SERFF Filing Access - North Carolina](#)

54. **Esurance Insurance Company**

- Tier Deviation.
- Eff 6-22-16 ESUR-130150903 [SERFF Filing Access - North Carolina](#)

55. **Fairmont Premier Insurance Company**

- All Forms: Age of Dwelling Credit; 0-3 yrs. old - 21%; 4-6 - 14%; 7-9 - 7%.
- Forms 1, 2 & 3: 38.0%.
- Form 6: 17.5%.
- Eff. 5-1-92

56. **Farmers Insurance Exchange Farmers Underwriters Association**

- Form Factor Deviations: Forms 3w/15 & 4.
- Territory Relativity Factor deviation.
- Amount of Insurance Deviations: Forms, HO 00 04 and HO 00 06.
- Rule 403. Personal Property –Coverage C Replacement Cost Coverage.
- Rule 404 Protective Devices.
- Deductible Rule 406 credits.
- Loss Assessment Coverage Deviation.
- Rule 515 personal property.
- Other Insured Location Occupied by Insured.
- Additional Residence Rented to Others.
- Permitted Incidental Occupancies - Residence Premises & Other Residences: Deviation applies to Residence Premises.
- Business Pursuits Deviation for \$200,000 limit.
- Optional Rating Characteristics Age 50 Plus Discount.
- Optional Rating Characteristics Auto/Homeowners Discount: All Forms: Factor of .90: Certain criteria apply.
- Affinity Banking Discounts HO 00 03 and HO 00 06 only. Certain qualifications apply. Credit varies.
- Ordinance or Law-Increased Amount of coverage.
- Eff 5-16-08 PC112928 [NCDOI](#)

57. **Federal Insurance Company**

- Installment Payment Plan-recurring payments.
- Maximum credit for protective devices.
- Optional Higher Deductibles.
- Named Storm Deductible.
- Additional Amount of Insurance deviation.
- Replacement Cost Loss Settlement.
- Supplemental Loss assessment Coverage Premium for Additional Location.
- Water Back-Up and Sump Discharge or Overflow.

- Gated Community Credit.
- Effective 6-1-15 CHUB-129916441 [SERFF Filing Access - North Carolina](#)

58. **Federated Mutual Insurance Company**

- Forms 1, 2, 3 & 3w/15: New Home Credit: 14% dwellings 0-1 yr. old; 2% less credit each added yr.; applies to \$250 deductible basic premium & premium for amended Coverage C limit.
- Forms 1, 2, 3 & 3w/15: Fixed dollar amount deductibles; \$100 +10%; \$500 -10%; \$1000 -20%; \$2500 -30%.
- Forms 4 & 6: Fixed dollar amount deductibles; \$100 +10%; \$500 -15%; \$1000 -30%; \$2500 -40%.
- Forms 1, 2, 3 & 3w/15: Deviation by policy amount varies 0%-25%.
- Form 4: 10%.
- Form 6: 25%.
- Forms 3 & 3w/15: Special Additional Credit Rule: 10% when eligibility & mandatory coverage requirements are met.
- Multiple Policy Discount: 5% applied to HO Policy when private passenger auto policy & personal umbrella policy is written by this Company.
- Installment Pay Plan: \$5 maximum charge per account for all policies.
- Eff. 11-15-94

59. **Fidelity & Guaranty Insurance Company**

- Waive additional premium of \$5 or less.
- Deviation of HO-3 Base Rates by territory & policy amount: Credits vary.
- Forms 4 & 6: Personal Property Replacement Coverage: Reduced premium charge.
- Special Package Discount: 5% credit to total residential premium when underwriting criteria is met.
- Form 6: Relativity factor .750 in lieu of .855.
- Employees Discount: 20%.
- Forms 2 & 3: Additional amount of insurance: HO 3211 \$5 premium charge.
- Deductible Credits.
- Increase in Coverage C: Reduced rate per \$1000.
- Multi-Policy Discount: 10% credit when private passenger auto policy is also purchased with USF&G.
- All Forms, except 4, 6 & 8: New Home Discount; 1 yr.-20%; 2% less credit each added yr. to 9th yr.
- Eff. 4-15-00 PC030961 [NCDOI](#)

60. **Fidelity & Guaranty Insurance Underwriters**

- Deviation of HO-3 Base Rates by territory & policy amount: Credits vary.
- Forms 4 & 6: Personal Property Replacement Cost Coverage; Factor 1.35.
- Waive additional premium of \$5 or less.
- Special Package Discount: 5% credit to total residential insurance premium when underwriting criteria is met.
- Form 6: Form Relativity of .800 in lieu of .855.
- Employees Discount: 20%.
- Forms 2 & 3: Additional amount of insurance: HO 3211 - \$5 premium charge.
- Deductible Credits.
- Increase in Coverage C: Reduced rate per \$1000.
- Multi-Policy Discount: 10% credit when private passenger auto policy is also purchased with USF&G.
- All Forms, except 4 6 & 8: New Home Discount; 1 yr.-20%, 2% less credit each added yr. to 9th year.
- Forms 2, 3 & 3w/15: Protection Class Deviation.
- Eff. 4-15-00 PC030953 [NCDOI](#)

61. **Firemans Fund Insurance Company**

- Protective Device Credits: All territories: Credit varies 1% - 15%.
- Portfolio Credit: 5% applies to all HO policies when Personal Catastrophe Coverage and Inland Marine Coverage is written with Fireman's Fund.
- Eff. 12-01-03 PC065121

62. **Firemen's Insurance Company of Washington D.C.**

- Deluxe Program: Form 3: 5% deviation off base premiums.
- All Forms: Protective Device Credit: Credit varies 2% - 13%.
- All Forms, except 4 & 6: Age of Home Discount: Credit varies 4% - 20% for age of dwelling 0 - 25 yrs. with greatest credit for newest homes.
- All Forms, except 4 & 6: Senior Citizen Discount; Factor of .92 of base premium age 50-54 yrs. Factor .95 age 55

- yrs. & older.
- All Forms, except 4 & 6: Renovation Discount 0-15 yrs. factors apply when underwriting guidelines are met. Credit applies to base premium.
- Renewal Discount: Factor .95 applies to base premium when criteria is met.
- Form 3: Loss Free Credit; 1yr. - 5%; Renewal with 2 yrs. loss free - 10%. Credit applies to base premium.
- All Forms, except 4 & 6: Optional deductible credits applies to base premium. Coverage A limit under \$200,000 - \$500 ded. - .87; \$1000 - .76; \$2500 - .73. \$20000-\$400,000 - \$500 ded - .89; \$1000 - .80; \$2500 - .77. Over \$400,000 - \$500 - .92; \$1000 - .86; \$2500 - .83.
- Eff. 10-1-97

**63. First Community Insurance Company**

- Base Premium HO 00 03.
- Base Premium HO 00 04.
- Base Premium HO 00 06.
- Windstorm or Hail Exclusion HO 00 03.
- Age of Home.
- Book Transfer Discount.
- Multiple Policy Discount.
- Prior Insurance HO 0003 and HO 0006.
- Occupancy Factors HO 00 03 and HO 00 06.
- Experience Rating Factors.
- Mature Homeowners Discount All Forms.
- New Purchase Discount.
- Underwriting Tier.
- Hip Roof Discount.
- Preferred Builder Discount.
- Renovation Discount.
- Secured Community.
- Key Factor Table HO 00 03 Discount.
- Key Factor Table HO 00 04 Discount.
- Key Factor Table HO 00 06 Discount.
- Superior Construction-All Forms.
- Eff 6-1-15 BKIC-129875960 [SERFF Filing Access - North Carolina](#)

**64. First Protective Insurance Company**

- Base Rates for all forms except HO 00 04 and HO 00 06.
- Eff 6-1-15 PARE-130035422 [SERFF Filing Access - North Carolina](#)

**WIND ONLY Policy**

- Base rates for all forms except HS 00 04 and HS 00 06.
- Deductible for all forms except HS 00 04 and HS 00 06.
- Other Structures on Premises.
- Eff 6-20-15 PARE-130123406 [SERFF Filing Access - North Carolina](#)

**65. Garrison Property and Casualty Insurance Company**

- Tier Discount, HO 00 03.
- Tier Discount HO 00 06.
- Base Premium HO 00 03.
- Base Premium HO 00 06.
- Deductibles.
- Windstorm or Hail Exclusion Credits.
- Personal Property-Additional Coverage-Jewelry and Furs.
- Sinkhole Collapse Coverage.
- Coverage A Dwelling Basic and Increased Limits.
- Earthquake Coverage.
- Protective Devices.
- Loss History.

- Auto and Home Combination Discount.
- Refrigerated Personal Property.
- Installment Payment Plan.
- Eff 8-10-16 USAA-130439558 [SERFF Filing Access - North Carolina](#)

66. **General Insurance Company of America**

- Base Key Premiums all forms by Territory Deviation.
- Deductible Debit/Credits Deviation.
- Renewal Credit all forms: 3-5 yrs. - 5%; 6 yrs.+ - 9%.
- Account Credit all forms: 5% credit for total policy premium when insured has a Safeco auto policy also.
- Condominium Unit Owners Coverage A Increased Limits & Special Coverage Deviation.
- Business Pursuits (HO 24 71) all forms: the charge is deleted.
- Credit Card Forgery & Counterfeit Money Coverages (HO 04 53): Delete \$1 charge for \$1000 limit.
- Personal Injury (HO 24 82): \$10 charge per policy.
- Landlord's Furnishing (HO 32 21): \$10 premium per policy to increase coverage to total \$5000 with burglary coverage added.
- Ordinance or Law Cov (HO 04 77) Deviation for Quality Plus Form, Quality Crest Form & Condominium Form.
- Medical Payments: Other exposures - Higher limits all forms: Additional charge for higher limits of medical payments will be waived.
- Additional Residence Rented to Other (HO 24 70): Limit of Liability \$100,000 - \$1,000,000: Premium charge varies.
- Outboard Motors & Water Craft: Reduced premiums based on limits, length and horsepower.
- Personal Liability - Residence Premises Deviation: Increased Limits: Coverage E base \$300,000: Coverage F no charge.
- Special Personal Property Coverage HO-OO 15 & HO-17 31: Quality Plus Form & Condominium Form- Increase basic premium 8%. Quality Crest Form automatically included.
- Installment Payment Charge: \$2 each installment.
- Eff. 8-15-02 PC052887 [NCDOI](#)

67. **Government Employees Insurance Company**

- Forms 1, 2, 3 & 3 w/15: New Home Discount: 10% for dwellings 5 yrs. old or less.
- Homeowners Theft Deterrent Premium Credit Program: Forms 1, 2, 3 & 3 w/15 - 7%; Forms 4 & 6 - 20%.
- Forms 1, 2 & 3: Amount of Insurance Credit; Classes 1-9 - \$10,000-\$200,000 & over. Credit varies.
- Form 6: 10%.
- All Forms: Protective Devices: Variable credits.
- Forms 2, 3, 4 & 6: Retired Discount Credit; 20% when specified criteria are met.
- All Forms: Dual Policy Discount: 10% when specified criteria are met.
- Forms 4 & 6: Key factor +.074 for each additional \$1000 of coverage.
- Installment Payment Plan: Waive the charge of \$3 first installment if first payment received with application.
- Form 4 & 6: Waterbed Liability Endorsement: No premium charge.
- Eff. 3-1-95

68. **Grain Dealers Mutual Insurance Company**

- Continuous policyholder discount.
- Account Credit.
- New Home Discount.
- Personal Property, over 70% of Coverage A.
- Insurance Score.
- Eff. 7-1-13 NGMC-128962658 [SERFF Filing Access - North Carolina](#)

69. **Granite State Insurance Company**

- Forms 1, 2, 3, 4, 3w/15 & 6: 20% deviation.
- Replacement or Repair Cost protection Coverage A premium \$1.
- Age of Dwelling Deviation: 0 - 20 yrs. old - 10%.
- Forms 1, 2, 3, 3w/15, 4 & 6: 20%.
- Eff. 7-1-87

70. **Graphic Arts Mutual Insurance Company**

- Personal Property Replacement Cost.
- Mass Merchandising Plan.
- W.I.S.E./Affinity program discount,
- Territory Deviations.
- Personal Lines Account Credit
- Package Deviation.
- Protection Class deviation/Suburban Rating.
- Eff. 6-1-15 UTCX-G129910958 [SERFF Filing Access - North Carolina](#)

71. **Hanover American Insurance Company**

- Mature Homeowners Credit.
- Deductible Credits for all forms except HO 00 04 and HO 00 06.
- Deductible Credits for Forms HO 00 04 and HO 00 06.
- Windstorm & Hail Deductible Credits.
- Personal Property Replacement Cost for all forms except HO 00 04 and HO 00 06.
- Personal Property Replacement Cost for forms HO 00 04 and HO 00 06.
- Account Credit Discount.
- Loss of Use-Increased Limits – Reduced premium charge.
- Condominium Unit Owners-Coverage A Dwelling – Basic and Increased Limits.
- Watercraft Liability Rates: All forms.
- Personal Property, Increased Limits All forms, except HO 00 04 and HO 00 06.
- Special Personal Property, all forms except HO 00 02, HO 00 04 and HO 00 06.
- Electronic Funds Transfer Plan Discount.
- Group Modification Plan Discount.
- Direct Bill Policies.
- Cap on total credits/discounts.
- Relativity Curve Deviation Forms HO 00 03.
- Relativity Curve Deviation Forms HO 00 04 and HO 00 06.
- Eff. 6-1-15 HNVX-G129953461 [SERFF Filing Access - North Carolina](#)

72. **Hanover Insurance Company**

- Mature Homeowners Credit.
- Deductible Credits for all forms except HO 00 04 and HO 00 06.
- Deductible Credits for Forms HO 00 04 and HO 00 06.
- Windstorm & Hail Deductible Credits: All forms, except 4 & 6.
- Personal Property Replacement Cost on Coverage C: All forms, except 4 & 6.
- Personal Property Replacement Cost on Coverage C: Forms 4 & 6.
- Account Credit: All forms.
- Loss of Use-Increased Limits: All forms.
- Condominium Unit Owners-Coverage A Dwelling: Basic & Increased Limits.
- Watercraft Liability Rates: All forms.
- Personal Property Increased Limits.
- Special Personal Property.
- Electronic Funds Transfer Installment Payment Plan.
- Group Modification Plan Discount (Mass Merchandising Plan)
- Direct Bill Policies Installment payment plan.
- Cap on credits/discounts
- Relativity curve deviation HO 00 03.
- Relativity Curve deviation forms HO 00 04 and HO 00 06.
- Eff. 2-1-12 HNVX-G127879210 [SERFF Filing Access - North Carolina](#)

73. **Harbor Specialty Insurance Company**

Preferred:

- Homes 25 yrs. of age or less insured for \$50,000 or more.
- Form 3: Base Rate Deviation by territories; Credit varies 20.2% - 24.3%.
- Form 4: Credits off Key Premiums; 2% Alamance County.

- Form 6: Base Rate Deviation by territories; Credit varies 19.4% - 22%.
- Form 3: Replacement Cost Protection (HO-500): Charge \$1 in lieu of \$5 when requirements are met.
- Form 3: Protective Devices Credit; Class 1-9, credit varies 2%-15%.
- Form 3: New Home Credit; 0-1 yr. old - 21%; 1% less credit each added yr. thru 8th yr.; 9 yrs. - 12%; 10 yrs. - 10%; 11 yrs. - 8%; 12 yrs. - 6%; 13 yrs. - 4%; 14 & 15 yrs. - 3%. Credit applicable to annual premium.
- Form 3: Personal Property Increased Limits; \$.50 per \$1000 of insurance.
- Form 3: Deductible Credits; \$500 ded. - 10%; \$1000 - 20%.
- Forms 3, 4 & 6: 20% deviation for policies written as part of Personal Protection Package Policy.
- Forms 4 & 6: Deductible Credits; \$500 ded. - 10%; \$1000 ded. - 23%.

Standard:

- Form HO-3 only - Homes 25 years of age or older and/or insured for less than \$50,000.
- Form HO 3 Credit off Key Premiums; 13.4% Alamance County; 9.4% territory 34; 8.6% territories 30 & 31; 11.4% territories 4, 32, 33, 36, 37, 38, 39, 40, 41, Lincoln & Rockingham County; 11.4% for remainder of Alamance County & remainder of territories. Form 3: Coverage C increased limit charge \$.50 per \$1000 of insurance.
- Form 3: Deductible Credits; \$500 - 10%; \$1000 - 20%.
- Form 3: Protective Credit; Same as for preferred.
- Form 3: New Home Credit; Same as for Preferred.
- Form 3: 20% deviation applies to HO program when written as part of Personal Protector Package Policy.
- Eff. 3-1-94

**74. Harford Mutual Insurance Company**

- Forms 1, 2 & 3: New Home Discount; 10% - dwellings 15 yrs. old or less.
- Forms 1, 2, 3 & 8: Fixed dollar amount deductible factors; \$500 - .90; \$1000 - .83; \$2500 - .75. \$100 deductible amount - minimum \$30 - maximum \$60.
- Forms 4 & 6: Fixed dollar amount ded. factors; \$500 .90; \$1000 .77; \$2500 .63. \$100 deductible amount min. \$30, max. \$60.
- All Forms: Protective devices factors for all territories & all protection classes - factors varies .98 to .85.
- Eff. 5-1-92

**75. Harleysville Preferred Insurance Company**

- Group Mass Marketing Discount.
- Preferred customer discount – all territories except 07, 08, 41, 48, 49, 81 and 86.
- StarPak Program Discount
- Companion Credit (homeowners and private passenger auto policy).
- Newly Purchased Home Credit Forms HO 02, HO 03, HO 05, and HE 7.
- Mature Homeowner Discount (HO 03, HO 05 and HE 7 only) 55 years of age or older.
- Life Insurance Policy Discount (life insurance/annuity policy).
- Coverage A Key Factors discount.
- HO 00 04 or HO 00 06, Base Premium deviation for certain Territories.
- Personal Property Increased Limit.
- Other Members of a Named Insured's Household.
- Electronic Funds Transfer (EFT).
- Eff 9-13-15 HRLV-130177052 [SERFF Filing Access - North Carolina](#)

**76. Hartford Accident and Indemnity Company**

- Age of Dwelling Credit.
- Account Credit.
- Retiree Credit.
- Limited Access Credit.
- Product Factors.
- Retirement Community Credit.
- Key Factors.
- Insurance Score.
- Prior Losses.
- Territory Deviation Factor.
- Effective 7-21-16 HART-130619858 [SERFF Filing Access - North Carolina](#)

77. **Hartford Casualty Insurance Company**

- Age of Dwelling Credit.
- Account Credit.
- Retiree Credit.
- Limited Access Credit.
- Product Factors.
- Retirement Community/Limited Access Community Credit.
- Key Factors.
- Insurance Score.
- Prior Losses.
- Territory Deviation Factor.
- Eff. 7-21-16 HART-130619874 [SERFF Filing Access - North Carolina](#)

78. **Hartford Fire Insurance Company**

- Age of Dwelling Credit for all territories except 7, 8, 41, 48, 49 and 52.
- Account Credit deviation for all territories.
- Retirees Credit, named insured is age 50 and older.
- Limited Access Credit-Forms HO 00 04 and HO 00 06 is protected 24 hours a day.
- Product Factor (Merit, Elite, CCRL, Premier), - Forms HO 00 04 and HO 00 06.
- Retirement community/Limited Access Community Credit.
- Key Factor for Premier, CCRL and Elite.
- Insurance Score.
- Prior Losses.
- Territory Deviation Factor.
- Eff. 10-9-10 HART-126607350 [SERFF Filing Access - North Carolina](#)

79. **Hartford Insurance Company of Midwest**

- Age of Dwelling Credit.
- Account Credit.
- Retiree Credit.
- Limited Access Credit.
- Product Factors.
- Retirement Community/Limited Access Community Credit.
- Key Factors.
- Insurance Score.
- Prior Losses.
- Territory Deviation Factor.
- Effective 7-21-16 HART-130619882 [SERFF Filing Access - North Carolina](#)

80. **Hartford Underwriters Insurance Company**

- Age of Dwelling Credit.
- Account Credit for all territories.
- Retiree Credit.
- Limited Access Credit.
- Product Factors.
- Key Factors deviation.
- Insurance score.
- Prior Losses.
- Territory Deviation.
- Eff. 6-01-15 HART-129889698 [SERFF Filing Access - North Carolina](#)

81. **Heritage Property & Casualty Insurance Company**

- Territory Deviation.
- Age of Home.
- Maximum Discount.
- Companion Policy Discount.

- Book of Transfer Discount.
- Longevity Discount.
- Mature Homeowner Discount.
- New Purchase Discount.
- Secured Community Discount.
- Windstorm Mitigation-Hip Roof Discount.
- Tier Criteria Table.
- Clear Space Discount.
- Key Factors above \$200,000.
- Eff 9-1-16 HPCI-130585698 [SERFF Filing Access - North Carolina](#)

82. **Homesite Insurance Company**

- Preferred Risk Group 1 Discount on form HO 00 03 and HO 00 06.
- Preferred Risk Group 2 Discount on form HO 00 03.
- Partner Discount-Form HO 00 04.
- Agency Capping Rule-all forms.
- Eff 7-1-15 HMSS-130072842 [SERFF Filing Access - North Carolina](#)

83. **Horace Mann Insurance Company**

- Installment Payment Plan Waive initial \$3 installment fee.
- Multi-Line Deviation.
- Credit Rating Tier/Insurance Score.
- Installment Payments - Electronic Funds Transfer.
- Educator Deviation.
- Claims Deviation Form 3.
- Territorial Deviation Form 3.
- Eff. 10-1-15 HRMN-130060883 [SERFF Filing Access - North Carolina](#)

84. **Horace Mann Property & Casualty Insurance Company**

- Installment Payment Plan Waive initial \$3 installment fee.
- Multi-Line Deviation.
- Credit Rating Tier/Insurance Score.
- Installment Payments - Electronic Funds Transfer.
- Educator Deviation.
- Claims Deviation Form 3.
- Territorial Deviation Form 3.
- Eff 10-1-15 HRMN-130060865 [SERFF Filing Access - North Carolina](#)

85. **IDS Property Casualty Insurance Company**

- Protective Device Credits
- Deductible Credits Forms HO 00 04 HO 00 06.
- Home and Auto Discount.
- Replacement Cost on Contents Discount Forms HO 00 03, HO 00 04 HO 00 06.
- Condo Coverage A increased limits.
- Newly Constructed Dwellings-Utilities Rating Plan.
- Coverage C Increased Limits.
- Refrigerated Personal Property
- Townhouse/Rowhouse
- Costco Discount
- Territories Base Rates (Form HO 00 04).
- Installment Electronic Funds Transfer.
- Eff 6-1-15 PRCA-129896497 [SERFF Filing Access - North Carolina](#)

86. **Indemnity Insurance Company of North America**

- New Construction Credit: New - 20%; 2% less credit for each yr. to 9th yr.

- All Forms: Fixed Dollar Deductible: Credit varies 15% - 40%.
- Personal Property Increased Limit: \$2 premium charge per \$1000 of coverage.
- Forms 2 & 3: Replacement Cost Coverage Personal Property: HO 0490; Factor 10.5% includes increased Coverage C to 70% of Coverage A at no additional premium charge.
- Protective Device Credits: All zones & protection classes: Credit varies 2% - 15%.
- Rated Deviation: Homeowners - 11%; Tenants - 10%; Condominiums - 15%.
- Eff. 9-1-99

**87. Indiana Lumbermens Mutual Insurance Company**

- Forms 1, 2, 3 & 3 w/15: 15% 0-10 yrs. old; 10% 11-15 yrs. old; 0% 16 yrs. & over.
- Eff. 9-1-85

**88. Insurance Company of North America**

- Forms 1, 2 & 3: Fixed dollar deductible credits; \$500-11%; \$1000-21%; \$2500-34%.
- Form 4: Fixed dollar deductible credits; \$500-11%; \$1000-25%; \$2500-40%.
- Forms 1, 2 & 3: Rate for increase in Coverage C; \$1 per \$1000.
- Forms 1, 2 & 3: Personal Property Replacement Cost coverage HO 290; Charge shall be 4% of adjusted base premium. Coverage C must be increased to 70% of A & \$1 per \$1000 charge made.
- Protective Device Credits: All zones & all protection classes: Credits vary from 1%-15%.
- Eff. 5-1-92

**89. Insurance Company of the State of Pennsylvania**

- Form 6: 35%.
- Form 4: 20%.
- Forms 2 & 3: Deductible Credits; \$250 - 15%; \$500 - 25%; \$1000 - 35%.
- Forms 2, 3, 3w/15 & 6: Age of Dwelling Discount; 0-5 yrs. - 15%; 6-10 yrs. - 10%; 11-20 yrs. - 5%.
- Forms 1, 2, 3, 3 w/15 & 8: 28%.
- Home Buyers Discount: 10% first 3 yrs. ownership; 5% second 3 yrs.
- Forms 1, 2, 3 & 3 w/15: Delete 5% surcharge for replacement cost of contents.
- Eff. 6-15-88

**90. Integon General Insurance Corporation**

- Delete the surcharge for \$100 deductible.
- Form 6: 10% deviation.
- Deviation by amount of insurance: Coverage A amount \$50,000 - \$250,000 & above based on territory; Credit varies - 0% - .340%.
- Deductible Credits: Form 3; Terr. 32, 33, 34-41- \$250 ded., \$500 ded., \$1000 ded. & \$2500 ded.: Credits varies .05%- .41%.
- Long-Term Customer Discount: 5-9 yrs. with Co.- 5%; 10 yrs. or longer with company -10%.
- Eff. 5-1-92

**91. Integon Indemnity Corporation**

- Delete surcharge for \$100 deductible.
- Form 6: 15% deviation.
- Replacement Cost Coverage C: Delete surcharge for replacement cost on contents.
- Deviation by Amount of Insurance: Cov. A amount \$50,000 - \$250,000 & above & based on territory.
- Deductible Credits Form 3; Terr. 32, 33, 34-41 - \$250 ded; \$500 ded. \$1000 & \$2500 ded. Credits vary .05%-41%.
- Long Term Customer Discount: 5-9 yrs. renewal with company - 5%; 10 yrs. or longer with Company - 10%.
- Eff. 5-1-92

**92. Integon National Insurance Company**

- Companion policy discount Form HO 00 04 with auto or recreation vehicle.
- Deviation of 6% Form HO 00 04.
- Eff 5-15-12 GMMX-128088782 [SERFF Filing Access - North Carolina](#)

**93. Liberty Mutual Fire Insurance Company**

- Mass Merchandising Program – 5% deviation when certain criteria is met
- Installment Payment Plan all forms.

- Coverage A Dwelling Limit for form HO 00 06.
- Watercraft Deviation by limits of liability.
- Multi-Policy Discounts.
- Property Tiering Program.
- Condominium and Renters Tiering Program.
- Eff. 8-23-10 LBPM-126601313 [SERFF Filing Access - North Carolina](#)

94. **Liberty Mutual Mid-Atlantic Insurance Company**

- Forms 2,3,4, & 6 35% deviation.
- Forms 2 & 3 Dwellings 0-10 years – 10%.
- Eff 11-1-86

95. **Lighthouse Property Insurance Corporation**

- Base Premium HO 00 03 Deviation.
- Age of Dwelling Deviation.
- Book Transfer Discount Deviation.
- Claim Free Discount Deviation.
- Companion Policy Discount Deviation.
- Golden Age Discount Deviation.
- New Purchase Discount Deviation.
- Secured Communities Discount Deviation.
- E-Policy Discount Deviation.
- Maximum Discount Deviation.
- Seasonal/Secondary Home Deviation.
- Wood Burning Stove Deviation.
- Experience Rating Deviation.
- Affinity Discount.
- Partial Hip Roof Discount.
- Eff 5-1-16 MERL-130484445 [SERFF Filing Access - North Carolina](#)

96. **Lititz Mutual Insurance Company**

- New Home Credit.
- Combination of forms.
- Optional Higher Deductibles Deviation.
- Eff 6-1-15 LTTZ-129887592 [SERFF Filing Access - North Carolina](#)

97. **LM Property and Casualty Insurance Company**

- New Home Credit: Age of Home 0 - 7 yrs. of age: Credit varies 0%-20%.
- Deductible credits
- Personal Property Replacement Cost: - HO-3 Apply 4% surcharge to adjusted base premium.
- Enhanced Dwelling Limit (EDL) – Form HO-3 \$1.00 per policy.
- Protective Device Credits: Variable Credits 2%-15%.
- Forms 3, 3w/15, Premier & 6: 5% Mature Homeowners Credit.
- Personal Property – Increased Limit Form HO-3: \$1.00 per \$1,000 increase of insurance
- Mature Homeowner Credit – Forms HO-3 and HO-6 5% credit. A premium credit applies if any named insured is age 55 or older as of the effective date of the policy.
- Companion for Life Discount all forms 10% credit.
- Secured Community Credit: Credit applies if primary residence is located in a fully secured or partially secured community. Fully secured - 10%; Partially secured -5%.
- Electronic Funds Transfer Fee: No charge.
- Increased Limits Jewelry, Watches & Furs: \$14 per \$1000 of Coverage.
- Personal Property Replacement Cost: Form HO4 and HO 6 Minimum charge of \$20.
- Silverware, Goldware, & Pewterware: \$2.50 per \$500.
- Deviation for 3 & 4 Family Liability Rates.
- Deviation by Liability Coverage.
- Outboard Motors & Water Craft Deviation for Coverage E, Increased Limits: Certain criteria apply.
- Outboard Motors & Water Craft Deviation for Coverage F, Increased Limits: Certain criteria apply.

- Business Property - Increased Limits Deviation: \$10 per \$2500.
- Eff. 3-14-03 PC058007 [NCDOL](#)

98. **Lumbermens Mutual Casualty Company**

- Premium Credits for Protective Devices: Certain criteria apply.
- Mature Homeowners Credit: 5% credit applies to base premium if insured is 55 yrs. of age & is home during the day.
- Personal Property (Coverage C) Replacement Cost Coverage Deviation.
- \$100 Deductible: Waive minimum premium.
- \$250 Theft Deductible Factors: Certain criteria apply.
- All Forms: Optional Higher Deductibles deviation.
- Form 3: Special Personal Property Coverage: Apply a factor of 1.10 to base premium.
- Form HO 6: Special Personal Property Coverage: Apply a factor of 1.20 to base premium.
- Form 4: Building Addition & Alterations Increased Limit deviation.
- Form HO 6: Coverage A Dwelling Basic & Increased Limits Special Coverage Deviation.
- Ordinance or Law Increased Amount of Insurance: Form 4 & 6.
- Deferred Premium Payment Plan Option.
- New Home Discount: 0 - 6+ yrs. of age: Credit varies 0% - 18%.
- 5% Kemper Network Discount: Certain criteria apply.
- Eff. 2-25-02 PC047939 [NCDOL](#)

99. **Maryland Casualty Company**

- All Forms, except 4 & 6: Age of Dwelling Credit; New-20%; 1 yr.-18%; 2 yrs.-16%; 3 yrs.-14%; 4 yrs.-13%; 5 yrs.-12%; 6 yrs.-10%; 7 yrs.-8%; 8 yrs.-6%; 9 yrs.-4%; 10 yrs.-2%.
- Forms 4 & 6: Replacement Cost on Contents: Factor 1.35.
- Protector Series Program: Reduce homeowners premium by 5%, if insured has auto policy with Maryland Casualty Group.
- Forms 2 & 3: Charge \$1 per \$1000 for increase in Coverage C limit.
- All Forms: Deductible Credits: \$500 - 15%; \$1000 - 20%; \$2500 - 30%.
- Deviation by Territory: Form 2, 3, 3w/15; Credit varies 0% - 14%.
- Base Premium Deviation: All Forms, except 4 & 6; Credit varies.
- Account Credit: 10% credit when insured has home & auto coverage with Zurich Insurance Companies when criteria is met.
- Protective Device Credit: Factors vary. Maximum credit of \$75 is waived.
- Eff. 7-1-98

100. **Massachusetts Bay Insurance Company**

- Mature Homeowners Credit.
- Deductible Credits for all forms except HO 00 04 and HO 00 06.
- Deductible Credits for Forms HO 00 04 and HO 00 06.
- Windstorm & Hail Deductible Credits: All forms, except HO 00 04 and HO 00 06.
- Personal Property Replacement Cost.
- Personal Property Replacement Cost on Coverage C: Forms HO 00 04 and HO 00 06
- Account Credit: All forms.
- Loss of Use-Increased Limits.
- Condominium Unit Owners-Coverage A Dwelling: Basic & Increased Limits.
- Watercraft Liability Rates: All forms.
- Personal Property - Increased Limits.
- Special Personal Property.
- Electronic Funds Transfer Installment Payment Plan Discount.
- Group Modification Plan (Mass Merchandising Plan).
- Direct Bill Policies installment payment plan.
- Cap on total credits/discounts of 35%.
- Relativity Curve Deviation Forms HO 00 03.
- Relativity Curve Deviation Forms HO 00 04 and HO 00 06.
- Eff 6-1-15 HNVX-G129953474 [SERFF Filing Access - North Carolina](#)

101. **Max America Insurance Company**

- Forms 1, 2, 3 & 3 w/15: Amount of insurance credit.
- Forms 1, 2, 3 & 3 w/15: New Home Credit.
- All Forms: Eliminate 5% surcharge for personal property replacement cost (HO 290) endorsement.
- All Forms: Reduced key premiums for protection classes 7 & 8.
- Eff. 03-5-02

102. **Medmarc Casualty Insurance Company**

- New Home Credit: 0-1 yr.-20%; 2 or 3 yrs.-18%; 4 yrs.-15%; 5 yrs.-12%; 6 yrs.-10%; 7 yrs.-9%; 8 yrs.-6%; 9 yrs.-3%; 10 yrs.- 2%.
- Smoke Detectors Discount: 2.0%.
- Eff. 7-15-90

103. **The Members Insurance Company**

- Account Credit, Forms HO 00 03 and HE 00 07 By Territories, Tier.
- Loss History Factors.
- Coverage A Amount.
- Affinity Factors.
- Financial Responsibility Factors.
- Home Buyer Factors.
- Territory factors.
- Unit Owner.
- Tenure Factors.
- Age of Home Factors.
- Age of Roof Factors.
- Woodstove Factors.
- Protective Device/Controlled Access Security Discount.
- Eff 6-1-16 CMCG-130464643 [SERFF Filing Access - North Carolina](#)

104. **Merastar Insurance Company**

- New Home Credit.
- Safe and Sound Discount.
- Auto-Home Discount.
- Waiver of installment charge.
- Increased Special Limits of Liability.
- Merastar Maximum Credit.
- Deductible credits;Forms 3 & 5: \$500 - \$1000
- Deductible credits;Forms 4 & 6: \$500 - \$1000
- Protective Device Credits.
- Boat Liability Rate Deviation.
- Base rate deviation Forms 3 & 8: based on territory: Credit varies.
- Base rate deviation Forms 4 & 6: based on territory.
- Account Discount.
- Eff. 6-1-11 UNTR-126984235 [SERFF Filing Access - North Carolina](#)

105. **Meritplan Insurance Company**

- Affinity Discount.
- Electronic DFT and Online Processing Discount.
- Eff 11-5-10 BALB-126700430 [SERFF Filing Access - North Carolina](#)

106. **Metropolitan Direct Property & Casualty Insurance Company**

- Territory Deviation.
- Deductibles.
- Additional Limits of Liability
- Personal Property Replacement Cost Loss Settlement.
- Year of Construction – Newly Constructed Dwellings.
- Protective Devices

- Mature Homeowners Discount.
- Multi-Policy Discount.
- Mass Merchandising Account Deviation
- Met ReWards Claim Free Discount.
- Increased Ordinance or Law Coverage
- Earthquake Coverage
- Platinum Coverage Package.
- Tier Program.
- Eff. 4-15-16 METX-G130521794 [SERFF Filing Access - North Carolina](#)

107. **Metropolitan Property & Casualty Insurance Company**

**Standard Program**

- Territory Deviation.
- Deductibles.
- Additional Limits of Liability.
- Personal Property Replacement Cost Loss Settlement.
- Year of Construction – Newly Constructed Dwellings.
- Protective Devices.
- Mature Homeowners Discount.
- Multi-Policy Discount.
- Mass Merchandising Account Deviation:
- Small Employer Group Program.
- Claim Free Discount.
- Increase Ordinance or Law Coverage.
- Earthquake Coverage.
- Platinum Coverage Package – Form HO 00 05.
- Waterbed Liability.
- Coverage A Dwelling Special Coverage HO 00 06.
- GrandProtect Coverage Package.
- Water Back-Up and Sump Discharge or Overflow.
- Tier Program.

**Conversion Program**

- Territory Deviation.
- Deductibles.
- Windstorm or Hail Percentage Deductible.
- Personal Property Replacement Cost.
- Year of Construction New Home Discount.
- Protective Devices.
- Mature Homeowners Discount.
- Multi-Policy Discount.
- Met Rewards Claim Free Discount.
- Increased Ordinance or Law Coverage.
- Earthquake Coverage.
- Platinum Coverage Package.
- Waterbed Liability – Forms HO 00 04 and HO 00 06.
- Coverage A Dwelling Basic and Increased Limits HO 00 06.
- Tier Program.
- Eff 4-15-16 METX-G130521751 [SERFF Filing Access - North Carolina](#)

108. **Montgomery Mutual Insurance Company**

- Forms 3, HE-7, HE-7w/20 & HE-7w/21: Pers Prop Increased Limits: .50 per \$1000 of insurance for Coverage C.
- Deductible Amount Deviation: Forms 3, HE-7, HE-7w/20 & HE-7w/21: Credit varies
- 10% Account Credit when auto policy is written for the same insured through Montgomery Mutual Insurance Co.
- Forms 3, HE-7, HE-7w/20 & HE-7w/21: New Home Credit: New - 6 yrs. of age: Credit varies 0% - 20%.
- Base Rate Deviation by Territory: Forms 3, HE-7, HE-7w/20 & HE-7w/21 Credit varies 0% -7.1%
- Form 4: Base Rate Deviation by Territory: Credit varies 0% - 14.8%.
- Form 6: Base Rate Deviation by Territory: Credit varies 9.3% - 32%.

- Protective Device Credits: Credits vary 2% - 15%.
- Base Rate Deviation on HE-7 - 1.15, HE-7w/20 - 1.20 & HE-7w/21 - 1.25.
- Replacement or Repair Cost Protection(HO 3211): \$5 per policy when criteria is met.
- All Forms: 10% Account Credit.
- Water Craft Liability Deviation - 70%.
- Form 3: Amount of Coverage A Relativity Curve Deviation: Credit varies 0.6% - 7.4%.
- Eff. 8-15-02 PC052789 [NCDOI](#)

109. **Mosaic Insurance Company**

- Discount on Installment Payment Plan: \$1 - \$2 charge.
- Three or Four Family Dwelling Discount.
- Townhouse or Rowhouse Discount.
- Waterbed Liability waived.
- Base Premium Deviation.
- Forms 2, 3, 4, 6 or 8: Deviation by Amount of Insurance.
- New Home Discount: 0-9 yrs. of age: Credit varies 2%-9%.
- Protective Devices Discount: Credit varies 1%-7%.
- Multi Policy Discount: 5% of the base premium.
- Personal Property Increased Limits Discount: \$2 rate per \$1000.
- Personal Property Replacement Cost Coverage Discount.
- Form 4: Building Additions & Alterations Increased Limits Deviation.
- Personal Property Increased Limits of Liability: Charge varies by additional amount of insurance.
- Rented Personal Property: No charge.
- Form 6: Coverage A - Dwelling Basic & Increased Limits Deviation.
- Forms 3 & 3 Plus: Inflation Guard Discount.
- Watercraft Discount: Up to 50 HP, no charge.
- Business Pursuits Discount.
- Form 3 Plus: Personal Injury Liability: No charge.
- Eff.10-18-00 PC035279 [NCDOI](#)

110. **NGM Insurance Company**

- Age of Home Discount.
- Multi-Line Discount.
- Deductible Credits/Charges and Theft Deductible.
- Protective Device Credits.
- Replacement Cost on Contents.
- Specified Additional Amount of Insurance Coverage A.
- Personal Property Replacement Cost.
- Personal Injury.
- Limited Water Back-up of Sewers or Drains.
- Credit Card, Fund Transfer Card, Forgery, and Counterfeit Money.
- Special Computer Coverage.
- Increased Special Limits of Liability.
- Coverage D increased to 30% of Coverage A.
- Installment Payment Plan.
- Ordinance or Law Deviation – Increased Amount of Coverage.
- Refrigerated Property Coverage.
- Insurance Score Rating Rule.
- Territorial Base Rate Deviation.
- Coverage A Relativities.
- Coverage C Relativities.
- New Business Discount.
- Loss Free Discount.
- Eff. 4-1-16 NGMC-130274383 [SERFF Filing Access - North Carolina](#)

111. **National General Insurance Company**

- All Forms: Protection Device Credits: Variable credits from 2% to 15%.

- All Forms, except 4 & 6: Deductible/factors; \$100-1.10 - no minimum or maximum charge; \$500-.90; \$1000-.80.
- Forms 4 & 6: Deductible/factors; \$100/\$250 theft - 1.05. No minimum or maximum charge; \$500-.90; \$1000-.77.
- Form 3: New/Renovated Home Discount; Variable credits based on age of dwelling & type of renovation.
- Forms 4 & 6: Thrifty Fifty Discount; 10% credit if insured meets criteria.
- Forms 1, 2 & 3: \$5 Photo Credit New Business.
- Form 4: Building additions & alterations increased limits \$5 per \$1000 of insurance.
- Form 6: Coverage A Dwelling; Basic & Increased Limits, \$5000 Coverage A is provided at no additional charge. Charge \$5 per \$1,000 for increased limit up to total of \$15,000.
- Forms 4 & 6: Loss of Use; Increased limits \$3 per \$1000 of additional insurance.
- Form 3: Base rate deviation; Rating factor of .80 applies.
- Form 6: Base rate deviation; Rating factor of .80 applies.
- Installment Payment Plan: Two payment plan - \$2 per installment.
- Eff. 6-1-99

112. **National Specialty Insurance Company**

- Forms 2 & 3: Base deviations vary by amounts of insurance - \$55,000 - \$120,000 & over; Territory 34 Cumberland County - 0% - 22.1%; Territories 32, 33, 35 & 41 - 0% to -35.1% deviations vary by amount of insurance. \$50,000 - \$120,000 & over; all other territories 0% - 35.1%. Deviation vary by amounts of insurance \$50,000 - \$120,000 & over.
- Forms 4 & 6: 10% credit applies to optional coverages that are applicable exclusively to Forms 4 & 6.
- All Forms, except 4 & 6: 20% credit applies to optional coverages.
- Forms 2, 3 & Homeowners Plus: Fixed dollar amount deductible credits; \$500-10%; \$1000 - 17%.
- Forms 4 & 6: Fixed dollar amount deductible; \$500 - 10%; \$1000 - 23%.
- Homeowners Plus Package: Form 3 Credit for amount of insurance \$50,000-\$69,000 - 10%; \$70,000 - 110,000 - 11%; \$120,000 - \$170,000 - 12%; \$180,000 - \$200,000 - 13%, each additional \$10,000 - 0% when special requirement are met.
- Forms 4 & 6: 10%.
- Forms 2, 3 & Homeowners Plus: New home credit - 25% current yr.; 2.5% less credit each added yr.
- Premium credit for alarm systems HO 216: 2-15%.
- All Forms: Manned Security Discount: 10% additional when property is residential area with limited entry & exit points manned by employed uniformed security guards.
- All Forms: 55 & Retired Discount: 10% if one insured is 55 or older & both insured & spouse, if any, are neither gainfully employed or seeking gainful employment. Residence must be principal residence of applicant.
- Earthquake Coverage: Superior construction will be rated same as frame construction.
- Form HO-6: Coverage A increased limits; \$3 for each additional \$1000.
- Form HO-6: Units regularly rented to others HO-33; Charge 25% of base premium.
- Eff. 5-1-92 *Name changed from State National Specialty Company effective 3/16/04*

113. **National Surety Corporation**

- Protective Device Credits: All forms & all territories: 1% - 15% credit applies to company base premium.
- Portfolio Credit: 5% credit applies to all homeowners policies when Personal Catastrophe Coverage and Personal Inland Marine Coverage is written with Company.
- Eff 12-01-03 PC065123 [NCDOL](#)

114. **National Union Fire Insurance Company of Pittsburgh**

- Territorial Base Rate Deviation.
- Amount of Insurance Relatives Deviation.
- Maximum Credit for Protective Devices waived.
- Higher Deductible Credit.
- Increased Coverage C Limit Deviation.
- Renovated House Credit.
- Gated Community Credit.
- Loss Free/ Persistency Credit.
- Eff. 10-13-00 PC037427

115. **Nationwide General Insurance Company**

- Territory Deviation.
- Amount of Insurance – Territory Deviation.

- Deductible deviations.
- Age of Construction.
- Home renovation Deviation.
- Home Purchase Deviation.
- Age of Oldest insured deviation.
- Gated community deviation.
- Supplemental Heating deviation.
- Prior insurance deviation.
- Safe home rating plan deviation.
- Protection class deviation.
- Roof age and type deviation.
- Household composition deviation.
- Associate deviation.
- Maximum deviation.
- Number of units deviation HO 00 04 and HO 00 06.
- Installment Payment Options.
- Miles to coast deviation.
- Census Block Deviation.
- Eff 12-20-15 NWPC-130192752 [SERFF Filing Access - North Carolina](#)

116. **Nationwide Mutual Fire Insurance Company**

- Nationwide Territory Deviation Forms HO 02, HO 03 & HO 05.
- Home & Car Deviation.
- Amount of Insurance Deviation.
- Personal Property Replacement Cost Deviation.
- Deductible Deviations.
- Protective Device Deviations by territory: Credit varies.
- Safe Home Rating Plan Deviation.
- Age of Home Component.
- Age of Construction Deviation.
- Nationwide Associate.
- Multi-line deviation.
- Installment Payment Plan.
- Census Block Deviation.
- Eff. 12-20-15 NWPC-130192749 [SERFF Filing Access - North Carolina](#)

117. **Nationwide Mutual Insurance Company**

**Nationwide Mutual Insurance Company (Harleysville Operations)**

- Group/Mass Marketing Discount.
  - Preferred Customer Discount.
  - HE-7 Deviations by certain territories.
  - Star Pak Program Discount.
  - Companion Credit.
  - Newly Purchased Home Credit.
  - Mature Homeowner Discount.
  - Life Insurance Policy Discount (homeowner and life policy).
  - Coverage A Key Factors.
  - Form HO 00 04 or HO 00 06, Rule 301.
  - Personal Property, Rule 515.A.1.
  - Other Members of a Named Insured's Household.
  - Electronic Funds Transfer (EFT) payment plan.
- Nationwide Mutual Insurance Company**
- Nationwide Territory Definitions Forms HO 02, HO 03, HO 04, HO 05, and HO 06.
  - Home and Car Deviation Forms HO 02, HO 03, HO 05, and HO 06.
  - Deductible Deviations.
  - Protective Device Deviation.
  - Safe Home Rating Program – Form HO 02, HO 03, HO 05 and HO 06.

- Age of oldest Insured.
- Personal Status Deviation.
- Age of construction deviation.
- Amount of Insurance – Forms HO 02, HO 03, and HO 05.
- Age of Home Component Deviation.
- Home Purchase Deviation.
- Nationwide Associate Deviation.
- Prior Insurance Deviation Forms HO 02, HO 03 and HO 05.
- Multi-Line Deviation.
- Installment Payment Plans.
- Census Block Deviation.
- Eff. 12-2015 NWPC-130192717 [SERFF Filing Access - North Carolina](#)

118. **Netherlands Insurance Company**

**Preferred Homeowners**

- Personal Property Increased Limits;. Forms 3, HE-7, HE-7w/20 & HE7w/21 \$.50 per \$1000 of insurance
- Deductible amounts deviation Credit: Forms 3, 4, 6, HE-7, HE-7w/20 & HE-7w/21 :Credit varies
- New Home Credit: Forms 3, HE-7, HE-7w/20 & HE-7w/21: Credit varies.
- Protective Device Credit: Forms 3, HE-7, HE-7w/20 & HE-7w/21: Credit varies
- Base Rate Deviation by Territory Forms 3, HE-7, HE-7w/20 & HE7-21:: Credit varies.
- Form 4: 3% Key Premium Deviation by Territory.
- Form 6: Key Premium Deviation: Credit varies 29.3%-31.6%.
- Forms 3, HE-7, HE-7w/20 & HE-7w/21: HO-3211- Replacement or Repair Cost Protection: Premium charge \$5.
- Forms 3, 4, 6, HE-7, HE-7w/20 & HE-7w/21: 15% deviation for policies written as part of Personal Protector Package Policy.
- Water Craft Deviation of 70%.
- Base Rate Deviation on HE-7, HE-7w/20 & HE-7w/21: HE-7 factor - 1.15; HE-7w/20 factor - 1.20; HE7w/21 - 1.25.
- Amount of Coverage A Relativity: Deviation varies .6% - 7.4%.

**Standard Homeowners**

- Personal Property Increased Limits Forms 3, HE-7, HE-7w/20 & HE-7w/21: ; \$.50 per \$1000 of insurance.
- Deductible Credits; Forms 3, HE-7, HE-7w/20 & HE-7w/21: credit varies.
- New Home Credit: Forms 3, HE-7, HE-7w/20 & HE-7w/21: 0 -12 yrs. of age: Credit varies 0% - 25%.
- Protective Device Credit: Forms 3, HE-7, HE-7w/20 & HE-7w/21: Credit varies 2% - 15%.
- Base rate deviation by territory: Forms 3, HE-7, HE-7w/20 & HE-7w/21 Credit varies
- Base Rate Deviation HO 6 by territory: Deviation varies.
- Base Rate Deviation on HE-7, HE-7w/20 & HE-7w/21: credit varies
- Replacement or Repair Cost Protection: Forms 3, HE-7, HE-7w/20 & HE-7w/21: HO-3211 Premium charge \$5.
- Deviation will apply to HO 3 standard, HE 7 standard HE7/w20 standard, HE 7/ w21 standard for monoline homeowners premiums when they ar written as part fot the Personal Protector Package Policy.
- Water Craft Deviation of 70%.
- Amount of Coverage A Relativity curve: Deviation varies .6% - 7.4%.
- Eff 10-15-02 PC053999 [NCDOI](#)

119. **New Hampshire Insurance Company**

- Forms 1, 2, 3, 3w/15 4 & 6: Age of dwelling credit; 0-20 yrs. - 10%.
- Replacement or Repair Cost prot. Coverage A (HO-500): \$1 per policy.
- Eff. 7/1/87

120. **New South Insurance Company**

- Deviation by Amount of Insurance: Coverage A amount: \$50,000 - \$250,000 & above based on territory.
- Long-term Customer Discount: 5-9 yrs. with Co. on HO policy - 5%; 10 yrs. or longer with Co. on HO policy - 10%.
- Deductible Credits.
- Form 6: 15%.
- Delete surcharge for \$100 deductible.
- Replacement Cost- Coverage C: Delete surcharge for replacement cost on contents.
- Eff. 5-1-92

121. **North Carolina Farm Bureau Mutual Insurance Company**

- Personal Property (Coverage C) Replacement Cost.
- Deductible Credits.
- Deductibles – Windstorm or Hail Deductibles.
- Personal Property.
- Additional Residence Rented to Others.
- Other Structures Rented to Others - Residence Premises.
- Outboard Motors and Water Craft.
- New Home Deviation, Forms HO 00 02 and HO 00 03.
- Enhancement Deviation.
- Value-Plus Deviation.
- Carolina Partner Plus Discount.
- Company Deviations.
- Deviation Forms HO 00 02 and HO 00 03.
- Deviations by territories 07, 08, 48, 49, 52.
- Deviations Forms HO 00 04 and HO 00 06.
- Windstorm or Hail Exclusion Credits.
- Eff. 6-1-15 NCFB-129893882 [SERFF Filing Access - North Carolina](#)

122. **North River Insurance Company**

- Forms 1, 2, 3 & 3 w/15: Age of dwelling credit; 0 - 1 yr. - 20%; 2% less credit each added yr.
- Preferred plan deviation for owners forms: Varying credits based on amount of insurance & territory.
- Forms 1, 2, 3 & 3 w/15: Replacement cost contents for preferred owners forms to \$1 per \$1000 of increased Coverage C.
- All Forms: Replacement cost on contents; Deletion of \$20 minimum additional premium.
- Forms 1, 2, 3 & 3 w/15: Higher deductible credits factors; \$500 - .89; \$1000 - .80; \$2500 - .67.
- Forms 4 & 6: Higher deductible credits factors; \$500 - .83; \$1000 - .67; \$2500 - .54.
- Premises Alarm System: Expand table of credits for protection classes 1 - 7 to include class 8.
- Form 6: 20%.
- Eff. 3-1-90

123. **Northern Assurance Company of America**

- New Home Credit.
- Personal Property Replacement Charge Reduced to \$1 per \$1,000.
- Additional Limits of Liability for Coverage A.
- Protective Devices Credits.
- No charge for Inflation Guard Endorsement.
- Fixed dollar amount deductibles.
- 5% discount for insured age 49 or older.
- Deviation to form HE-7.
- Deviation by Amount of Insurance for Coverage A between \$250,000 and \$500,000.
- Windstorm or Hail Deductibles.
- Eff. 8-15-02 PC053955 [NCDOI](#)

124. **Northern Insurance Company of New York**

- Forms 1, 2, 3 & 3w/15: Age of dwelling credit.
- Forms 1, 2, 3 & 3 w/15: Replacement or repair cost protection HO-500.
- Forms 4 & 6: Replacement Cost on Contents.
- Forms 1, 2 & 3: Charge \$1 per \$1000 for increase in Coverage C limits.
- Eff. 2-15-92

125. **OneBeacon America Insurance Company**

- New Home Discount.
- Personal Property Replacement Charge Reduced to \$1 per \$1,000.
- Additional Limits of Liability for Coverage A.
- Protective Devices Credits.
- No charge for Inflation Guard Endorsement.

- Fixed dollar amount deductibles.
- Deviation on HO 00 06 Coverage A Increased Limits.
- Deviation to Form HO 00 06 rates.
- 5% discount for insured age 49 or older.
- Deviation to form HE-7.
- Deviation by Amount of Insurance for Coverage A between \$250,000 and \$500,000.
- Windstorm or Hail Deductibles.
- Eff. 8-15-02 PC053954 [NCDOL](#)

126. **OneBeacon Insurance Company**

- Replacement on contents endorsement.
- Protective Devices Credit.
- Personal Property Increased Limits.
- Account Credit when the named insured insures personal auto in any of the General Accident Companies.
- Fixed Dollar Amount Deductible.
- New Home Credits.
- Eff 4-15-96

127. **OneBeacon Midwest Insurance Company**

- All Forms, except 4 & 6: New Home Discount; 0-1 yr. old -20%; 2% less credit each added yr. to 10th yr.
- Forms 2 & 3: Personal Property Replacement Cost; Charge to increase Coverage C to 70% of Coverage A; \$1 per \$1000.
- Replacement or Repair Cost Protection Coverage A (HO-3211): \$5 premium charge.
- Protective Devices Credits: PPC 1-7 - 2%-15%; PPC 8-9 - 1%-15%; Maximum credit of 20% applies.
- All Forms, except 4 & 6: Provide Inflation Guard endorsement coverage at 6% amount of annual increase at no charge.
- All Forms, except 4 & 6: Fixed Dollar Amount deductibles: \$500-15%; \$1000-21%; \$2500-38%.
- 5% discount for insured age 49 or older.
- Deviation to Enhancement Forms HE-7; HE-7w/20 & HE-7w/21: Credits vary.
- Deviation by amount of Coverage A: \$250000 - \$500000. Variable credits.
- Windstorm or Hail Deductibles
- Eff. 8-15-02 PC053952

128. **Owners Insurance Company**

- Key factors.
- Deductibles - Waiver of Minimum Charges.
- Protective Device Credit.
- Protective Device-Alarm Systems.
- Mature Homeowners Discount.
- Townhouse or Row House discount factors.
- Credit Card, Fund Transfer Card, Forgery and Counterfeit Money.
- Form HO 00 06 Coverage A Dwelling Increased Limits and Special Coverage.
- Personal Injury coverage-no charge.
- Special Personal Property Coverage HO 00 05.
- Multi-Policy Discount.
- Section II, Liability-watercraft.
- Life-Homeowners Multi Policy Discount.
- Home/Umbrella Multi-Policy discount.
- Paid in full discount.
- Personal Property Increased limits.
- All forms except HO00 04 and HO 00 06.
- Protection Class Relativities.
- Age of construction discount.
- Base Class Premium.
- Windstorm or Hail Exclusion.
- Windstorm Mitigation.

- Changes or Cancellations.
- Theft Coverage.
- Company Deviation.
- Underwriting Score.
- Solid Fuel Heating.
- Actual cash Value Loss Settlement Windstorm or Hail Loses to Roof Surfacing.
- Roof Age and Type.
- Eff 10-2-15 AOIC-130099368 [SERFF Filing Access - North Carolina](#)

129. **Pacific Employers Insurance Company**

- Forms 1, 2 & 3: Fixed dollar deductible credits; \$500-11%; \$1000-21%; \$2500-34%.
- Form 4: Fixed dollar deductible credits; \$500-11%; \$1000-25%; \$2500-40%.
- Rate for increase in Coverage C: \$1 per \$1000.
- Forms 1, 2 & 3: Replacement Cost Coverage Charge shall be 4% of adjusted base premium. Coverage C must also be increased to 70% of Coverage A at \$1 per \$1000.
- Protection Device Credits: All zones & all protection classes; Credits vary 2%-15%.
- New Home Discount: Credit varies 2% -20% based on age of dwelling. Credit applies to base premium.
- Base Rate Deviation: Homeowners -25%; Tenants -15%; Condominiums -20%.
- Eff. 2-24-98

130. **Pacific Indemnity Company**

- Base Premium Computation - Forms HO 00 04.
- Installment Payment Plan-recurring payments.
- Base Premium Computation by territory and forms.
- Protective Devices – Maximum Credit.
- Deductibles - Optional Higher Deductibles.
- Deductibles – Named Storm Percentage Deductible.
- Additional Amount of Insurance deviation. Forms HO 00 02, HO 00 03 & HO 00 05.
- Replacement Cost Loss Settlement.
- Supplemental Loss Assessment Coverage Premium for Additional Location.
- Water Back-Up and Sump Discharge or Overflow.
- Gated Community Credit.
- Eff 6-1-15 CHUB-129916708 [SERFF Filing Access - North Carolina](#)

131. **Peerless Insurance Company**

- Protective devices.
- Base Premium Computation (HO 00 06).
- Installment Payment plan – no charge for each installment for Electronic Fund Transfer.
- Eff. 9-1-12 LBRM-128206895 [SERFF Filing Access - North Carolina](#)

132. **Pennsylvania General Insurance Company**

- All Forms, except 4 & 6: New home credit; Current yr. - 20%; 1 yr. old -18%; 2 yrs. old -16%; 3 yrs. old - 14%; 4 yrs. old - 12%; 5 yrs. old - 10%; 6 yrs. old - 10%; 7 yrs. old - 8%; 8 yrs. old - 7%; 9 yrs. old - 6%; 10yrs.-6%; 11yrs-4%;12yrs-4%;13yrs-2%; 14yrs-2% .
- All Forms: Fixed dollar amount deductible factors; \$500 - .90; \$1000 - .77.
- Forms 1, 2, 3 & 3w/15: Personal property increased limits; \$1 per \$1000 of insurance.
- All Forms, except 4: Account Credit: 10% discount when named insured insures his/her personal auto in any of General Accident Companies.
- Forms 1, 2 & 3: Personal Property Replacement Cost Coverage.
- All Forms: Protective Device Credit: Credit Varies 2% - 15%.
- All Forms, except 4 & 6: 8.8% base rate deviation.
- Eff. 4-15-96

133. **Pennsylvania Lumbermens Mutual Insurance Company**

- Forms 1, 2 & 3: 10% dwellings 5 yrs. old or less; 5% dwellings 6-10 yrs. old.
- All Forms: 10%.
- Eff. 10-1-85

134. **Pennsylvania National Mutual Casualty Insurance Company**

- Age Discount Applicable to HO 00 02, HO 00 03, HO 00 05 and HE 00 07.
- Deductibles – Optional Higher Deductibles.
- Personal Property A Increased Limit.
- Preferred Program Protection Class and Territory.
- Account Credit Forms.
- Outboard Motors and Watercraft.
- Protective Device Credits.
- Additional Amount of Insurance HO 00 02 and HO 00 03.
- Ordinance or Law Coverage All Forms Except HO 00 08.
- Preferred Advantage Program.
- Form HO 06 Coverage A Dwelling Basic and Increase Limits and Special Coverage.
- Credit Card Fund Transfer Card, Forgery and Counterfeit Money.
- Loss Assessment Coverage.
- Personal Property.
- Refrigerated Personal Property.
- Water Back Up and Sump Discharge or Overflow.
- Personal Injury Increased Special Limits of Liability
- Installment Charges-Recurring Payments Automatically Deducted.
- Affinity Group Discount.
- Agency Transfer Transaction Factor.
- Eff 06-01-16 P NPR-130357959 [SERFF Filing Access - North Carolina](#)

135. **Pharmacists Mutual Insurance Company**

- -25% base rate deviation.
- Waiver of premium is amended to \$5.
- Installment Payment Plan: Charge varies based on installment plan.
- Personal Package Discount: Credit varies when criteria is met.
- Automatic Adjustments of Limits: Annual 4% increase at no charge.
- Effective 5-1-07 PC102682 [SERFF Filing Access - North Carolina](#)

136. **Phoenix Insurance Company**

- Base Rate Deviation.
- Coverage A relativity curve.
- Account Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.
- Loss Free customer Credit Homeowners policy written in conjunction with Travelers Private Passenger Auto policy.
- Loss History.
- Insurance Score.
- New Home Credits.
- Home Buyer Credit.
- Multi-Line Insurance & Financial Services Institution Employees Credit.
- Royal SunAlliance Employee Program.
- Installment Payment Plan.
- Eff 11-7-15 TRVA-130152401 [SERFF Filing Access - North Carolina](#)

137. **Platte River Insurance Company**

- Age of Dwelling
- Account Credit Program: 15% discount when insured has coverage for both auto & HO policies through UIC.
- Preferred Homeowners Credit: 0% - 23% Credit by territory, pPC, construction type: Other criteria apply.
- Revitalized Home Credit for dwellings 25 yrs. or older if certain criteria is met.
- Deductible Credits: Forms 3, 4, & 6.
- Base Premium Discount for Form 6: A factor of .80 applies.
- Protective Device Credits: All Forms: Credit varies 1% - 15%.
- Replacement Cost on Contents: Forms 3, 4, & 6: Minimum premium does not apply.
- Additional Limits of Liability for Coverages A, B, C, & D: Form 3: 6% credit when certain options are selected.
- Pers Prop Replacement Cost: Form 3: 5% of base prem with min prem waived when certain options are selected.

- Personal Injury: Form 3: Charge waived if certain coverages and options are selected.
- Water Back-Up of Sewers or Drains: Form 3: Charge waived if certain coverages and options are selected.
- Credit Card, Fund Transfer Card, Forgery & Counterfeit: Form 3: Charge waived if certain coverages and options are selected.
- Special Computer Coverages: Form 3: Charge waived if certain coverages and options are selected.
- Coverage C Increased Special Limits of Liability: Form 3: Charge waived if certain coverages and options are selected.
- Fire Department Service Charge: Form 3: Increased to \$1000 in lieu of \$500 if certain coverages and options are selected.
- Form 3: Coverage D Increased to 30% of Coverage A will be deleted if certain coverages & increased limits options are selected.
- Form 3: Coverage A Relativities Deviation.
- Form 3: Ordinance or Law will be 4% of base premium if certain coverages & increased limits options are selected.
- Form 3: The charge for Refrigerated Property Coverage will be deleted if certain coverages & increased limits options are selected.
- Eff.10-1-99

138. **Praetorian Insurance Company**

- Base rate deviation.
- Age of Home Deviation.
- New Purchase Discount.
- Renovated Home Discount.
- Mature Citizen Discount.
- Builder Credit.
- Loss Free Renewal Credit.
- Multi-Policy Credit.
- Replacement Cost Coverage C.
- Specified Additional Amount of Insurance Coverage A.
- Eff 8-1-15 QBEC-130156771 [SERFF Filing Access - North Carolina](#)
- **Tenant Homeowners**
- Claim factor form HO 00 04
- Eff 12-31-15 QBEC-130292311 [SERFF Filing Access - North Carolina](#)

139. **Privilege Underwriters Reciprocal Exchange**

- Years Renovated.
- Territory Deviation.
- Coverage A Deviation.
- Superior Construction Credits.
- Generator Credit.
- Financial Responsibility Factor.
- Seasonal/Secondary Home.
- Occupancy Deviation.
- Multi Policy Credit – Auto Campion.
- Multi Policy Credit (Personal Excess Liability).
- Multi Policy Credit (Jewelry & Art).
- Protective Devices.
- Loss Free Credits.
- Renewal Credit.
- Eff 9-7-16 PRIV-130463720 [SERFF Filing Access - North Carolina](#)

140. **Progressive Northern Insurance Company**

- Zone deviations.
- Protection class Construction Factors.
- Key Factors.
- Underwriting Tier.

- Companion Policy.
- E Policy.
- Advance Quote discount.
- Loss History.
- Paid in full discount.
- Bundled coverageCredit.
- Secured community discount.
- Household structure.
- Personal Property Replacement Cost.
- Protective Devices.
- Eff 7-15-15 ASIT-130101836 [SERFF Filing Access - North Carolina](#)

141. **Providence Washington Insurance Company**

- Forms 2 & 3: Deviation by territory, Coverage A amount & protection class: Credit varies.
- All Forms, except 4 & 6: New Home Credit: 1 to 20 yrs. old: Credit varies 1% to 20%.
- All Forms, except 4 & 6: Deductible credits: \$500 - 10%; \$1000 - 17%; \$2500 - 25%.
- Protective Devices for all protection classes & territories: Credits vary 1%-15%.
- Forms 2, 3 & 6: 15% Multiple Policy Credit when Providence Washington writes auto & homeowner.
- Waiver of Premium: \$5 or less.
- Personal Property Replacement Cost: Minimum charge not applicable.
- Eff. 4-18-00 PC033008

142. **QBE Insurance Corporation**

- Territorial Deviations-Form HO 00 03.
- New Home Discount.
- New Purchase Discount.
- Renovated Home Discount.
- Mature Citizen Discount.
- Loss Free Renewal Credit.
- Multi-Policy Credit.
- Replacement Cost Coverage Contents.
- Specified Additional Amount of Insurance Coverage A.
- Eff 8-1-15 QBEC-130156634 [SERFF Filing Access - North Carolina](#)

143. **Republic-Franklin Insurance Company**

Edge Program

- Protection Classification Credit.
- Edge Program Tiered.
- Mass Merchandising Plan.
- Affinity Group-Wise Program.
- Personal Lines Account Credit.
- Package Additional Coverages.
- Flexible Hose Credit.
- High Efficiency Gas Furnace Credit Rule.

Essentials Program

- Protection Classification Credit.
- Personal Lines Account Credit.
- Package Additional Coverages.
- Flexible Hose Credit.
- High Efficiency Gas Furnace Credit Rule.
- Edge Essentials Program Tiered.
- Eff 9-16-15 UTCX-G130232812 [SERFF Filing Access - North Carolina](#)

144. **Response Worldwide Insurance Company**

- Protective Devices Discount: 3% for deadbolt locks on all main doors & fire extinguishers in house.
- Forms 1, 2, 3 & 3w/15: Deductible Credits; \$500 - 12%; \$1000 - 24%; \$2500 - 36%.
- Forms 4 & 6: Deductible Credits; \$500 - 17%; \$1000 - 30%; \$2500 - 37%.

- Replacement or Repair Cost Protection (HO-500); Waive \$5 charge.
- Forms 4 & 6: 10% deviation.
- Forms 4 & 6: Personal Property (Coverage C) Replacement Cost: 1.30 factor applies.
- Eff. 1-15-95

145. **Safeco Insurance Company of America**

- Deductible Debit/Credits.
- Account Credit: all forms certain criteria apply.
- Credit Card, fund transfer card, forgery and counterfeit money coverage.
- Medical Payments/Other Exposures/Higher Limits Deviation: all forms.
- Other Insured Locations Occupied by Insured.
- Special Personal Property Coverage – Coverage C (HO32 35)
- Market Tier Relativities.
- Employee Discount Plan.
- New Buyer discount.
- Age of Roof Discount.
- Umbrella Discount
- Eff. 06-01-15 LBPM-130014262 [SERFF Filing Access - North Carolina](#)

146. **RLI Insurance Company**

- Year of Construction-Newly Constructed Dwellings.
- Loss Free Renewal Credit.
- New Roof Credit.
- Mature Retiree Credit.
- Eff 6-1-15 RLSC-130005225 [SERFF Filing Access - North Carolina](#)

147. **Safeco Insurance Company of Indiana**

- Form 3: Preferred Business; 25% off Bureau rates when eligibility guidelines are met.
- Form 3: Standard Business; 5% off Bureau rates when eligibility guidelines are met.
- Form 6: 17% off Bureau rates when eligibility guidelines are met.
- Form 3: Preferred Business; Guaranteed Replacement Cost Coverage A charged waived.
- Form 3: New Home Credit; During calendar yr. - 10%; 1% additional credit each added yr. to 9th yr
- Eff. 2-15-95

148. **Seaton Insurance Company**

- Form 3: Credits vary by protection class, & Coverage A dwelling amounts; Coverage A amount under \$40000 - \$1000000 & over. Credit varies 0% - 19% based on territory.
- Form 3: Personal Property Replacement Cost; Delete 5% surcharge.
- Form 6: 19% to be applied to base rate of 10% off Form HO-4.
- Form 3: Fixed Dollar Amount Deductibles Credits; \$500-9%; \$1000-17%; \$2500-25%.
- Forms 4 & 6: \$500-10%; \$1000-23%; \$2500-37%.
- Form 3: New Home Credit; Current yr. - 20%; 2% less credit each added year.
- Personal Property Coverage C increased limits: Form 3; \$1; Form 3w/15 - \$2.
- Protection Device Credit: 5% in all territories & protection classes for an installed smoke detector, fire extinguisher & dead bolt locks.
- Reduced rates for Outboard Motors & Water Craft liability.
- Forms 3, 4 & 6: Personal Injury Coverage; HO-82 included at no charge.
- Form 3: Deviation of territorial relativities varies 0.0% - 15.8%.
- Form 4: 5% credit off base rates.
- Forms 4 & 6: Personal Property Replacement Cost Coverage; Surcharge reduced from 1.40 to 1.30.
- Eff. 6-13-94

149. **Select Insurance Company**

- Forms 1, 2, 3 & 3 w/15: 15%.
- Eff. 2/8/86

150. **Selective Insurance Company of South Carolina**

- Forms 4 & 6: 25%.
- Forms 1, 2, 3 & 3w/15: Replacement Cost on Personal Property; Delete 5% surcharge.
- Forms 4 & 6: RC Personal Property; shall be \$1 per \$1000 of ins. applied to Coverage C.
- Protective Devices Credit: Factors vary .85 to .98.
- All Forms, except 4 & 6: Fixed dollar amount deductible factors.
- Amount of Insurance Deviation: \$60000 - \$140000: Credit varies 0%-25%.
- Age of Dwelling Credits: New 20%; 1 yr. old 18%; 2% less credit each added yr. through 9th yr.
- Eff. 5/1/92

151. **Selective Insurance Company of the Southeast**

- Credit for protective devices: Factors vary .85 to .98.
- Forms 1, 2, 3, & 3 w/15: Replacement cost on personal property; Delete 5% surcharge.
- Forms 4 & 6: Charge an annual additional premium of \$1 per \$1000 of insurance applied to Coverage C. Minimum limit of Coverage is \$12000.
- All Forms, except HO 4 & HO 6: Fixed dollar amt ded factors; \$500 - .85; \$1000 - .80; \$2500 - .70.
- Amount of Insurance Deviation: \$20000 - \$75000; Credits vary 3.0% - 10.0%.
- Eff. 5-1-2

152. **Sentry Insurance A Mutual Company**

- All Forms, except 4 & 6: Fixed dollar amt ded; Factors for Cov A limits: \$500 ded. - .91; \$1000 ded. - .79; \$2500 ded. - .62.
- Eff. 11-1-96

153. **Service Insurance Company**

- Year of Construction Deviation by territory: Credit varies 3% - 30%.
- Deviation for Masonry Construction by protection class: Credit varies.
- Form 3: 10% Base Deviation by territory.
- Claim Free Credit: 5% applied to base premium: Not available in terr 5,6,42,43. Certain criteria apply.
- Mature Homeowner Credit: 5% credit by territory: Certain criteria apply.
- Gated Community Credit: 5% credit by territory: Certain criteria apply.
- Form 3: Increased Limit of Personal Property: \$1 per 1000.
- Windstorm or Hail Deductible Deviation: Credit varies.
- Key Premium Factors Deviation.
- 2% Protective Device Credit for auto smoke detectors, fire extinguishers & deadbolt locks on all exterior doors.
- Maximum Allowable Credit – The max allowable credit for newly constructed dwellings, gated community, and claim free combined, is limited to 30%.
- Auto Companion Credit: 4% credit when criteria are met.
- Deductible Credit Discounts.
- Percent Windstorm or Hail Deductibles Deviation.
- HO-6 Base Class Premium; Credit varies based on territories.
- HO-6 Protection-Construction factor deviation.
- HO-6 Key Premium Factor Deviation.
- Eff. 6-1-03 PC061674 [NCDOI](#)

154. **Sirius American Insurance Company**

- Base Premium Computation deviation Form HO 00 04.
- Protection Construction deviation factors.
- Personal Property Coverage C Replacement Cost Loss Settlement.
- Limited Water Back-up and Sump Discharge or Overflow Coverage.
- Personal Injury Coverage.
- Eff 916-15 DEAH-130186953 [SERFF Filing Access - North Carolina](#)

155. **Southern Guaranty Insurance Company**

- Form 3 & HE-7: Deviation by Territorial Relativities.
- Form 4: Deviation by Territorial Relativities.
- Form 6: Deviation by Territorial Relativities.

- Form 3 & HE-7: Amount of Insurance Deviation.
- Form 3 & HE-7: New Home Credit; 1 yr. - 18%; 2% less credit each added yr. to 9th yr.
- All Forms, except 4 & 6: Deductible Credits; \$500-.91; \$1000-.83; \$2500-.75. Forms 4 & 6: \$500-.90; \$1000-.77; \$2500-.63.
- Forms 4 & 6: Personal Property (Coverage C) Replacement Cost Coverage; Factor 1.30 from 1.40.
- Reduced charge for Personal Property Increased Limits: Form 3 - \$1; Form 3w/15 - \$2.
- Reduced rates for Outboard & Water Craft Liability.
- Forms 3, 4 & 6: Personal Injury Coverage at no charge.
- Form 3 & HE-7: Exceptional Homeowner: 10% credit when criteria are met.
- Protective Devices Credit: Credit varies.
- Multi-Policy Credit: 5% credit applies when insured has personal auto & homeowners with Southern Guaranty Insurance Company.
- Eff. 1-1-01 PC038720

156. **Southern Insurance Company of Virginia**

**PREFERRED**

- Territory Deviation; for form HO 00 02, HO 00 03, and HO 00 05 Credit varies.
- Optional Deductible Credits: Change in credit for increasing the deductibles based on Coverage A limit.
- Protective Device Credits Combined – credit varies.
- Additional Amounts of Insurance – form HO 03 and HO 05.
- Personal Property Replacement Cost HO 00 02, HO 00 03 and HO 00 05.
- Southern Homeowners Account Credit Plan.
- Credits for newer homes.
- Outboard Motors and Watercraft reduced rates.
- HE-00 07 Program – 10% credit for policies written with HE 00 07, HE 00 07 with HE 32 20 or HE 00 07 with HE 32 21.
- Automatic Payment Plan.
- Multi-Protector Plus-Coverage C Increase Special Limits of Liability.
- Multi-Protector Plus – Business Property.
- Multi-Protector Plus-Personal Injury Coverage
- Multi-Protector-Water Backup
- Multi-Protector Plus-Refrigerated Property
- Multi-Protector Deluxe-Coverage C Increase Special Limits of Liability
- Multi-Protector Deluxe-Business Property
- Multi-Protector Deluxe Personal Injury Coverage
- Multi-Protector Deluxe Water Backup
- Multi-Protector Deluxe Refrigerated Property
- Multi-Protector Deluxe Loss Assessment Coverage
- Multi-Protector Elite Coverage C Increased Special Limits of Liability
- Multi-Protector Elite Business Property
- Multi-Protector Elite-Personal Property Replacement Cost Coverage
- Multi-Protector Elite Personal Injury Coverage
- Multi-Protector Elite Water Backup
- Multi-Protector Elite Refrigerated Property
- Multi-Protector Elite Loss Assessment Coverage
- Multi-Protector Elite Increased Ordinance or Law Coverage
- Multi-Protector Elite Increased Section II Limits of Liability

**STANDARD**

- Territory Deviation for HO 00 02, HO 00 03, and HO 00 05.
- Optional Deductible Credits: Change in credit for increasing the deductibles based on Coverage A limit.
- Protective Device Credits Combined – credit varies.
- Additional Amounts of Insurance – form HO 03 and HO 05.
- Personal Property Replacement Cost HO 00 02, HO 00 03 and HO 00 05.
- Personal Property Replacement Cost Coverage HO 00 04 and HO 00 06.
- Credits for newer homes.
- Outboard Motors and Watercraft reduced rates.
- HE-00 07 Program – 10% credit for policies written with HE 00 07, HE 00 07 with HE 32 20 or HE 00 07 with HE

32 21.

- Southern Homeowners Account Credit Plan.
- Automatic Payment Plan.
- Multi-Protector Plus-Coverage C Increase Special Limits of Liability.
- Multi-Protector Plus – Business Property.
- Multi-Protector Plus-Personal Injury Coverage.
- Multi-Protector-Water Backup.
- Multi-Protector Plus-Refrigerated Property.
- Multi-Protector Deluxe-Coverage C Increase Special Limits of Liability.
- Multi-Protector Deluxe-Business Property.
- Multi-Protector Deluxe Personal Injury Coverage.
- Multi-Protector Deluxe Water Backup.
- Multi-Protector Deluxe Refrigerated Property.
- Multi-Protector Deluxe Loss Assessment Coverage.
- Eff 1-1-09 DNGL-125861191

157. **Southern Pilot Insurance Company**

- Territory/Protection Class/Construction Forms HO 00 03, HO 00 05, HE-7.
- Territory/Protection Class/Construction Forms HO 00 04.
- Territory/Protection Class/Construction Forms HO 00 06.
- Amount of Insurance Deviation (HO-3, HO-5 and HE-7).
- New Home Credits
- Optional Deductible Credits.
- Personal Property (Coverage C) Replacement Cost Coverage.
- Personal Property Increased Limits.
- Outboard Motors and Watercraft Liability.
- Personal Injury Coverage.
- Protective Devices Credit.
- Multi-Policy Credit.
- HE-7 Level of Enhancement Factor.
- Eff. 6-1-15 QBEC-130076168 [SERFF Filing Access - North Carolina](#)

158. **SPARTA Insurance Holdings**

- New Home Credit All Forms, except 4 & 6;: 0-1 yr. old - 20%; 2% less credit each added yr. to 10th yr.
- Personal Property Replacement Forms 2 & 3: Cost; Charge to increase Cov C to 70% of Cov A; \$1 per \$1000.
- Additional Limit of Liability for Coverage A. HO 3211. \$5 premium charge.
- Protective Devices Credits: PPC 1-7 - 2%-15%; PPC 8-9 - 1%-15%: Maximum credit of 20% applies.
- Inflation Guard Endorsement (HO-243) at 6% - at no charge.
- Fixed dollar amount deductible credits Forms 2 & 3;: \$500-15%; \$1000-21%; \$2500-38%.
- Fixed dollar amount deductible credits Forms 4 & 6;: \$500-10%; \$1000-23%; \$2500-37%.
- Increased Coverage A limits HO-6 \$3000 coverage A at no additional charge. Coverage A limit may be increased.
- Form 6: 6.4% deviation.
- 5% discount for insured age 49 or older.
- Form HE-7; HE7w/20 & HE7w/21: Reduced Factors.
- Deviation by amount of insurance for Coverage A \$250,000 - \$500,000. Variable credit.
- Windstorm or Hail Deductible credit varies by amount of deductible
- Eff. 8/15/02 PC053953 [NCDOI](#)

159. **St. Paul Fire & Marine Insurance Company**

- Forms 1, 2, 3 & 3 w/15: New Home Discount: Yr. of construction; 0-1 yr. of age - 15%; 2-3 yrs. - 13%; 4-5 yrs. - 11%; 6-7 yrs. - 9%; 8-9 yrs. - 7%; 10-11 yrs. - 5%; 12-15 yrs. - 3%.
- Forms 1, 2, 3 & 3 w/15: Personal Property Replacement Cost; No charge for Cov C increase from 50% to 70%.
- Forms 4 & 6: 30% surcharge to basic premium (after higher deductible credit) & for attaching HO-50.
- All Forms: Minimum premium \$15 per policy.
- Eff. 9-23-92

160. **St. Paul Guardian Insurance Company**

- Operation Identification Credit: 5% rate credit on Basic Homeowners Insurance Premium.
- New Home Discount: 0-1 yr.-18%; 2-3 yrs -15%; 4-5 yrs.-10%; 6-7 yrs -8%; 8-9 yrs -7%; 10-11 yrs.-5%; 12-15 yrs.-3%.
- Personal Injury Protection (Form HO-82) provided at no additional charge.
- Forms 3, 3 w/15, 4, 6, HE-7 & HE-7w/HE20: Deductible credits: \$500 - 11%; \$1000 - 23%; \$2500 - 37%.
- Form 6: 14.5% off St. Paul Guardian HO-4 rates.
- Form 3: Deviation on policy amount Relativities by territory; Variable credits.
- Form 4: Deviation on base rates by territory; Variable credits.
- Forms 4 & 6: Deviation on policy amount Relativities by territory; Variable credits.
- Form 3: Replacement or repair cost Coverage A (HO-500) provided at no charge.
- Protective Devices Credit & Home Safety Coverage Credits.
- Business Pursuits Section II coverage: All classifications will be rated same as rate shown for clerical employees.
- Water Craft: Same charge applies for lengths over 15 - 26 feet & over 151 horsepower as to lengths up to 15 feet & below 151 horsepower.
- Home Day Care: Rated at Bureau rates for Permitted Incidental Occupancies (HO-42).
- Forms 3, 3w/15, 4 & 6: Pers prop replacement cost (HO-290) coverage is provided at no additional charge.
- Homeowners PAK II Credit: Forms 3, 4, 6 & HE-7; 10% when insured qualifies for PAK II Program for terr 32 - 43.
- Base premiums for HE-7 policies: No additional charge.
- Base premium for HE-7w/HE-20 policies: +2.0% above St. Paul Guardian HO-3 rates.
- Base premium for HE-7w/HE-21 policies: +4.0% above St. Paul Guardian HO-3 rates.
- Renewal Credit: credit when insured maintains consecutive yrs. of both auto & homeowners coverage with the St. Paul, 3-5 yrs. Credit varies 3%-5%.
- Forms 3 & 3w/15: Personal property increase limits; \$1 per \$1000 of insurance.
- Installment Payment Plan: \$2 charge each installment unless Electronic Funds Transfer billing option is selected, then no charge.
- Employee Discount: 20% new business: 15% renewals.
- Eff. 3-1-00

161. **St. Paul Mercury Insurance Company**

- Operation Identification Credit: 5%.
- New Home Discount: 0-1 yr. - 15%; 2-3 yrs. - 13%; 4-5 yrs. - 11%; 6-7yrs. -9%; 8-9 yrs. -7%; 10-11 yrs. -5%; 12-15 yrs. -3%.
- Personal Injury Protection (HO-82) provided at no additional charge.
- Personal Property Replacement Cost (HO-290) coverage is provided at no additional charge.
- Forms 3, 3 w/15, 4 & 6: Deductible credits; \$500 - 11%; \$1000 - 23%; \$2500 - 37%.
- HO-6: 15% on Companies HO-4 rates.
- HO-3: Deviation on base rates by territory; Credit varies 15.5% - 37.2%.
- Form 4: Deviation on base rates by territory; Credit varies 16.0% - 29.6%.
- Forms 4 & 6: Deviation on policy amount Relativities by territory; Credit varies 0.1% - 3.1%.
- Form 3: Replacement or repair cost Coverage A (HO-500) provided at no charge.
- Protective Devices Credit & Home Safety Coverage Credits.
- Business Pursuits Section II Coverage: All classifications will be rated same as rate shown for clerical employees.
- Water Craft: Same charge apply for lengths over 15-26 ft. & over 151 horsepower as to lengths up to 15 ft. & below 151 horsepower.
- Home Day Care: Rated at Bureau rates for Permitted Incidental Occupancies (HO-42).
- Installment Payment Plan: \$2 charges each installment.
- Eff. 3-1-95

162. **Standard Fire Insurance Company**

- Base Rate Deviation.
- Coverage A relativity curve.
- Account Credit HO policy written in conjunction with Travelers Private Passenger Automobile policy.
- Loss Free Customer Credit HO policy written in conjunction with Travelers Private Passenger Auto policy.
- Loss History.
- Insurance Score.
- New Home Credits.

- Home Buyer Credit.
- Installment Payment Plan.
- Eff. 11-7-15 TRVA-130152387 [SERFF Filing Access - North Carolina](#)

163. **Starr Indemnity & Casualty Company**

- All Forms: Personal Prop Replacement Cost; Minimum additional premium for coverage is deleted.
- All Forms: Protective Devices; Maximum credit allowed is deleted.
- All Forms, except 4 & 6: Fixed dollar amount deductible credits.
- Eff. 4-1-95

164. **State Automobile Mutual Insurance Company**

- Auto/Home Discount.
- Credits for Protective Devices
- Age of Dwelling Credit.
- Increased Coverage C.
- Protection Class 9 Rates.
- Prime of Life Discount, Age 55 and older.
- Townhouse /Row House.
- Three or Four Family Dwellings.
- Residence Held in Trust.
- Base Premium.
- Ordinance or Law Coverage.
- Boating Course Credit.
- Watercraft Membership Credit.
- Payment Plan.
- Employee Group discount Plan.
- Eff 6-1-15 STAT-129905964 [SERFF Filing Access - North Carolina](#)

165. **State Auto Property & Casualty Insurance Company**

- Credits for Protective Devices
- Protection Class 9 Rates.
- Townhouse /Row House.
- Three or Four Family Dwellings.
- Residence Held in Trust.
- Ordinance or Law Coverage.
- Boating Course Credit.
- Watercraft Membership Credit.
- Payment Plan.
- Employee Group Discount Plan.
- Base Premiums by NCRB territory codes from HO 00 03.
- Eff. 6-1-15 STAT-129906006 [SERFF Filing Access - North Carolina](#)

166. **State Farm Fire & Casualty**

- Deviation by Territory HO 00 03.
- Deviation by Territory HO 00 04.
- Deviation by Territory HO 00 06.
- Protective devices.
- Coverage A Increased limits & Special Coverage Form HO 00 06.
- Claims Free Discount.
- Claim Record Rating Plan Deviation.
- Installment Payment Plan.
- Refrigerated Personal Property, No Charge.
- Home-Auto Discount.
- Deductibles-Named Storm Percentage deductibles HO 00 03, HO 00 04 and HO 00 06.
- All peril deductibles.
- Customer Rating Index.
- Utilities Rating Index.

- Wind Exclusion Credits by Protection class – HO 00 03.
- Location Rating Factors.
- Construction and Protection class.
- Eff. 6-1-15 SFMA-129875894 [SERFF Filing Access - North Carolina](#)

167. **Stonington Insurance Company**

- Mature Retirees Credit: 10% when required criteria are met.
- All Forms: 10% base rate deviation for protection class 1-9 & 9s for territories 32-40.
- New Roof Credit: 5% off base premium when eligibility met; Not applicable with new home credit.
- Form 3: 10% credit Preferred Homeowners Program when criteria are met.
- Loss Free Renewal Credit: Applied to renewal date of policy that has been free of losses: 1 yr. - 3%; 2 yrs. - 6%; 3+ more yrs. - 9%.
- Multi-Policy Credit: 10% applies to new business only when applicant has auto with agency representing Nobel & their homeowner's coverage is placed with Nobel. 5% credit applies second yr.
- Eff. 6-1-99

168. **Teachers Insurance Company**

- Installment Pay Plan.
- Multi-Line Discount.
- Credit Rating Tier/Insurance Score.
- Installment Payments (EFT).
- Educator Deviation.
- Claims Deviation Form 3.
- Territorial Deviation Form 3.
- Eff. 10-1-15 HRMN-130060866 [SERFF Filing Access - North Carolina](#)

169. **Travelers Casualty & Surety Company**

- Base Rate Deviation.
- Coverage A relativity curve.
- Account Credit HO policy written in conjunction with Travelers Private Passenger Automobile policy.
- Loss Free Customer Credit HO policy written in conjunction with Travelers Private Passenger Auto policy.
- Loss History.
- Insurance Score.
- New Home Credits.
- Home Buyer Credit.
- Installment Payment Plan.
- Eff 11-7-15 TRVA-130152456 [SERFF Filing Access - North Carolina](#)

170. **Travelers Indemnity Company**

- Base Rate Deviation.
- Coverage A relativity curve.
- Account Credit HO policy written in conjunction with Travelers Private Passenger Automobile policy.
- Loss Free Customer Credit HO policy written in conjunction with Travelers Private Passenger Auto policy.
- Loss History.
- Insurance Score.
- New Home Credits.
- Home Buyer Credit.
- Installment Payment Plan.
- Eff 11-7-15 TRVA-130152386 [SERFF Filing Access - North Carolina](#)

171. **Travelers Indemnity Company of America**

- Base Rate Deviation.
- Coverage A relativity curve.
- Account Credit HO policy written in conjunction with Travelers Private Passenger Automobile policy.
- Loss Free Customer Credit HO policy written in conjunction with Travelers Private Passenger Auto policy.
- Loss History.
- Insurance Score.

- New Home Credits.
- Home Buyer Credit.
- Multi-Line Insurance & Financial Services Institution Employees Credit.
- Royal SunAlliance Employee Program.
- Installment Payment Plan.
- Final Premium Adjustment Factor.
- Eff 11-7-15 TRVA-130152382 [SERFF Filing Access - North Carolina](#)

172. **Travelers Indemnity Company of Connecticut**

- Forms 3 & 3w/15: Base rate deviation based on protection class, amount of insurance & territory; Variable credit factors.
- Form 3: 12% optional coverage credit.
- Forms 3 & 3w15: Deductible credits; \$500-16%; \$1000-26%; \$2500-32%.
- Protective Device Credits: Variable credits.
- Increased Limits Coverage C: Reduce charge to \$2 per \$1000.
- New Home Credit: New - 20%; 1 yr. old - 19%; 2 yrs. 18%; 3 yrs. - 16%; 4 yrs. - 15% - 14%; 6 yrs. - 12%; 7 yrs. - 11%; 8 yrs. - 10%; 9 yrs. - 8%; 10 yrs. - 7%; 11 yrs. - 6%; 12 yrs. - 4%; 13 yrs. - 3%; 14 yrs. - 2%; 15 yrs. - 1%.
- Replacement or Repair Cost Protection: Reduce charge to \$1 per policy.
- Account Discount: 10% when insured has both auto & homeowners policy.
- Forms 3 & 3w/15: Loss Free Credit; 3+ yrs. loss free - 3% credit.
- Rate Credit for Multi-Line Insurance & Financial Services Institution Employees Credit: 20% credit.
- Eff. 11-1-96

173. **Travelers Personal Security Insurance Company**

- Base Rate Deviation.
- Coverage A relativity curve.
- Account Credit HO policy written in conjunction with Travelers Private Passenger Automobile policy.
- Loss Free Customer Credit HO policy written in conjunction with Travelers Private Passenger Auto policy.
- Loss History.
- Insurance Score.
- New Home Credits.
- Home Buyer Credit.
- Multi-Line Insurance & Financial Services Institution Employees Credit.
- Royal SunAlliance Employee Program.
- Installment Payment Plan.
- Final Premium Adjustment Factor.
- Eff 11-7-15 TRVA-130152381 [SERFF Filing Access - North Carolina](#)

174. **Travelers Property Casualty Company of America**

- Base Rate Deviation: Credit varies based on territory.
- New Home Credit: 0 - 15 yrs. old: Credit varies 2% - 20%.
- Protective Device Deviation: Credit varies 1% - 15%.
- Forms 2, 3 & 3w15, 4 & 6: 10% Account Credit.
- Forms 2, 3 & 3w15: Personal Property - Increased Limit Coverage C: \$1 per \$1000.
- Form 3w/15: 10% Additional premium charge.
- Forms 2, 3, 3/w15, 4 & 6: Loss Free Credit: 5+ yrs. loss free - 5% credit.
- Deductible Credits: Varies by amount of deductible & territory.
- Form 3: Homeowners Extra Credit: 15% when criteria are met.
- Refrigerated Personal Property. \$10 charge waived.
- Forms 3 & 6: Association Credit Program: 10% credit applies when certain criteria are met.
- Forms 2 & 3: Inflation Guard premium charge waived.
- Eff. 5-21-00 PC032643

175. **Twin City Fire Insurance Company**

- Age of Dwelling Credit.
- Account Credit.
- Retiree Credit.

- Limited Access Credit.
- Key Factors.
- Insurance Score.
- Prior Losses.
- Territory Deviation Factor.
- Eff. 7-21-16 HART-130619951 [SERFF Filing Access - North Carolina](#)

176. **USAA Casualty Insurance Company**

- Tier Discount, HO 00 03.
- Tier Discount HO 00 06.
- Base Premium HO 00 03.
- Base Premium HO 00 06.
- Deductibles.
- Windstorm or Hail Exclusion Credits.
- Personal Property-Additional Coverage-Jewelry and Furs.
- Sinkhole Collapse Coverage.
- Coverage A Dwelling Basic and Increased Limits.
- Earthquake Coverage.
- Protective Devices.
- Loss History.
- Auto and Home Combination Discount.
- Refrigerated Personal Property.
- Installment Payment Plan.
- Eff 8-10-16 USAA-130439321 [SERFF Filing Access - North Carolina](#)

177. **USAA General Indemnity Company**

- Tier Discount, HO 00 03.
- Tier Discount HO 00 06.
- Base Premium HO 00 03.
- Base Premium HO 00 06.
- Deductibles.
- Windstorm or Hail Exclusion Credits.
- Personal Property-Additional Coverage-Jewelry and Furs.
- Sinkhole Collapse Coverage.
- Coverage A Dwelling Basic and Increased Limits.
- Earthquake Coverage.
- Protective Devices.
- Loss History.
- Auto and Home Combination Discount.
- Refrigerated Personal Property.
- Installment Payment Plan.
- Eff 8-10-16 USAA-130439594 [SERFF Filing Access - North Carolina](#)

178. **Unigard Indemnity Company & Unigard Insurance Company**

- Form 3: Credits vary by protection class & Coverage A dwelling amounts; \$40000 & under to \$1000000 & over. Credit varies based on territory.
- Form 3: Personal Property Replacement Cost; Delete 5% surcharge.
- Form 6: 16% to be applied to base rate of 10% off Form 4.
- Form 3: Fixed dollar amount deductibles credits; \$500-9%; \$1000-17%; \$2500-25%.
- Forms 4 & 6: \$500-10%; \$1000-23%; \$2500-37%.
- Form 3: New Home Credit; Current yr. - 20%; 2% less credit each added yr.
- Personal Property Coverage C Increased Limits: Form 3 - \$1; Form 3w/15 - \$2.
- Protection Device Credit: 5% in all territories & protection classes for an installed smoke detector, fire extinguisher & dead bolt locks.
- Reduced rates for Outboard Motors & Water Craft liability.
- Forms 3, 4 & 6: Personal Injury Coverage; HO-82 included at no charge.
- Form 3: Deviation of territorial Relativities: Credit varies 5.0% - 20.0%.

- Form 4: Credit off base rates by territory; Credit varies 3.5% - 10.0%.
- Forms 4 & 6: Personal Property Replacement Cost Coverage; Surcharge reduced from 1.40 to 1.30.
- Forms 4 & 6: Deviation varies by protection class & territory.
- Eff. 10-3-94

179. **Union Insurance Company**

- Protective Device Credit: Credit varies 2% - 15%.
- All Forms: Account Credit: 10% when auto coverage is written with Union Ins. Co.
- Form 3: New Home/Dwelling Under Construction Discount: Discount based on yr. completed & occupied. Credit varies.
  - 3% - 20%.
- Mature Homeowner Credit: 5% if insured is 55 yrs. & an adult is usually home during the day.
- All Forms, except 4 & 6: Replacement cost on contents. \$10 charge plus \$2 per \$1000 when increasing Coverage C from 50% to 70% of Coverage A.
- Increased Deductible Credits: Forms 3, HE-7, 4 & 6; \$500-19%; \$1000-21%.
- Form 3: Coverage A Factor Deviation by amount & territory.
- Eff. 7-1-01

180. **United Property & Casualty**

- Base Rate Deviation.
- Book Transfer Discount.
- Companion Policy Discount.
- Prior Insurance Discount.
- Claim Free Discount.
- Claim Rating Discount.
- Mature Homeowner Discount.
- New Purchase Discount.
- Age of Home Discount.
- Hip Roof Discount.
- Secured Community Discount.
- Water Loss Prevention Credit.
- Maximum Discount Rule.
- Eff 6-1-16 UPCI-130516496 [SERFF Filing Access - North Carolina](#)

181. **United Services Automobile Association**

- Tier Discount, HO 00 03.
- Tier Discount HO 00 06.
- Base Premium HO 00 03.
- Base Premium HO 00 06.
- Deductibles.
- Windstorm or Hail Exclusion Credits.
- Personal Property-Additional Coverage-Jewelry and Furs.
- Sinkhole Collapse Coverage.
- Coverage A Dwelling Basic and Increased Limits.
- Earthquake Coverage.
- Protective Devices.
- Loss History.
- Auto and Home Combination Discount.
- Refrigerated Personal Property.
- Installment Payment Plan.
- Eff 8-10-16 USAA-130439577 [SERFF Filing Access - North Carolina](#)

182. **United States Fidelity & Guaranty Company**

- Waive any additional premium of \$5 or less.
- Forms 4 & 6: Personal Property Replacement Cost Coverage; 1.35 factor.
- Increase in Coverage C limits: Forms 1, 2 & 3 - \$1.50 per \$1000; Form 3w15 - \$2.50 per \$1000.

- Form 6: Form Relativity Factor .800 in lieu of .855.
- Employee Group Discount: 15%.
- Forms 2 & 3: Additional Amount of Insurance. Premium charge \$5. HO 03211.
- Special Package Discount. 5% when criteria is met.
- Forms 2, 3, 3w/15 & 8: Deductible Credits.
- Multi-Policy Discount: 10% credit when both Residential & P P Auto policies purchased through USF&G Insurance.
- New Home Discount: 1 yr.-20%; 2% less credit to 9th yr.
- Deviation of HO-3 base rates by territory & policy amount: Credits vary.
- Eff. 4-15-00 PC030952
- 

183. **United States Fire Insurance Company**

- Forms 2, 3, & 3 w/15: New Home Credit; 0-1 yr. old - 20%; 2% less credit each added yr.
- Forms 1, 2, 3 & 3 w/15: Higher deductible credit factors; \$500-.89; \$1000-.80; \$2500-.67.
- Forms 4 & 6: Higher deductible credit factors; \$500 - .83; \$1000 - .67; \$2500 - .54
- Premises Alarm System: Expand table of credits for protection class 1-7 to include class 8.
- All Forms: Replacement Cost on Contents: Deletion of \$20 minimum additional premium.
- Eff. 3/1/90

184. **Unitrin Auto and Home Insurance Company**

- Base Rate by Territory.
- Protection Class.
- Amount of Insurance.
- Tier deviation.
- Loss Record deviation.
- Age of Home.
- Roof Type.
- Mature Homeowner Credit.
- Optional All Other Perils deductible.
- Windstorm/Hail deductibles.
- Seasonal/Secondary deviation.
- Pool Surcharge.
- Protective Devices.
- Home Buyer Discount.
- Coverage Level discount
- Personal Property Replacement Cost.
- Eff 10-1-15 KEMP-130207008 [SERFF Filing Access - North Carolina](#)

185. **Unitrin Safeguard Insurance Company**

- Base Rate by Territory.
- Protection Class.
- Amount of Insurance.
- Tier Deviation.
- Loss Record deviation.
- Age of Home.
- Roof Type.
- Mature Homeowner Credit.
- All Other Perils Deductibles.
- Windstorm/Hail Deductible.
- Seasonal/Secondary deviation.
- Pool surcharge.
- Protective Devices.
- Residence Safety.
- Home Buyer discount.
- Personal Property Replacement Cost.
- Outboard Motors and Watercraft.
- Ordinance or Law Coverage.

- Payment Options-Installed Payment Plan.
- Eff 10-1-15 KEMP-130206994 [SERFF Filing Access - North Carolina](#)

186. **Universal North American Insurance Company**

**Homeowners Choice Program**

- Age of Dwelling.
- Personal Property Replacement Cost No Minimum Charge.
- Loss of Use.
- GEICO Credit.
- Costco Credit.
- Prior Claims Rating.
- Insurance Score.
- Territory Deviation.
- Other than Primary Residence.

**Homeowners Advantage**

- Year of Construction Factors.
- Maximum Discount.
- Loss Settlement Options.
- Territory Factors.
- Affinity Discount.
- Claim Free.
- Claim Rating.
- Financial Responsibility Score.
- Eff 7-16-16 UNAC-130462388 [SERFF Filing Access - North Carolina](#)

187. **Utica Mutual Insurance Company**

- Personal Property Replacement Cost.
- Mass Merchandising Plan.
- (W.I.S.E.)/Affinity Group Program.
- Personal Lines Account Credit.
- Extension Package.
- Protection Class deviation Suburban Rating.
- Eff. 4-1-15 UTCX-G129843575 [SERFF Filing Access - North Carolina](#)

188. **Valiant Insurance Company**

- Personal Property Replacement Cost
- Deductible Credits.
- Personal Property Increased Limits.
- Age of dwelling discount.
- Account Credit.
- Deviation by territory.
- Base Premium discount.
- Protective Device Credit.
- Eff 7-1-98

189. **Vesta Insurance Corporation**

- Inflation Guard Coverage: Premier, Deluxe, Renters & Condos; No charge.
- Loss Assessment Coverage for Earthquake: Premier, Renters & Condos; 5% deductible applies to insured's share of each assessment. Deductible amount not less than \$250 in any one assessment. \$1 per \$1000.
- Credit card, fund transfer card, forgery & counterfeit money coverage Premier, Deluxe & Renters; Reduced charge.
- Premium Credits for Protective Device: Premier, Deluxe, Renters & Condos: Credit varies 2%-15%.
- Increased Special Limits of Liability Premier, Deluxe, Renters & Condos: Reduced charge for certain class of property.
- Deductible Credits: Credits vary from 15% - 40%.
- Senior Citizen Discount Premier, Deluxe, Renters & Condos: 5% if at least one of the named insured is 55 yrs. or older & is not employed outside the home.

- Supporting Business Discount Premier, Deluxe, Renters & Condos: 2%.
- Base Rate Deviation by Territory; Premier & Deluxe; Variable credits.
- Coverage Amount Reactivities Deviations: Premier & Deluxe; Credits vary based on Coverage A amount.
- Loss Free Credit: Premier, Deluxe, Renters & Condos; 3 yrs. - 5%.
- Personal Property: Coverage C limit may be increased at a rate of \$2 per \$1000.
- Age of Home Credit: Premier & Deluxe; Credits vary 0%-20%.
- Eff. 6-1-99

190. **Vigilant Insurance Company.**

- Base premium computation forms HO 00 04.
- Installment Payment Plan-recurring payments.
- Base premium computation by form and territory.
- Protective Devices maximum credit.
- Deductibles - Optional Higher Deductibles.
- Deductibles – Named Storm Percentage deductible.
- Additional Amounts of Insurance discount.
- Replacement Cost Loss Settlement.
- Supplemental Loss Assessment Coverage Premium for Additional Location.
- Water Back-Up and Sump Discharge or Overflow.
- Gated Community credit.
- Multi-Policy Credit - Valuable Articles Credit.
- Eff. 6-1-15 CHUB-129916736 [SERFF Filing Access - North Carolina](#)

191. **Westchester Fire Insurance Company**

- Forms 1, 2, 3 & 3 w/15: Age of dwelling credit 0-1 yr. 20%; 2% less credit each added yr.
- Forms 1, 2, 3 & 3 w/15: Higher deductible credit factors; \$500 - .89; \$1000 - .80; \$2500 - .67.
- Forms 4 & 6: Higher deductible credit factors; \$500 - .83; \$1000 - .67; \$2500 - .54.
- Premises Alarm System: Expand table of credits for protection class 1-7 to include class 8.
- All Forms: Replacement Cost on Contents: Deletion of \$20 minimum additional premium.
- Eff. 3/1/90

192. **XL Insurance America, Inc.**

- All Forms: Personal Property Replacement Cost Coverage; Minimum additional premium for coverage is deleted.
- All Forms: Protective Devices: Maximum credit allowed is deleted.
- Forms 1, 2 & 3: Replacement Cost on Contents: Charge \$1 per \$1000 for additional increase of Coverage C to 70% of Coverage A. Additional premium for this coverage will not apply.
- Deductibles: Deletion of minimum charges.
- Forms 1, 2, 3 & 8: Fixed dollar amount deductible factors; \$500 - .91; \$1000 - .83; \$2500 - .75.
- Forms 4 & 6: Fixed dollar amount deductible factors; \$500 - .90; \$1000 - .77; \$2500 - .63.
- Eff. 4-1-95

<u>Year</u>	<u>Deviations<sup>(a)</sup></u>				
	<u>Written Premium Of Companies W/Deviations<sup>(b)</sup></u>	<u>Percentage Of Written Premiums Of Companies W/Deviations To Total Written Premiums<sup>(c)</sup></u>	<u>Amount Of Deviations</u>	<u>Average Percentage Deviation For Deviating Companies<sup>(d)</sup></u>	<u>Average Percentage Deviations For All Companies<sup>(e)</sup></u>
2011	1,709,847,074	83.6%	276,395,113	16.2%	13.5%
2012	1,652,745,293	98.5%	250,838,019	15.2%	15.0%
2013	1,562,347,697	72.5%	206,684,950	13.2%	9.6%
2014	1,468,119,607	64.6%	204,025,807	13.9%	9.0%
2015	1,420,167,552	60.7%	192,938,204	13.6%	8.3%

## Notes:

- (a) The Beach and Fair plans do not report the NCRB Special Call for Homeowners and are therefore are not included in this report.
- (b) Estimated premium written at deviated rates is not available. This column reflects the premium written at manual or deviated rates of those companies reporting some premium at deviated rates.
- (c) The estimated percentage of statewide premium written at deviated rates is not available. This column reflects item (ii) as a percentage of the total reported statewide written premium.
- (d) This column reflects the amount of deviations as a percentage of premium written at deviated or manual rates of those companies reporting some premium at deviated rates.
- (e) This column reflects the amount of deviations as a percentage of total reported statewide written premium.

**Companies Paying Homeowners Insurance Dividends**

**2011**

Affiliated FM Insurance Company  
Metropolitan Property & Casualty Insurance Company  
United Services Automobile Association

**2012**

Affiliated FM Insurance Company  
Metropolitan Property & Casualty Insurance Company  
United Services Automobile Association

**2013**

Affiliated FM Insurance Company  
Metropolitan Property & Casualty Insurance Company  
United Services Automobile Association

**2014**

Affiliated FM Insurance Company  
Metropolitan Property & Casualty Insurance Company  
United Services Automobile Association

**2015**

Affiliated FM Insurance Company  
Metropolitan Property & Casualty Insurance Company  
United Services Automobile Association

## NORTH CAROLINA

## HOMEOWNERS INSURANCE

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA  
 REQUIREMENTS FOR A HOMEOWNERS RATE FILING  
 AS PER 11 NCAC 10.1105

DIVIDENDS

<u>Year</u>	<u>Written Premium Of Companies W/Dividends</u>	<u>Percentage Of Written Premiums Of Companies W/Dividends To Total Written Premiums</u>	<u>Dividends</u>	<u>Percentage Dividends of Companies w/Dividends</u>	<u>Overall Percentage of Dividends</u>
2011	85,287,729	4.40%	5,440,163	6.38%	0.28%
2012	93,178,022	4.72%	7,621,372	8.18%	0.39%
2013	108,646,018	5.07%	9,201,345	8.47%	0.43%
2014	123,674,110	5.43%	9,525,783	7.70%	0.42%
2015	132,247,663	5.66%	10,331,019	7.81%	0.44%

Source: Annual Statements, Statutory Page 14

NORTH CAROLINA  
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The data required by 11 NCAC 10.1105(1)(i),(ii) were not being collected or reported in the experience period. The response to 11 NCAC 10.1105(1), page E-4, provides incurred loss and loss adjustment expense information for property and liability losses. The response to 11 NCAC 10.1105(1)(l) provides non-hurricane incurred loss data by cause-of-loss. Additional information concerning loss development is provided in the response to 11 NCAC 10.1105(3). Additional information concerning loss adjustment expenses is provided in the response to 11 NCAC 10.1105(7). Additional information concerning loss trend is provided in Section D and in the pre-filed testimony of P. Anderson, R. Curry and B. Donlan.

(iii) to (vi)

<u>Year</u>	<u>Applied Loss Development Factor</u>	<u>Loss Adjustment Expense Percentage</u>
2011	1.000	9.4%
2012	0.999	13.6%
2013	0.998	15.4%
2014	1.000	14.4%
2015	1.020	15.6%

<u>Applied Loss Trend Factor</u>			
<u>Year</u>	<u>Owners</u>	<u>Tenants</u>	<u>Condominium Unit Owners</u>
2011	1.184	0.834	1.003
2012	1.160	0.838	1.009
2013	1.141	0.852	1.025
2014	1.123	0.876	1.054
2015	1.111	0.897	1.079

<u>Trended Incurred Losses and LAE</u>			
<u>Year</u>	<u>Owners</u>	<u>Tenants</u>	<u>Condominium Unit Owners</u>
2011	\$1,246,001,620	\$23,007,456	\$13,923,825
2012	1,171,321,648	21,861,836	13,803,973
2013	1,158,838,486	24,078,630	13,539,154
2014	1,319,893,988	23,648,805	17,979,672
2015	1,342,983,324	27,037,114	20,958,184

(vii) This information is given in the response to 11 NCAC 10.1105(1), page E-5.

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See prefiled testimony of P. Anderson, R. Curry, B. Donlan, R. Fox and E. Henderson.

NORTH CAROLINA

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CAUSE OF LOSS DATA

Non-hurricane loss experience by cause of loss is provided on the attached Exhibit (1)(l).

NORTH CAROLINA  
HOMEOWNERS INSURANCE

LOSSES BY CAUSE

<u>Form</u>	<u>Territory</u>	<u>Cause of Loss</u>	<u>Year</u>	<u>Incurred Losses</u>	<u>Incurred Claims</u>	<u>Average Loss</u>	<u>Frequency per-100</u>	<u>Pure Premium</u>
Owners	110	Fire, Lightning and Removal	2011	1,038,924	25	41,457	0.37	152.22
			2012	206,135	26	8,018	0.38	30.26
			2013	1,183,940	19	62,709	0.26	165.03
			2014	1,347,643	42	31,739	0.52	166.56
			2015	11,092,201	60	183,433	0.51	927.52
		Wind and Hail	2011	1,882,990	139	13,561	2.03	275.90
			2012	253,024	44	5,789	0.64	37.14
			2013	327,226	66	4,961	0.92	45.61
			2014	189,955	38	5,048	0.47	23.48
			2015	370,816	64	5,817	0.53	31.01
		Water Damage and Freezing	2011	446,347	48	9,287	0.70	65.40
			2012	890,201	61	14,539	0.90	130.68
			2013	464,770	68	6,804	0.95	64.79
			2014	1,683,823	82	20,590	1.01	208.11
			2015	3,530,431	208	17,009	1.74	295.21
		Theft	2011	29,602	8	3,724	0.12	4.34
			2012	29,727	10	3,024	0.14	4.36
			2013	4,634	2	2,165	0.03	0.65
			2014	2,360	3	724	0.04	0.29
			2015	47,948	14	3,398	0.12	4.01
		Other Physical Damage	2011	125,385	17	7,389	0.25	18.37
			2012	79,502	10	7,974	0.15	11.67
			2013	33,505	10	3,472	0.13	4.67
			2014	45,827	6	7,476	0.08	5.66
			2015	108,984	23	4,734	0.19	9.11
		Liability	2011	71,520	5	14,304	0.07	10.48
			2012	114,362	4	28,591	0.06	16.79
			2013	245,318	11	22,302	0.15	34.20
			2014	179,503	14	12,822	0.17	22.19
			2015	585,299	15	39,020	0.13	48.94
		Credit Card	2011	0	0	0	0.00	0.00
			2012	0	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	0	0	0	0.00	0.00
			2015	0	0	0	0.00	0.00
		Medical Payments	2011	7,656	2	3,828	0.03	1.12
2012	1,998		1	1,998	0.01	0.29		
2013	10,660		4	2,665	0.06	1.49		
2014	3,900		3	1,300	0.04	0.48		
2015	6,315		4	1,579	0.03	0.53		
Total	2011	3,602,424	244	14,771	3.57	527.83		
	2012	1,574,949	155	10,132	2.28	231.20		
	2013	2,270,053	180	12,616	2.51	316.43		
	2014	3,453,011	188	18,342	2.33	426.77		
	2015	15,741,994	388	40,582	3.24	1,316.33		

NORTH CAROLINA  
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LOSSES BY CAUSE

<u>Form</u>	<u>Territory</u>	<u>Cause of Loss</u>	<u>Year</u>	<u>Incurred Losses</u>	<u>Incurred Claims</u>	<u>Average Loss</u>	<u>Frequency per-100</u>	<u>Pure Premium</u>
Owners	120	Fire, Lightning and Removal	2011	1,371,052	22	61,044	0.22	136.46
			2012	710,284	35	20,156	0.34	67.81
			2013	1,752,564	41	42,332	0.37	157.96
			2014	1,265,730	38	33,031	0.32	107.15
			2015	1,814,263	48	38,043	0.34	128.51
		Wind and Hail	2011	131,164	35	3,794	0.34	13.06
			2012	498,400	68	7,289	0.65	47.58
			2013	491,589	61	8,092	0.55	44.31
			2014	366,901	80	4,594	0.68	31.06
			2015	613,865	109	5,632	0.77	43.48
		Water Damage and Freezing	2011	603,963	62	9,673	0.62	60.11
			2012	842,768	67	12,567	0.64	80.46
			2013	1,557,981	93	16,789	0.84	140.42
			2014	1,167,508	93	12,615	0.78	98.83
			2015	1,634,653	124	13,236	0.87	115.79
		Theft	2011	65,189	17	3,934	0.16	6.49
			2012	83,001	17	4,877	0.16	7.92
			2013	40,609	17	2,372	0.15	3.66
			2014	95,401	20	4,843	0.17	8.08
			2015	57,367	25	2,261	0.18	4.06
		Other Physical Damage	2011	117,761	17	6,867	0.17	11.72
			2012	107,439	31	3,518	0.29	10.26
			2013	137,065	18	7,814	0.16	12.35
			2014	145,614	28	5,164	0.24	12.33
			2015	169,748	30	5,733	0.21	12.02
		Liability	2011	32,066	12	2,672	0.12	3.19
			2012	105,438	4	26,360	0.04	10.07
			2013	70,141	10	7,014	0.09	6.32
			2014	214,199	10	21,420	0.08	18.13
			2015	28,590	13	2,199	0.09	2.03
		Credit Card	2011	0	0	0	0.00	0.00
			2012	0	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	0	0	0	0.00	0.00
			2015	0	0	0	0.00	0.00
Medical Payments	2011	10,289	6	1,715	0.06	1.02		
	2012	13,493	6	2,249	0.06	1.29		
	2013	5,277	3	1,759	0.03	0.48		
	2014	3,000	3	1,000	0.03	0.25		
	2015	9,180	4	2,295	0.03	0.65		
Total	2011	2,331,484	171	13,619	1.70	232.06		
	2012	2,360,823	228	10,344	2.18	225.40		
	2013	4,055,226	243	16,715	2.19	365.50		
	2014	3,258,353	272	11,995	2.30	275.83		
	2015	4,327,666	352	12,289	2.49	306.54		

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LOSSES BY CAUSE

<u>Form</u>	<u>Territory</u>	<u>Cause of Loss</u>	<u>Year</u>	<u>Incurred Losses</u>	<u>Incurred Claims</u>	<u>Average Loss</u>	<u>Frequency per-100</u>	<u>Pure Premium</u>
Owners	130	Fire, Lightning and Removal	2011	2,012,323	63	32,033	0.62	198.38
			2012	1,972,574	66	29,869	0.66	196.04
			2013	3,254,701	58	56,603	0.46	258.82
			2014	2,942,599	63	46,678	0.40	187.46
			2015	4,378,961	43	102,504	0.31	319.40
		Wind and Hail	2011	318,556	58	5,460	0.58	31.40
			2012	293,721	60	4,881	0.60	29.19
			2013	312,840	68	4,579	0.54	24.88
			2014	139,878	51	2,737	0.33	8.91
			2015	201,560	43	4,666	0.32	14.70
		Water Damage and Freezing	2011	783,169	63	12,489	0.62	77.21
			2012	827,195	93	8,926	0.92	82.21
			2013	1,481,610	126	11,763	1.00	117.82
			2014	2,842,176	151	18,870	0.96	181.06
			2015	1,646,578	117	14,071	0.85	120.10
		Theft	2011	73,342	21	3,421	0.21	7.23
			2012	126,991	27	4,778	0.26	12.62
			2013	108,989	29	3,817	0.23	8.67
			2014	66,026	15	4,507	0.09	4.21
			2015	25,662	9	3,005	0.06	1.87
		Other Physical Damage	2011	104,692	23	4,518	0.23	10.32
			2012	61,647	30	2,071	0.30	6.13
			2013	223,111	30	7,545	0.24	17.74
			2014	176,515	37	4,741	0.24	11.25
			2015	273,438	26	10,553	0.19	19.94
		Liability	2011	62,747	14	4,482	0.14	6.19
			2012	23,697	10	2,370	0.10	2.36
			2013	67,408	15	4,494	0.12	5.36
			2014	14,696	9	1,633	0.06	0.94
			2015	83,905	19	4,416	0.14	6.12
		Credit Card	2011	0	0	0	0.00	0.00
			2012	0	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	0	0	0	0.00	0.00
			2015	0	0	0	0.00	0.00
		Medical Payments	2011	10,203	7	1,458	0.07	1.01
2012	2,922		3	974	0.03	0.29		
2013	14,935		6	2,489	0.05	1.19		
2014	8,849		3	2,950	0.02	0.56		
2015	16,728		5	3,346	0.04	1.22		
Total	2011	3,365,032	249	13,488	2.46	331.73		
	2012	3,308,747	288	11,480	2.86	328.84		
	2013	5,463,594	331	16,512	2.63	434.48		
	2014	6,190,739	329	18,837	2.09	394.39		
	2015	6,626,832	261	25,352	1.91	483.36		

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LOSSES BY CAUSE

<u>Form</u>	<u>Territory</u>	<u>Cause of Loss</u>	<u>Year</u>	<u>Incurred Losses</u>	<u>Incurred Claims</u>	<u>Average Loss</u>	<u>Frequency per-100</u>	<u>Pure Premium</u>
Owners	140	Fire, Lightning and Removal	2011	14,538,662	327	44,485	0.39	174.85
			2012	9,750,308	277	35,144	0.34	118.05
			2013	10,368,001	230	45,029	0.29	129.65
			2014	16,447,363	364	45,240	0.45	204.26
			2015	9,902,579	325	30,428	0.40	122.61
		Wind and Hail	2011	842,261	186	4,520	0.22	10.13
			2012	2,037,015	332	6,138	0.40	24.66
			2013	2,855,236	478	5,977	0.60	35.70
			2014	2,063,123	379	5,438	0.47	25.62
			2015	3,539,138	557	6,354	0.69	43.82
		Water Damage and Freezing	2011	6,270,952	659	9,523	0.79	75.42
			2012	6,611,837	656	10,082	0.79	80.05
			2013	5,897,076	606	9,730	0.76	73.74
			2014	8,819,648	913	9,657	1.13	109.53
			2015	10,670,947	827	12,897	1.02	132.12
		Theft	2011	857,056	240	3,574	0.29	10.31
			2012	965,065	249	3,884	0.30	11.68
			2013	942,504	252	3,734	0.32	11.79
			2014	685,634	203	3,382	0.25	8.51
			2015	779,109	191	4,078	0.24	9.65
		Other Physical Damage	2011	1,073,351	149	7,188	0.18	12.91
			2012	896,370	152	5,902	0.18	10.85
			2013	866,033	156	5,538	0.20	10.83
			2014	3,144,502	293	10,731	0.36	39.05
			2015	1,328,301	217	6,115	0.27	16.45
		Liability	2011	762,460	75	10,169	0.09	9.17
			2012	526,011	69	7,595	0.08	6.37
			2013	1,010,310	61	16,642	0.08	12.63
			2014	714,383	73	9,730	0.09	8.87
			2015	1,327,667	105	12,644	0.13	16.44
		Credit Card	2011	0	0	0	0.00	0.00
			2012	0	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	0	0	0	0.00	0.00
			2015	0	0	0	0.00	0.00
		Medical Payments	2011	47,472	31	1,541	0.04	0.57
2012	41,289		32	1,281	0.04	0.50		
2013	69,592		27	2,577	0.03	0.87		
2014	60,624		32	1,895	0.04	0.75		
2015	63,998		25	2,560	0.03	0.79		
Total	2011	24,392,214	1,667	14,636	2.00	293.35		
	2012	20,827,895	1,767	11,787	2.14	252.17		
	2013	22,008,752	1,811	12,156	2.26	275.21		
	2014	31,935,277	2,257	14,147	2.80	396.60		
	2015	27,611,739	2,248	12,282	2.78	341.86		

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LOSSES BY CAUSE

<u>Form</u>	<u>Territory</u>	<u>Cause of Loss</u>	<u>Year</u>	<u>Incurred Losses</u>	<u>Incurred Claims</u>	<u>Average Loss</u>	<u>Frequency per-100</u>	<u>Pure Premium</u>
Owners	150	Fire, Lightning and Removal	2011	6,198,761	275	22,536	0.56	127.19
			2012	7,761,824	255	30,459	0.54	164.64
			2013	8,904,644	232	38,425	0.48	182.85
			2014	4,372,632	169	25,878	0.36	92.82
			2015	7,298,974	169	43,297	0.39	167.80
		Wind and Hail	2011	3,182,008	430	7,400	0.88	65.29
			2012	4,147,345	777	5,337	1.65	87.97
			2013	1,356,717	318	4,260	0.65	27.86
			2014	14,621,050	1,791	8,163	3.80	310.35
			2015	957,624	269	3,557	0.62	22.02
		Water Damage and Freezing	2011	2,895,737	382	7,581	0.78	59.41
			2012	3,943,119	428	9,208	0.91	83.64
			2013	3,003,877	393	7,652	0.81	61.68
			2014	3,696,532	413	8,952	0.88	78.46
			2015	4,026,049	467	8,626	1.07	92.56
		Theft	2011	504,377	139	3,616	0.29	10.35
			2012	416,475	133	3,129	0.28	8.83
			2013	380,610	121	3,143	0.25	7.82
			2014	282,719	86	3,291	0.18	6.00
			2015	309,199	59	5,223	0.14	7.11
		Other Physical Damage	2011	821,386	151	5,425	0.31	16.85
			2012	426,303	151	2,823	0.32	9.04
			2013	469,937	120	3,909	0.25	9.65
			2014	590,442	178	3,320	0.38	12.53
			2015	613,311	96	6,411	0.22	14.10
		Liability	2011	299,930	86	3,482	0.18	6.15
			2012	719,630	63	11,354	0.13	15.26
			2013	301,252	44	6,847	0.09	6.19
			2014	386,592	52	7,434	0.11	8.21
			2015	219,482	57	3,851	0.13	5.05
		Credit Card	2011	0	0	0	0.00	0.00
			2012	0	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	0	0	0	0.00	0.00
			2015	0	0	0	0.00	0.00
		Medical Payments	2011	42,867	28	1,548	0.06	0.88
2012	22,083		18	1,248	0.04	0.47		
2013	21,810		14	1,558	0.03	0.45		
2014	25,940		20	1,297	0.04	0.55		
2015	36,349		18	2,019	0.04	0.84		
Total	2011	13,945,066	1,492	9,348	3.06	286.12		
	2012	17,436,779	1,825	9,553	3.87	369.85		
	2013	14,438,847	1,242	11,625	2.55	296.50		
	2014	23,975,907	2,709	8,851	5.75	508.92		
	2015	13,460,988	1,134	11,866	2.61	309.46		

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LOSSES BY CAUSE

<u>Form</u>	<u>Territory</u>	<u>Cause of Loss</u>	<u>Year</u>	<u>Incurred Losses</u>	<u>Incurred Claims</u>	<u>Average Loss</u>	<u>Frequency per-100</u>	<u>Pure Premium</u>
Owners	160	Fire, Lightning and Removal	2011	5,670,959	173	32,814	0.47	154.87
			2012	3,401,943	126	27,092	0.34	92.46
			2013	3,027,161	97	31,234	0.27	83.95
			2014	4,737,324	135	35,013	0.38	131.41
			2015	6,158,565	162	38,110	0.44	165.91
		Wind and Hail	2011	9,569,861	480	19,921	1.31	261.35
			2012	665,938	167	3,976	0.46	18.10
			2013	793,746	200	3,965	0.56	22.01
			2014	893,843	182	4,920	0.50	24.79
			2015	897,434	216	4,152	0.58	24.18
		Water Damage and Freezing	2011	1,644,605	215	7,638	0.59	44.91
			2012	1,953,372	253	7,729	0.69	53.09
			2013	2,202,689	258	8,552	0.71	61.08
			2014	2,792,255	333	8,373	0.93	77.45
			2015	3,276,965	367	8,938	0.99	88.28
		Theft	2011	417,370	123	3,397	0.34	11.40
			2012	433,117	111	3,917	0.30	11.77
			2013	447,116	119	3,772	0.33	12.40
			2014	244,844	83	2,962	0.23	6.79
			2015	421,888	112	3,756	0.30	11.37
		Other Physical Damage	2011	561,427	86	6,548	0.23	15.33
			2012	432,420	70	6,167	0.19	11.75
			2013	372,908	79	4,694	0.22	10.34
			2014	724,475	155	4,682	0.43	20.10
			2015	700,837	101	6,967	0.27	18.88
		Liability	2011	266,964	37	7,300	0.10	7.29
			2012	635,517	38	16,702	0.10	17.27
			2013	506,477	36	13,956	0.10	14.05
			2014	580,711	44	13,325	0.12	16.11
			2015	373,442	57	6,552	0.15	10.06
		Credit Card	2011	0	0	0	0.00	0.00
			2012	0	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	0	0	0	0.00	0.00
			2015	0	0	0	0.00	0.00
Medical Payments	2011	21,066	18	1,198	0.05	0.58		
	2012	28,119	14	1,996	0.04	0.76		
	2013	18,382	9	2,042	0.02	0.51		
	2014	27,784	12	2,315	0.03	0.77		
	2015	30,473	12	2,539	0.03	0.82		
Total	2011	18,152,252	1,131	16,046	3.09	495.73		
	2012	7,550,426	779	9,697	2.12	205.21		
	2013	7,368,479	798	9,234	2.21	204.34		
	2014	10,001,236	943	10,601	2.62	277.42		
	2015	11,859,604	1,026	11,555	2.76	319.49		

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Owners	170	Fire, Lightning and Removal	2011	733,566	31	23,399	0.65	152.32
			2012	358,574	32	11,136	0.71	79.58
			2013	532,715	25	21,334	0.58	124.79
			2014	412,957	19	21,587	0.45	98.00
			2015	407,604	24	16,678	0.60	99.98
		Wind and Hail	2011	898,949	80	11,303	1.65	186.66
			2012	181,437	48	3,753	1.07	40.27
			2013	242,452	51	4,770	1.19	56.79
			2014	263,333	54	4,892	1.28	62.49
			2015	222,203	54	4,132	1.32	54.50
		Water Damage and Freezing	2011	170,407	30	5,593	0.63	35.38
			2012	206,089	39	5,317	0.86	45.74
			2013	252,920	35	7,153	0.83	59.25
			2014	323,982	41	7,877	0.98	76.88
			2015	269,708	38	7,027	0.94	66.15
		Theft	2011	67,001	20	3,364	0.41	13.91
			2012	47,583	17	2,722	0.39	10.56
			2013	67,364	18	3,681	0.43	15.78
			2014	80,508	22	3,623	0.53	19.10
			2015	67,205	23	2,971	0.55	16.48
		Other Physical Damage	2011	54,726	16	3,423	0.33	11.36
			2012	33,135	16	2,070	0.36	7.35
			2013	30,224	9	3,185	0.22	7.08
			2014	23,117	10	2,231	0.25	5.49
			2015	42,693	13	3,229	0.32	10.47
		Liability	2011	125,698	11	11,365	0.23	26.10
			2012	38,901	6	6,616	0.13	8.63
			2013	40,374	12	3,478	0.27	9.46
			2014	66,027	7	9,196	0.17	15.67
			2015	122,849	12	10,332	0.29	30.13
		Credit Card	2011	0	0	0	0.00	0.00
			2012	0	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	0	0	0	0.00	0.00
			2015	0	0	0	0.00	0.00
		Medical Payments	2011	12,684	6	2,179	0.12	2.63
			2012	3,001	3	997	0.07	0.67
			2013	1,433	3	543	0.06	0.34
			2014	2,000	2	1,000	0.05	0.47
			2015	4,182	3	1,457	0.07	1.03
		Total	2011	2,063,031	194	10,627	4.03	428.37
			2012	868,720	162	5,373	3.59	192.79
			2013	1,167,482	153	7,621	3.59	273.48
			2014	1,171,924	156	7,520	3.70	278.10
			2015	1,136,444	167	6,797	4.10	278.75

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Owners	180	Fire, Lightning and Removal	2011	7,243,184	353	20,538	0.67	136.90
			2012	5,522,696	246	22,486	0.50	113.47
			2013	8,245,478	206	40,019	0.44	177.02
			2014	7,895,253	242	32,581	0.50	164.52
			2015	5,341,368	189	28,327	0.39	111.10
		Wind and Hail	2011	15,858,690	1,370	11,579	2.59	299.74
			2012	6,127,134	1,017	6,027	2.09	125.89
			2013	3,096,410	639	4,844	1.37	66.48
			2014	7,810,131	1,036	7,535	2.16	162.74
			2015	1,612,928	311	5,190	0.65	33.55
		Water Damage and Freezing	2011	2,785,546	493	5,648	0.93	52.65
			2012	2,963,721	484	6,125	0.99	60.89
			2013	3,550,677	499	7,114	1.07	76.23
			2014	3,980,253	524	7,600	1.09	82.94
			2015	5,342,814	642	8,326	1.33	111.13
		Theft	2011	749,199	245	3,055	0.46	14.16
			2012	612,139	205	2,984	0.42	12.58
			2013	638,696	212	3,013	0.46	13.71
			2014	571,971	168	3,395	0.35	11.92
			2015	559,509	142	3,933	0.30	11.64
		Other Physical Damage	2011	777,036	169	4,585	0.32	14.69
			2012	526,682	171	3,077	0.35	10.82
			2013	581,923	140	4,154	0.30	12.49
			2014	561,075	157	3,569	0.33	11.69
			2015	786,647	158	4,981	0.33	16.36
		Liability	2011	731,458	92	7,909	0.17	13.83
			2012	699,725	75	9,317	0.15	14.38
			2013	796,284	70	11,411	0.15	17.09
			2014	299,006	65	4,566	0.14	6.23
			2015	1,737,006	75	23,031	0.16	36.13
		Credit Card	2011	0	0	0	0.00	0.00
			2012	0	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	0	0	0	0.00	0.00
			2015	0	0	0	0.00	0.00
		Medical Payments	2011	68,746	36	1,912	0.07	1.30
			2012	37,404	23	1,593	0.05	0.77
			2013	28,690	23	1,251	0.05	0.62
			2014	19,677	14	1,445	0.03	0.41
			2015	40,021	19	2,122	0.04	0.83
		Total	2011	28,213,859	2,759	10,228	5.21	533.26
			2012	16,489,501	2,221	7,424	4.56	338.79
			2013	16,938,158	1,789	9,467	3.84	363.64
			2014	21,137,366	2,207	9,576	4.60	440.44
			2015	15,420,293	1,536	10,042	3.19	320.73

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Owners	190	Fire, Lightning and Removal	2011	4,899,217	137	35,818	0.91	326.16
			2012	1,706,801	91	18,723	0.65	121.38
			2013	2,221,323	74	30,026	0.56	167.84
			2014	1,335,141	76	17,593	0.57	100.52
			2015	2,085,269	74	28,058	0.57	160.55
		Wind and Hail	2011	1,498,510	245	6,121	1.63	99.76
			2012	976,176	188	5,180	1.34	69.42
			2013	576,244	134	4,311	1.01	43.54
			2014	532,737	120	4,436	0.90	40.11
			2015	630,295	153	4,109	1.18	48.53
		Water Damage and Freezing	2011	905,823	162	5,584	1.08	60.30
			2012	993,231	158	6,272	1.13	70.63
			2013	798,700	135	5,924	1.02	60.35
			2014	1,276,927	159	8,047	1.19	96.14
			2015	1,328,228	180	7,368	1.39	102.27
		Theft	2011	267,641	84	3,199	0.56	17.82
			2012	189,017	75	2,536	0.53	13.44
			2013	211,184	59	3,567	0.45	15.96
			2014	120,815	38	3,222	0.28	9.10
			2015	242,189	66	3,690	0.51	18.65
		Other Physical Damage	2011	261,244	54	4,794	0.36	17.39
			2012	174,503	48	3,655	0.34	12.41
			2013	130,016	32	4,004	0.25	9.82
			2014	224,246	57	3,954	0.43	16.88
			2015	371,698	64	5,814	0.49	28.62
		Liability	2011	300,125	37	8,053	0.25	19.98
			2012	159,211	29	5,509	0.21	11.32
			2013	629,101	42	14,922	0.32	47.53
			2014	105,844	16	6,794	0.12	7.97
			2015	332,373	34	9,845	0.26	25.59
		Credit Card	2011	0	0	0	0.00	0.00
			2012	0	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	0	0	0	0.00	0.00
			2015	0	0	0	0.00	0.00
		Medical Payments	2011	10,792	9	1,173	0.06	0.72
2012	19,876		10	1,922	0.07	1.41		
2013	25,482		12	2,082	0.09	1.93		
2014	12,891		5	2,625	0.04	0.97		
2015	7,592		5	1,468	0.04	0.58		
Total	2011	8,143,352	728	11,179	4.85	542.13		
	2012	4,218,815	600	7,037	4.26	300.02		
	2013	4,592,050	489	9,399	3.69	346.96		
	2014	3,608,601	469	7,688	3.53	271.69		
	2015	4,997,644	576	8,669	4.44	384.79		

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Owners	200	Fire, Lightning and Removal	2011	2,212,027	86	25,820	1.22	314.39
			2012	1,800,257	68	26,323	1.04	273.18
			2013	1,725,813	36	47,926	0.58	278.90
			2014	3,304,911	46	71,458	0.75	537.91
			2015	2,012,660	52	38,997	0.86	336.96
		Wind and Hail	2011	1,015,910	146	6,978	2.07	144.39
			2012	351,576	64	5,537	0.96	53.35
			2013	475,007	81	5,889	1.30	76.76
			2014	445,620	72	6,223	1.17	72.53
			2015	574,383	86	6,681	1.44	96.16
		Water Damage and Freezing	2011	342,535	30	11,294	0.43	48.68
			2012	216,998	30	7,147	0.46	32.93
			2013	192,687	30	6,355	0.49	31.14
			2014	504,513	116	4,353	1.89	82.11
			2015	316,038	43	7,302	0.72	52.91
		Theft	2011	189,458	55	3,461	0.78	26.93
			2012	164,302	45	3,639	0.69	24.93
			2013	246,117	60	4,123	0.96	39.77
			2014	164,357	41	4,005	0.67	26.75
			2015	88,287	27	3,232	0.46	14.78
		Other Physical Damage	2011	124,646	25	4,956	0.36	17.72
			2012	114,782	17	6,877	0.25	17.42
			2013	18,595	10	1,834	0.16	3.01
			2014	226,785	60	3,785	0.98	36.91
			2015	45,663	10	4,703	0.16	7.64
		Liability	2011	358,437	7	52,327	0.10	50.94
			2012	186,931	8	22,522	0.13	28.37
			2013	284,057	6	47,343	0.10	45.90
			2014	40,892	5	8,890	0.07	6.66
			2015	16,725	8	2,027	0.14	2.80
		Credit Card	2011	0	0	0	0.00	0.00
			2012	0	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	0	0	0	0.00	0.00
			2015	0	0	0	0.00	0.00
		Medical Payments	2011	1,683	3	561	0.04	0.24
			2012	25,455	7	3,487	0.11	3.86
			2013	7,648	4	2,067	0.06	1.24
			2014	1,000	1	1,000	0.02	0.16
			2015	7,140	3	2,380	0.05	1.20
		Total	2011	4,244,696	351	12,082	4.99	603.28
			2012	2,860,301	240	11,933	3.64	434.04
			2013	2,949,924	227	13,022	3.66	476.72
			2014	4,688,078	340	13,776	5.54	763.03
			2015	3,060,896	229	13,358	3.84	512.46

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Owners	210	Fire, Lightning and Removal	2011	2,388,086	159	14,977	0.77	115.96
			2012	3,677,298	143	25,759	0.71	183.03
			2013	2,641,986	128	20,671	0.65	134.62
			2014	2,520,115	106	23,696	0.55	129.74
			2015	3,929,322	114	34,556	0.58	202.10
		Wind and Hail	2011	6,514,604	606	10,745	2.94	316.34
			2012	3,898,462	520	7,494	2.59	194.04
			2013	2,010,672	423	4,757	2.15	102.45
			2014	1,844,019	380	4,858	1.95	94.93
			2015	890,228	206	4,314	1.06	45.79
		Water Damage and Freezing	2011	1,076,392	158	6,823	0.77	52.27
			2012	902,617	159	5,675	0.79	44.93
			2013	939,896	162	5,809	0.82	47.89
			2014	1,413,025	199	7,098	1.02	72.74
			2015	1,466,787	192	7,650	0.99	75.44
		Theft	2011	497,372	180	2,762	0.87	24.15
			2012	464,349	155	2,998	0.77	23.11
			2013	442,362	113	3,910	0.58	22.54
			2014	332,451	93	3,574	0.48	17.11
			2015	293,171	91	3,218	0.47	15.08
		Other Physical Damage	2011	329,844	65	5,085	0.31	16.02
			2012	249,486	66	3,809	0.33	12.42
			2013	411,969	64	6,476	0.32	20.99
			2014	207,783	65	3,215	0.33	10.70
			2015	482,895	93	5,189	0.48	24.84
		Liability	2011	536,271	41	13,102	0.20	26.04
			2012	396,719	31	12,826	0.15	19.75
			2013	52,537	26	2,043	0.13	2.68
			2014	96,592	29	3,359	0.15	4.97
			2015	166,774	27	6,152	0.14	8.58
		Credit Card	2011	0	0	0	0.00	0.00
			2012	0	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	0	0	0	0.00	0.00
			2015	0	0	0	0.00	0.00
Medical Payments	2011	25,902	16	1,669	0.08	1.26		
	2012	22,073	17	1,300	0.08	1.10		
	2013	16,940	13	1,316	0.07	0.86		
	2014	9,478	6	1,588	0.03	0.49		
	2015	15,375	9	1,662	0.05	0.79		
Total	2011	11,368,471	1,225	9,281	5.95	552.03		
	2012	9,611,004	1,090	8,815	5.43	478.37		
	2013	6,516,362	928	7,024	4.73	332.03		
	2014	6,423,463	877	7,321	4.52	330.68		
	2015	7,244,552	732	9,892	3.77	372.62		

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Owners	220	Fire, Lightning and Removal	2011	7,725,299	401	19,286	0.68	130.64
			2012	10,313,186	357	28,923	0.62	180.10
			2013	6,310,309	243	25,936	0.44	114.82
			2014	8,529,271	274	31,128	0.51	158.21
			2015	7,331,735	261	28,093	0.49	137.62
		Wind and Hail	2011	54,418,731	2,861	19,020	4.84	920.28
			2012	34,509,971	4,584	7,529	8.00	602.64
			2013	6,637,242	1,157	5,735	2.11	120.77
			2014	13,094,384	1,707	7,672	3.17	242.89
			2015	5,764,751	876	6,583	1.64	108.21
		Water Damage and Freezing	2011	4,330,174	575	7,526	0.97	73.23
			2012	4,608,206	665	6,934	1.16	80.47
			2013	5,206,943	756	6,887	1.38	94.74
			2014	5,987,642	764	7,839	1.42	111.07
			2015	6,526,762	742	8,802	1.39	122.51
		Theft	2011	2,363,741	661	3,579	1.12	39.97
			2012	2,390,649	683	3,502	1.19	41.75
			2013	1,850,016	520	3,558	0.95	33.66
			2014	1,710,980	436	3,927	0.81	31.74
			2015	1,111,288	312	3,558	0.59	20.86
		Other Physical Damage	2011	1,859,378	416	4,466	0.70	31.44
			2012	1,286,679	261	4,939	0.45	22.47
			2013	967,328	235	4,113	0.43	17.60
			2014	1,751,642	340	5,147	0.63	32.49
			2015	1,799,174	338	5,317	0.64	33.77
		Liability	2011	442,166	60	7,358	0.10	7.48
			2012	1,023,038	76	13,442	0.13	17.86
			2013	1,042,595	82	12,664	0.15	18.97
			2014	473,264	64	7,427	0.12	8.78
			2015	277,923	62	4,493	0.12	5.22
		Credit Card	2011	0	0	0	0.00	0.00
			2012	0	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	0	0	0	0.00	0.00
			2015	0	0	0	0.00	0.00
		Medical Payments	2011	32,591	12	2,716	0.02	0.55
2012	51,510		21	2,434	0.04	0.90		
2013	37,055		15	2,441	0.03	0.67		
2014	36,057		14	2,494	0.03	0.67		
2015	29,760		12	2,464	0.02	0.56		
Total	2011	71,172,080	4,986	14,274	8.43	1,203.59		
	2012	54,183,239	6,645	8,154	11.60	946.18		
	2013	22,051,488	3,009	7,328	5.48	401.24		
	2014	31,583,240	3,599	8,776	6.68	585.85		
	2015	22,841,393	2,603	8,775	4.89	428.75		

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Owners	230	Fire, Lightning and Removal	2011	3,348,500	121	27,603	0.79	217.18
			2012	1,551,098	82	18,854	0.57	107.97
			2013	2,472,696	81	30,426	0.61	184.16
			2014	3,189,940	76	41,912	0.57	239.34
			2015	1,974,292	71	27,850	0.54	151.02
		Wind and Hail	2011	12,574,548	1,164	10,806	7.55	815.58
			2012	683,544	132	5,175	0.92	47.58
			2013	806,016	169	4,779	1.26	60.03
			2014	792,736	133	5,971	1.00	59.48
			2015	462,705	114	4,049	0.87	35.39
		Water Damage and Freezing	2011	689,240	82	8,384	0.53	44.70
			2012	454,647	72	6,328	0.50	31.65
			2013	575,190	87	6,602	0.65	42.84
			2014	853,079	107	7,938	0.81	64.01
			2015	1,279,525	135	9,465	1.03	97.88
		Theft	2011	416,390	134	3,111	0.87	27.01
			2012	296,687	101	2,947	0.70	20.65
			2013	341,024	103	3,319	0.77	25.40
			2014	240,293	81	2,968	0.61	18.03
			2015	336,416	98	3,448	0.75	25.73
		Other Physical Damage	2011	259,603	48	5,440	0.31	16.84
			2012	162,120	35	4,619	0.24	11.28
			2013	152,011	31	4,838	0.23	11.32
			2014	218,735	52	4,170	0.39	16.41
			2015	193,474	50	3,907	0.38	14.80
		Liability	2011	159,411	17	9,295	0.11	10.34
			2012	340,294	18	19,226	0.12	23.69
			2013	73,487	17	4,323	0.13	5.47
			2014	358,945	11	31,486	0.09	26.93
			2015	63,111	27	2,359	0.20	4.83
		Credit Card	2011	0	0	0	0.00	0.00
			2012	0	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	0	0	0	0.00	0.00
			2015	0	0	0	0.00	0.00
		Medical Payments	2011	10,183	11	926	0.07	0.66
2012	18,140		14	1,324	0.10	1.26		
2013	6,800		7	932	0.05	0.51		
2014	9,304		6	1,551	0.05	0.70		
2015	16,319		8	2,040	0.06	1.25		
Total	2011	17,457,875	1,577	11,071	10.23	1,132.30		
	2012	3,506,530	453	7,734	3.16	244.09		
	2013	4,427,224	496	8,934	3.69	329.73		
	2014	5,663,032	467	12,122	3.51	424.90		
	2015	4,325,842	502	8,614	3.84	330.90		

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Owners	240	Fire, Lightning and Removal	2011	17,151,247	541	31,709	0.73	233.01
			2012	10,177,449	437	23,299	0.60	139.75
			2013	13,602,014	383	35,547	0.53	188.53
			2014	8,196,619	298	27,522	0.41	112.93
			2015	8,329,277	315	26,424	0.43	114.75
		Wind and Hail	2011	13,843,600	1,549	8,939	2.10	188.07
			2012	6,522,089	1,017	6,414	1.40	89.56
			2013	6,751,602	1,158	5,832	1.60	93.58
			2014	4,217,421	743	5,675	1.02	58.11
			2015	34,675,339	3,099	11,188	4.27	477.71
		Water Damage and Freezing	2011	4,310,028	549	7,844	0.75	58.55
			2012	4,424,573	603	7,342	0.83	60.75
			2013	5,252,536	627	8,371	0.87	72.80
			2014	5,667,804	662	8,556	0.91	78.09
			2015	7,107,401	750	9,481	1.03	97.92
		Theft	2011	1,558,668	447	3,483	0.61	21.18
			2012	1,278,151	376	3,402	0.52	17.55
			2013	1,202,209	346	3,477	0.48	16.66
			2014	963,649	269	3,576	0.37	13.28
			2015	969,110	249	3,884	0.34	13.35
		Other Physical Damage	2011	1,286,200	205	6,270	0.28	17.47
			2012	959,808	202	4,763	0.28	13.18
			2013	1,290,286	213	6,070	0.29	17.88
			2014	965,496	199	4,849	0.27	13.30
			2015	1,324,243	233	5,686	0.32	18.24
		Liability	2011	1,341,859	145	9,265	0.20	18.23
			2012	929,666	113	8,193	0.16	12.77
			2013	347,215	99	3,503	0.14	4.81
			2014	858,055	85	10,069	0.12	11.82
			2015	638,353	103	6,199	0.14	8.79
		Credit Card	2011	0	0	0	0.00	0.00
			2012	0	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	0	0	0	0.00	0.00
			2015	0	0	0	0.00	0.00
		Medical Payments	2011	87,684	46	1,920	0.06	1.19
2012	59,082		37	1,615	0.05	0.81		
2013	53,198		34	1,587	0.05	0.74		
2014	53,837		32	1,693	0.04	0.74		
2015	59,297		33	1,804	0.05	0.82		
Total	2011	39,579,286	3,482	11,367	4.73	537.70		
	2012	24,350,818	2,784	8,748	3.82	334.37		
	2013	28,499,060	2,859	9,969	3.96	395.02		
	2014	20,922,881	2,289	9,141	3.15	288.27		
	2015	53,103,020	4,783	11,104	6.59	731.58		

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Owners	250	Fire, Lightning and Removal	2011	7,310,925	239	30,599	0.77	235.97
			2012	3,929,935	169	23,312	0.55	127.75
			2013	4,623,757	149	31,001	0.49	151.82
			2014	5,402,961	156	34,621	0.51	175.89
			2015	2,981,824	146	20,460	0.47	96.73
		Wind and Hail	2011	12,095,540	1,133	10,675	3.66	390.41
			2012	2,698,699	445	6,059	1.45	87.73
			2013	2,648,248	470	5,631	1.54	86.96
			2014	2,260,520	391	5,783	1.27	73.59
			2015	1,996,254	367	5,446	1.19	64.76
		Water Damage and Freezing	2011	1,992,323	256	7,782	0.83	64.31
			2012	1,887,918	249	7,587	0.81	61.37
			2013	2,281,685	274	8,322	0.90	74.92
			2014	2,735,846	324	8,445	1.05	89.06
			2015	3,300,939	351	9,397	1.14	107.08
		Theft	2011	857,562	246	3,480	0.80	27.68
			2012	809,424	228	3,555	0.74	26.31
			2013	714,962	207	3,454	0.68	23.48
			2014	588,974	180	3,266	0.59	19.17
			2015	478,298	142	3,372	0.46	15.52
		Other Physical Damage	2011	578,350	157	3,678	0.51	18.67
			2012	384,858	114	3,380	0.37	12.51
			2013	457,106	128	3,574	0.42	15.01
			2014	709,679	157	4,510	0.51	23.10
			2015	741,137	153	4,844	0.50	24.04
		Liability	2011	299,527	46	6,496	0.15	9.67
			2012	717,427	42	16,940	0.14	23.32
			2013	353,713	42	8,438	0.14	11.61
			2014	699,837	41	17,028	0.13	22.78
			2015	248,039	47	5,236	0.15	8.05
		Credit Card	2011	0	0	0	0.00	0.00
			2012	0	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	0	0	0	0.00	0.00
			2015	0	0	0	0.00	0.00
Medical Payments	2011	26,977	17	1,559	0.06	0.87		
	2012	26,826	13	2,081	0.04	0.87		
	2013	22,535	14	1,647	0.04	0.74		
	2014	35,350	15	2,418	0.05	1.15		
	2015	30,035	17	1,718	0.06	0.97		
Total	2011	23,161,204	2,095	11,055	6.76	747.57		
	2012	10,455,087	1,260	8,300	4.09	339.86		
	2013	11,102,006	1,284	8,645	4.22	364.54		
	2014	12,433,167	1,264	9,834	4.12	404.75		
	2015	9,776,526	1,223	7,992	3.97	317.15		

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Owners	260	Fire, Lightning and Removal	2011	3,601,094	156	23,146	0.59	135.85
			2012	6,699,563	164	40,866	0.62	254.95
			2013	4,589,521	137	33,564	0.53	176.45
			2014	4,378,219	126	34,853	0.48	168.76
			2015	7,607,039	160	47,586	0.60	286.24
		Wind and Hail	2011	2,584,914	331	7,800	1.25	97.52
			2012	4,199,828	641	6,556	2.44	159.82
			2013	1,625,611	299	5,433	1.15	62.50
			2014	2,389,595	371	6,436	1.43	92.11
			2015	3,961,044	585	6,768	2.20	149.05
		Water Damage and Freezing	2011	1,107,249	168	6,604	0.63	41.77
			2012	1,857,767	179	10,401	0.68	70.70
			2013	1,581,624	194	8,163	0.74	60.81
			2014	2,389,170	267	8,962	1.03	92.09
			2015	2,532,928	232	10,908	0.87	95.31
		Theft	2011	625,019	183	3,409	0.69	23.58
			2012	626,852	169	3,720	0.64	23.85
			2013	460,121	157	2,924	0.60	17.69
			2014	371,503	100	3,709	0.39	14.32
			2015	595,958	106	5,619	0.40	22.42
		Other Physical Damage	2011	223,687	79	2,835	0.30	8.44
			2012	630,290	85	7,426	0.32	23.99
			2013	287,923	68	4,234	0.26	11.07
			2014	485,329	130	3,731	0.50	18.71
			2015	424,988	85	4,997	0.32	15.99
		Liability	2011	300,275	62	4,868	0.23	11.33
			2012	327,447	46	7,153	0.17	12.46
			2013	159,581	46	3,448	0.18	6.14
			2014	145,267	40	3,662	0.15	5.60
			2015	194,171	29	6,682	0.11	7.31
		Credit Card	2011	0	0	0	0.00	0.00
			2012	0	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	0	0	0	0.00	0.00
			2015	0	0	0	0.00	0.00
Medical Payments	2011	19,135	20	954	0.08	0.72		
	2012	20,193	10	1,944	0.04	0.77		
	2013	9,918	10	992	0.04	0.38		
	2014	29,377	17	1,728	0.07	1.13		
	2015	25,486	12	2,124	0.05	0.96		
Total	2011	8,461,373	999	8,473	3.77	319.21		
	2012	14,361,940	1,293	11,110	4.92	546.54		
	2013	8,714,299	911	9,562	3.50	335.02		
	2014	10,188,460	1,050	9,699	4.05	392.72		
	2015	15,341,614	1,209	12,685	4.55	577.27		

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Owners	270	Fire, Lightning and Removal	2011	30,539,016	1,072	28,483	0.41	116.24
			2012	27,656,831	1,105	25,035	0.42	104.96
			2013	23,811,455	703	33,881	0.26	89.35
			2014	27,671,832	761	36,371	0.28	102.24
			2015	28,549,914	795	35,922	0.29	104.72
		Wind and Hail	2011	74,023,276	6,417	11,536	2.44	281.76
			2012	40,987,036	5,766	7,109	2.19	155.54
			2013	24,794,189	3,606	6,877	1.35	93.04
			2014	26,818,222	4,013	6,683	1.48	99.09
			2015	19,652,194	2,921	6,729	1.07	72.08
		Water Damage and Freezing	2011	31,101,313	3,130	9,937	1.19	118.38
			2012	34,841,777	3,478	10,018	1.32	132.22
			2013	33,006,055	3,702	8,917	1.39	123.85
			2014	44,030,314	4,308	10,222	1.59	162.68
			2015	50,381,689	4,458	11,302	1.64	184.80
		Theft	2011	4,444,942	1,390	3,198	0.53	16.92
			2012	4,494,393	1,338	3,358	0.51	17.06
			2013	4,737,961	1,391	3,406	0.52	17.78
			2014	4,124,496	1,169	3,527	0.43	15.24
			2015	3,830,824	1,009	3,798	0.37	14.05
		Other Physical Damage	2011	5,455,620	1,080	5,053	0.41	20.77
			2012	4,037,943	762	5,301	0.29	15.32
			2013	4,106,142	875	4,694	0.33	15.41
			2014	5,664,914	986	5,743	0.36	20.93
			2015	5,857,871	1,016	5,766	0.37	21.49
		Liability	2011	2,197,746	277	7,929	0.11	8.37
			2012	3,449,006	292	11,798	0.11	13.09
			2013	2,619,988	296	8,840	0.11	9.83
			2014	3,500,830	295	11,883	0.11	12.93
			2015	2,327,595	295	7,894	0.11	8.54
		Credit Card	2011	0	0	0	0.00	0.00
			2012	500	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	0	0	0	0.00	0.00
			2015	0	0	0	0.00	0.00
Medical Payments	2011	147,038	102	1,439	0.04	0.56		
	2012	121,673	78	1,564	0.03	0.46		
	2013	118,962	68	1,757	0.03	0.45		
	2014	136,305	73	1,861	0.03	0.50		
	2015	110,422	67	1,643	0.02	0.41		
Total	2011	147,908,951	13,467	10,983	5.13	562.99		
	2012	115,589,159	12,819	9,017	4.86	438.65		
	2013	93,194,752	10,640	8,759	3.99	349.70		
	2014	111,946,913	11,605	9,647	4.29	413.61		
	2015	110,710,509	10,560	10,484	3.87	406.08		

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Owners	280	Fire, Lightning and Removal	2011	6,797,830	162	41,900	0.42	175.21
			2012	9,391,120	197	47,719	0.51	241.47
			2013	2,737,999	107	25,678	0.27	69.98
			2014	4,667,080	118	39,395	0.30	118.46
			2015	7,076,765	151	46,736	0.38	176.37
		Wind and Hail	2011	1,551,633	244	6,364	0.63	39.99
			2012	4,955,234	572	8,661	1.47	127.41
			2013	2,061,086	321	6,422	0.82	52.68
			2014	1,787,004	313	5,710	0.79	45.36
			2015	2,345,175	309	7,599	0.77	58.45
		Water Damage and Freezing	2011	3,012,139	279	10,782	0.72	77.63
			2012	3,432,559	325	10,551	0.84	88.26
			2013	3,062,504	367	8,353	0.94	78.28
			2014	4,952,756	537	9,218	1.36	125.71
			2015	5,673,271	434	13,063	1.08	141.39
		Theft	2011	708,085	243	2,918	0.63	18.25
			2012	700,210	209	3,344	0.54	18.00
			2013	885,693	196	4,523	0.50	22.64
			2014	461,025	147	3,130	0.37	11.70
			2015	772,119	160	4,823	0.40	19.24
		Other Physical Damage	2011	511,484	118	4,334	0.30	13.18
			2012	631,742	124	5,102	0.32	16.24
			2013	603,188	119	5,056	0.30	15.42
			2014	1,452,105	418	3,477	1.06	36.86
			2015	699,858	124	5,622	0.31	17.44
		Liability	2011	867,821	48	18,155	0.12	22.37
			2012	481,915	49	9,904	0.13	12.39
			2013	614,640	52	11,907	0.13	15.71
			2014	372,668	43	8,589	0.11	9.46
			2015	462,457	35	13,153	0.09	11.53
		Credit Card	2011	0	0	0	0.00	0.00
			2012	0	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	0	0	0	0.00	0.00
			2015	0	0	0	0.00	0.00
		Medical Payments	2011	19,372	18	1,088	0.05	0.50
2012	25,300		19	1,318	0.05	0.65		
2013	21,937		14	1,535	0.04	0.56		
2014	40,026		14	2,913	0.03	1.02		
2015	7,043		7	1,039	0.02	0.18		
Total	2011	13,468,364	1,112	12,115	2.87	347.13		
	2012	19,618,080	1,495	13,119	3.84	504.42		
	2013	9,987,047	1,175	8,498	3.00	255.27		
	2014	13,732,664	1,591	8,632	4.04	348.55		
	2015	17,036,688	1,221	13,955	3.04	424.59		

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Owners	290	Fire, Lightning and Removal	2011	6,138,507	300	20,439	0.95	193.22
			2012	4,360,580	187	23,379	0.59	139.09
			2013	3,994,614	130	30,799	0.42	128.20
			2014	4,466,943	142	31,387	0.46	143.02
			2015	6,414,173	149	43,106	0.47	203.14
		Wind and Hail	2011	14,868,321	579	25,660	1.82	468.00
			2012	17,787,362	1,536	11,583	4.90	567.38
			2013	3,416,150	486	7,027	1.56	109.64
			2014	2,808,911	387	7,259	1.24	89.93
			2015	1,747,080	235	7,434	0.74	55.33
		Water Damage and Freezing	2011	2,318,629	264	8,781	0.83	72.98
			2012	2,966,141	246	12,078	0.78	94.61
			2013	2,395,543	269	8,907	0.86	76.88
			2014	2,744,858	337	8,154	1.08	87.88
			2015	3,045,849	316	9,626	1.00	96.46
		Theft	2011	399,694	130	3,066	0.41	12.58
			2012	464,953	146	3,179	0.47	14.83
			2013	430,973	110	3,903	0.35	13.83
			2014	464,551	118	3,936	0.38	14.87
			2015	206,217	65	3,182	0.21	6.53
		Other Physical Damage	2011	630,777	139	4,534	0.44	19.85
			2012	518,051	93	5,560	0.30	16.52
			2013	542,255	128	4,245	0.41	17.40
			2014	680,308	120	5,686	0.38	21.78
			2015	551,231	113	4,889	0.36	17.46
		Liability	2011	1,079,798	66	16,378	0.21	33.99
			2012	226,185	38	5,959	0.12	7.21
			2013	404,811	35	11,540	0.11	12.99
			2014	545,449	37	14,830	0.12	17.46
			2015	42,481	24	1,737	0.08	1.35
		Credit Card	2011	0	0	0	0.00	0.00
			2012	0	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	0	0	0	0.00	0.00
			2015	0	0	0	0.00	0.00
		Medical Payments	2011	27,752	17	1,587	0.06	0.87
2012	17,029		11	1,482	0.04	0.54		
2013	17,840		10	1,804	0.03	0.57		
2014	17,045		12	1,472	0.04	0.55		
2015	6,569		6	1,034	0.02	0.21		
Total	2011	25,463,478	1,497	17,013	4.71	801.49		
	2012	26,340,301	2,257	11,673	7.20	840.20		
	2013	11,202,186	1,168	9,592	3.75	359.52		
	2014	11,728,065	1,152	10,182	3.69	375.49		
	2015	12,013,600	909	13,222	2.88	380.48		

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Owners	300	Fire, Lightning and Removal	2011	2,338,961	147	15,874	1.01	160.06
			2012	1,593,679	103	15,473	0.72	111.03
			2013	1,150,224	78	14,786	0.56	82.64
			2014	2,170,544	75	29,006	0.55	158.92
			2015	2,407,019	76	31,822	0.56	179.17
		Wind and Hail	2011	2,772,418	470	5,902	3.21	189.72
			2012	2,694,427	407	6,613	2.84	187.73
			2013	3,422,193	525	6,524	3.77	245.88
			2014	781,587	158	4,947	1.16	57.23
			2015	775,309	145	5,353	1.08	57.71
		Water Damage and Freezing	2011	700,313	123	5,715	0.84	47.92
			2012	610,923	87	7,005	0.61	42.56
			2013	1,174,691	112	10,505	0.80	84.40
			2014	1,097,952	136	8,080	0.99	80.39
			2015	1,091,896	125	8,734	0.93	81.28
		Theft	2011	373,639	103	3,627	0.70	25.57
			2012	351,335	99	3,534	0.69	24.48
			2013	251,483	75	3,346	0.54	18.07
			2014	339,520	77	4,408	0.56	24.86
			2015	179,132	57	3,131	0.43	13.33
		Other Physical Damage	2011	154,680	37	4,211	0.25	10.59
			2012	227,947	39	5,785	0.27	15.88
			2013	290,516	57	5,109	0.41	20.87
			2014	283,535	75	3,761	0.55	20.76
			2015	274,396	42	6,564	0.31	20.43
		Liability	2011	154,216	38	4,058	0.26	10.55
			2012	37,993	18	2,111	0.13	2.65
			2013	203,095	28	7,253	0.20	14.59
			2014	363,248	22	16,511	0.16	26.60
			2015	71,509	29	2,466	0.22	5.32
		Credit Card	2011	0	0	0	0.00	0.00
			2012	0	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	0	0	0	0.00	0.00
			2015	0	0	0	0.00	0.00
		Medical Payments	2011	13,839	12	1,153	0.08	0.95
2012	4,603		4	1,151	0.03	0.32		
2013	3,505		4	876	0.03	0.25		
2014	17,023		8	2,128	0.06	1.25		
2015	7,477		5	1,495	0.04	0.56		
Total	2011	6,508,066	929	7,003	6.36	445.36		
	2012	5,520,907	758	7,279	5.28	384.65		
	2013	6,495,707	878	7,397	6.31	466.71		
	2014	5,053,409	551	9,170	4.03	370.00		
	2015	4,806,738	479	10,045	3.56	357.80		

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Owners	310	Fire, Lightning and Removal	2011	28,156,456	1,462	19,254	0.55	106.16
			2012	28,614,558	1,284	22,284	0.49	109.18
			2013	29,772,140	937	31,777	0.36	115.26
			2014	28,713,481	804	35,693	0.31	111.90
			2015	29,938,297	870	34,395	0.34	117.88
		Wind and Hail	2011	33,266,912	5,867	5,670	2.21	125.43
			2012	30,726,137	5,073	6,057	1.94	117.23
			2013	30,034,974	5,049	5,949	1.95	116.27
			2014	18,519,583	3,702	5,003	1.44	72.17
			2015	16,698,108	3,285	5,083	1.29	65.75
		Water Damage and Freezing	2011	19,362,974	2,651	7,304	1.00	73.00
			2012	20,157,728	2,632	7,660	1.00	76.91
			2013	20,963,340	2,662	7,876	1.03	81.15
			2014	33,449,417	4,396	7,610	1.71	130.35
			2015	29,741,719	3,238	9,186	1.27	117.11
		Theft	2011	5,490,508	1,792	3,064	0.68	20.70
			2012	4,857,062	1,615	3,008	0.62	18.53
			2013	4,074,117	1,311	3,108	0.51	15.77
			2014	3,709,416	1,173	3,163	0.46	14.46
			2015	3,302,998	969	3,409	0.38	13.01
		Other Physical Damage	2011	3,811,712	870	4,380	0.33	14.37
			2012	3,295,551	749	4,400	0.29	12.57
			2013	4,638,153	858	5,407	0.33	17.96
			2014	13,787,284	3,685	3,742	1.44	53.73
			2015	4,431,599	768	5,769	0.30	17.45
		Liability	2011	3,295,139	486	6,787	0.18	12.42
			2012	2,383,753	458	5,210	0.17	9.10
			2013	4,903,104	514	9,539	0.20	18.98
			2014	3,887,465	386	10,064	0.15	15.15
			2015	1,887,077	432	4,365	0.17	7.43
		Credit Card	2011	0	0	0	0.00	0.00
			2012	943	2	472	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	0	0	0	0.00	0.00
			2015	0	0	0	0.00	0.00
Medical Payments	2011	176,560	131	1,346	0.05	0.67		
	2012	148,889	116	1,280	0.04	0.57		
	2013	157,519	115	1,373	0.04	0.61		
	2014	159,137	96	1,660	0.04	0.62		
	2015	115,637	81	1,433	0.03	0.46		
Total	2011	93,560,261	13,259	7,056	5.00	352.75		
	2012	90,184,621	11,928	7,561	4.55	344.10		
	2013	94,543,347	11,445	8,261	4.43	366.00		
	2014	102,225,783	14,242	7,178	5.55	398.37		
	2015	86,115,435	9,643	8,930	3.80	339.07		

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Owners	320	Fire, Lightning and Removal	2011	14,274,643	895	15,942	0.67	106.29
			2012	11,769,838	621	18,952	0.46	87.30
			2013	18,654,782	628	29,727	0.46	137.80
			2014	15,440,182	506	30,502	0.38	114.91
			2015	17,914,888	470	38,138	0.36	136.68
		Wind and Hail	2011	48,218,104	6,545	7,367	4.87	359.04
			2012	19,278,599	2,781	6,933	2.06	143.00
			2013	17,652,119	2,840	6,215	2.10	130.40
			2014	9,912,473	1,744	5,682	1.30	73.77
			2015	13,274,128	2,157	6,154	1.65	101.28
		Water Damage and Freezing	2011	9,744,899	1,237	7,875	0.92	72.56
			2012	9,661,927	1,259	7,674	0.93	71.67
			2013	10,543,334	1,366	7,720	1.01	77.88
			2014	15,029,781	1,958	7,675	1.46	111.86
			2015	12,390,902	1,439	8,612	1.10	94.54
		Theft	2011	2,824,479	800	3,531	0.60	21.03
			2012	2,267,437	723	3,136	0.54	16.82
			2013	1,823,962	580	3,145	0.43	13.47
			2014	1,482,357	466	3,182	0.35	11.03
			2015	1,405,385	401	3,504	0.31	10.72
		Other Physical Damage	2011	2,134,681	451	4,729	0.34	15.90
			2012	1,643,490	362	4,545	0.27	12.19
			2013	2,160,855	411	5,263	0.30	15.96
			2014	5,634,676	1,497	3,764	1.11	41.94
			2015	2,655,464	361	7,362	0.28	20.26
		Liability	2011	1,126,745	258	4,372	0.19	8.39
			2012	2,569,841	241	10,663	0.18	19.06
			2013	1,972,791	251	7,851	0.19	14.57
			2014	2,431,164	216	11,262	0.16	18.09
			2015	1,463,473	217	6,754	0.17	11.17
		Credit Card	2011	0	0	0	0.00	0.00
			2012	0	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	0	0	0	0.00	0.00
			2015	0	0	0	0.00	0.00
		Medical Payments	2011	102,004	80	1,273	0.06	0.76
			2012	114,768	69	1,669	0.05	0.85
			2013	96,342	57	1,689	0.04	0.71
			2014	83,118	56	1,484	0.04	0.62
			2015	92,988	55	1,705	0.04	0.71
		Total	2011	78,425,555	10,267	7,638	7.65	583.97
			2012	47,305,900	6,055	7,812	4.49	350.89
			2013	52,904,185	6,132	8,627	4.53	390.81
			2014	50,013,751	6,444	7,762	4.80	372.23
			2015	49,197,228	5,099	9,649	3.89	375.35

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Owners	330	Fire, Lightning and Removal	2011	619,590	65	9,542	0.92	88.26
			2012	1,181,721	48	24,842	0.68	168.79
			2013	371,937	40	9,222	0.58	53.66
			2014	1,772,642	23	78,124	0.33	259.65
			2015	572,134	32	17,907	0.47	83.49
		Wind and Hail	2011	977,922	193	5,059	2.75	139.31
			2012	633,129	113	5,609	1.61	90.43
			2013	1,271,318	186	6,845	2.68	183.40
			2014	501,904	112	4,473	1.64	73.52
			2015	296,084	56	5,273	0.82	43.21
		Water Damage and Freezing	2011	319,315	56	5,683	0.80	45.49
			2012	350,187	49	7,113	0.70	50.02
			2013	285,427	48	5,979	0.69	41.18
			2014	600,128	79	7,575	1.16	87.91
			2015	364,483	60	6,065	0.88	53.19
		Theft	2011	94,439	36	2,605	0.52	13.45
			2012	79,349	31	2,579	0.44	11.33
			2013	117,697	34	3,422	0.50	16.98
			2014	89,271	26	3,451	0.38	13.08
			2015	83,749	22	3,895	0.31	12.22
		Other Physical Damage	2011	58,876	27	2,203	0.38	8.39
			2012	57,114	18	3,166	0.26	8.16
			2013	72,715	23	3,222	0.33	10.49
			2014	313,145	43	7,229	0.63	45.87
			2015	67,799	25	2,729	0.36	9.89
		Liability	2011	79,101	16	4,838	0.23	11.27
			2012	37,647	11	3,376	0.16	5.38
			2013	139,174	27	5,120	0.39	20.08
			2014	335,779	16	20,791	0.24	49.18
			2015	35,545	8	4,361	0.12	5.19
		Credit Card	2011	0	0	0	0.00	0.00
			2012	0	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	0	0	0	0.00	0.00
			2015	0	0	0	0.00	0.00
		Medical Payments	2011	6,486	5	1,282	0.07	0.92
2012	9,636		5	1,904	0.07	1.38		
2013	2,983		2	1,469	0.03	0.43		
2014	4,022		4	998	0.06	0.59		
2015	4,675		4	1,160	0.06	0.68		
Total	2011	2,155,729	399	5,405	5.68	307.08		
	2012	2,348,783	275	8,550	3.92	335.49		
	2013	2,261,251	360	6,282	5.19	326.20		
	2014	3,616,891	304	11,917	4.45	529.79		
	2015	1,424,469	207	6,891	3.02	207.86		

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Owners	340	Fire, Lightning and Removal	2011	35,652,462	2,041	17,467	0.66	115.02
			2012	36,758,319	1,475	24,915	0.48	120.58
			2013	38,676,208	1,095	35,323	0.36	128.69
			2014	38,304,358	1,113	34,416	0.37	126.60
			2015	42,902,607	1,060	40,472	0.36	144.72
		Wind and Hail	2011	274,244,809	32,622	8,407	10.52	884.74
			2012	86,809,038	10,782	8,051	3.54	284.75
			2013	58,374,657	8,304	7,030	2.76	194.24
			2014	81,009,632	8,193	9,888	2.71	267.75
			2015	30,860,772	4,194	7,359	1.41	104.10
		Water Damage and Freezing	2011	29,994,977	3,891	7,709	1.26	96.77
			2012	31,705,243	3,762	8,428	1.23	104.00
			2013	32,991,651	4,039	8,169	1.34	109.78
			2014	43,153,572	4,667	9,246	1.54	142.63
			2015	44,168,347	4,563	9,679	1.54	148.99
		Theft	2011	5,758,341	1,772	3,251	0.57	18.58
			2012	5,279,339	1,545	3,416	0.51	17.32
			2013	4,341,842	1,277	3,401	0.42	14.45
			2014	3,308,191	992	3,335	0.33	10.93
			2015	3,589,314	973	3,689	0.33	12.11
		Other Physical Damage	2011	6,003,251	1,219	4,926	0.39	19.37
			2012	5,630,003	1,028	5,474	0.34	18.47
			2013	6,337,394	1,129	5,613	0.38	21.09
			2014	8,340,979	1,274	6,546	0.42	27.57
			2015	8,329,184	1,071	7,780	0.36	28.10
		Liability	2011	4,411,662	622	7,095	0.20	14.23
			2012	3,874,520	484	8,004	0.16	12.71
			2013	3,764,941	509	7,391	0.17	12.53
			2014	4,319,612	441	9,785	0.15	14.28
			2015	2,732,301	467	5,854	0.16	9.22
		Credit Card	2011	0	0	0	0.00	0.00
			2012	0	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	3,586	1	3,586	0.00	0.01
			2015	0	0	0	0.00	0.00
		Medical Payments	2011	216,175	133	1,626	0.04	0.70
			2012	187,955	134	1,403	0.04	0.62
			2013	198,994	111	1,794	0.04	0.66
			2014	136,600	98	1,392	0.03	0.45
			2015	138,134	65	2,116	0.02	0.47
		Total	2011	356,281,677	42,299	8,423	13.65	1,149.40
			2012	170,244,417	19,212	8,861	6.30	558.44
			2013	144,685,687	16,464	8,788	5.48	481.44
			2014	178,576,530	16,780	10,642	5.55	590.22
			2015	132,720,659	12,393	10,710	4.18	447.71

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Owners	350	Fire, Lightning and Removal	2011	11,764,506	688	17,107	0.75	127.94
			2012	9,650,089	468	20,609	0.51	105.60
			2013	11,780,780	424	27,804	0.47	129.83
			2014	11,647,537	400	29,141	0.44	128.53
			2015	13,690,115	339	40,398	0.37	150.23
		Wind and Hail	2011	221,323,073	25,779	8,585	28.03	2,406.86
			2012	11,457,439	1,533	7,474	1.68	125.38
			2013	7,024,848	1,107	6,345	1.22	77.42
			2014	4,120,571	714	5,775	0.79	45.47
			2015	5,160,082	901	5,730	0.99	56.62
		Water Damage and Freezing	2011	7,182,672	941	7,635	1.02	78.11
			2012	5,958,282	769	7,748	0.84	65.20
			2013	6,240,181	828	7,538	0.91	68.77
			2014	8,417,880	1,005	8,377	1.11	92.89
			2015	9,764,548	1,094	8,925	1.20	107.15
		Theft	2011	1,605,585	459	3,498	0.50	17.46
			2012	1,580,463	442	3,577	0.48	17.29
			2013	1,054,926	301	3,507	0.33	11.63
			2014	869,101	238	3,646	0.26	9.59
			2015	1,018,695	249	4,096	0.27	11.18
		Other Physical Damage	2011	1,858,639	435	4,273	0.47	20.21
			2012	1,344,687	221	6,079	0.24	14.71
			2013	1,384,146	248	5,579	0.27	15.25
			2014	1,833,652	334	5,496	0.37	20.23
			2015	2,185,786	291	7,517	0.32	23.99
		Liability	2011	1,429,449	231	6,181	0.25	15.55
			2012	994,046	157	6,321	0.17	10.88
			2013	775,464	137	5,674	0.15	8.55
			2014	1,390,366	113	12,267	0.13	15.34
			2015	1,075,703	131	8,233	0.14	11.80
		Credit Card	2011	0	0	0	0.00	0.00
			2012	0	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	0	0	0	0.00	0.00
			2015	0	0	0	0.00	0.00
		Medical Payments	2011	83,196	55	1,510	0.06	0.90
2012	65,633		45	1,470	0.05	0.72		
2013	51,711		32	1,616	0.04	0.57		
2014	67,780		49	1,382	0.05	0.75		
2015	54,752		28	1,964	0.03	0.60		
Total	2011	245,247,120	28,588	8,579	31.09	2,667.03		
	2012	31,050,639	3,635	8,542	3.98	339.78		
	2013	28,312,056	3,076	9,204	3.39	312.01		
	2014	28,346,887	2,853	9,937	3.15	312.80		
	2015	32,949,681	3,032	10,869	3.33	361.57		

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Owners	360	Fire, Lightning and Removal	2011	27,400,451	1,227	22,335	0.62	139.45
			2012	23,800,611	1,006	23,652	0.52	122.34
			2013	21,127,755	834	25,340	0.43	109.89
			2014	22,597,776	733	30,828	0.38	118.61
			2015	27,800,433	673	41,313	0.35	143.49
		Wind and Hail	2011	57,241,527	8,542	6,701	4.35	291.31
			2012	44,054,074	6,410	6,873	3.29	226.45
			2013	17,975,201	3,197	5,622	1.66	93.50
			2014	11,641,666	2,073	5,617	1.09	61.10
			2015	11,289,197	1,661	6,795	0.86	58.27
		Water Damage and Freezing	2011	14,140,090	1,699	8,320	0.86	71.96
			2012	14,104,311	1,674	8,425	0.86	72.50
			2013	13,558,415	1,722	7,872	0.90	70.52
			2014	26,707,556	2,357	11,331	1.24	140.18
			2015	22,581,523	2,181	10,352	1.13	116.56
		Theft	2011	3,127,576	918	3,408	0.47	15.92
			2012	2,771,689	801	3,460	0.41	14.25
			2013	2,133,092	640	3,332	0.33	11.10
			2014	1,869,672	532	3,511	0.28	9.81
			2015	1,756,464	446	3,939	0.23	9.07
		Other Physical Damage	2011	3,088,165	675	4,577	0.34	15.72
			2012	2,648,960	566	4,682	0.29	13.62
			2013	3,191,769	596	5,359	0.31	16.60
			2014	3,356,258	632	5,314	0.33	17.62
			2015	3,490,494	577	6,050	0.30	18.02
		Liability	2011	2,144,025	387	5,543	0.20	10.91
			2012	2,567,756	373	6,892	0.19	13.20
			2013	1,883,862	320	5,883	0.17	9.80
			2014	2,591,653	293	8,849	0.15	13.60
			2015	2,346,904	271	8,652	0.14	12.11
		Credit Card	2011	0	0	0	0.00	0.00
			2012	0	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	0	0	0	0.00	0.00
			2015	0	0	0	0.00	0.00
		Medical Payments	2011	172,134	111	1,557	0.06	0.88
			2012	171,289	104	1,644	0.05	0.88
			2013	137,525	84	1,629	0.04	0.72
			2014	131,294	70	1,864	0.04	0.69
			2015	107,142	59	1,803	0.03	0.55
		Total	2011	107,313,968	13,558	7,915	6.90	546.14
			2012	90,118,690	10,934	8,242	5.62	463.23
			2013	60,007,619	7,394	8,116	3.85	312.13
			2014	68,895,875	6,690	10,298	3.51	361.62
			2015	69,372,157	5,869	11,819	3.03	358.07

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Owners	370	Fire, Lightning and Removal	2011	1,046,509	49	21,524	0.54	115.24
			2012	1,550,949	59	26,154	0.66	173.10
			2013	1,251,996	39	32,452	0.44	142.61
			2014	2,433,728	35	68,905	0.41	279.26
			2015	2,141,749	31	68,624	0.32	222.80
		Wind and Hail	2011	829,727	142	5,828	1.57	91.37
			2012	1,440,459	206	6,994	2.30	160.77
			2013	563,784	120	4,706	1.36	64.22
			2014	348,467	74	4,740	0.84	39.98
			2015	165,556	37	4,444	0.39	17.22
		Water Damage and Freezing	2011	933,883	89	10,503	0.98	102.84
			2012	893,826	85	10,552	0.95	99.76
			2013	657,237	80	8,199	0.91	74.86
			2014	1,931,839	124	15,584	1.42	221.67
			2015	1,701,952	143	11,934	1.48	177.05
		Theft	2011	83,707	23	3,686	0.25	9.22
			2012	116,764	21	5,444	0.24	13.03
			2013	41,334	13	3,080	0.15	4.71
			2014	52,623	13	3,954	0.15	6.04
			2015	318,534	20	16,302	0.20	33.14
		Other Physical Damage	2011	206,756	43	4,798	0.47	22.77
			2012	128,357	26	5,022	0.29	14.33
			2013	87,599	23	3,852	0.26	9.98
			2014	191,975	25	7,645	0.29	22.03
			2015	252,365	41	6,205	0.42	26.25
		Liability	2011	55,796	13	4,376	0.14	6.14
			2012	73,154	15	4,883	0.17	8.16
			2013	72,838	9	8,111	0.10	8.30
			2014	6,362	5	1,169	0.06	0.73
			2015	42,950	15	2,936	0.15	4.47
		Credit Card	2011	0	0	0	0.00	0.00
			2012	0	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
2014	0		0	0	0.00	0.00		
2015	0		0	0	0.00	0.00		
Medical Payments	2011	16,254	13	1,251	0.14	1.79		
	2012	8,394	4	1,952	0.05	0.94		
	2013	6,121	4	1,744	0.04	0.70		
	2014	1,135	1	996	0.01	0.13		
	2015	11,723	6	1,925	0.06	1.22		
Total	2011	3,172,632	371	8,541	4.09	349.37		
	2012	4,211,903	416	10,119	4.65	470.08		
	2013	2,680,909	287	9,335	3.27	305.38		
	2014	4,966,129	278	17,877	3.19	569.84		
	2015	4,634,829	292	15,873	3.04	482.14		

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Owners	380	Fire, Lightning and Removal	2011	4,342,387	253	17,187	0.76	130.54
			2012	6,637,736	199	33,337	0.61	201.83
			2013	3,304,902	149	22,228	0.46	102.03
			2014	6,625,103	149	44,339	0.47	206.34
			2015	8,086,773	129	62,776	0.39	243.57
		Wind and Hail	2011	6,458,896	1,002	6,449	3.01	194.17
			2012	5,741,477	789	7,281	2.40	174.58
			2013	1,721,251	328	5,252	1.01	53.14
			2014	1,296,284	225	5,767	0.70	40.37
			2015	1,389,101	262	5,303	0.79	41.84
		Water Damage and Freezing	2011	3,308,984	323	10,239	0.97	99.48
			2012	2,624,569	268	9,778	0.82	79.80
			2013	2,027,900	269	7,550	0.83	62.60
			2014	3,905,223	399	9,790	1.24	121.63
			2015	5,629,167	407	13,819	1.23	169.55
		Theft	2011	386,148	97	3,982	0.29	11.61
			2012	311,353	93	3,349	0.28	9.47
			2013	431,862	103	4,205	0.32	13.33
			2014	405,416	93	4,352	0.29	12.63
			2015	188,325	54	3,483	0.16	5.67
		Other Physical Damage	2011	633,157	116	5,452	0.35	19.03
			2012	507,142	91	5,564	0.28	15.42
			2013	711,887	109	6,535	0.34	21.98
			2014	627,392	102	6,155	0.32	19.54
			2015	649,495	113	5,765	0.34	19.56
		Liability	2011	699,453	63	11,039	0.19	21.03
			2012	203,461	46	4,423	0.14	6.19
			2013	499,840	31	16,250	0.09	15.43
			2014	468,601	37	12,755	0.11	14.59
			2015	266,979	38	7,099	0.11	8.04
		Credit Card	2011	0	0	0	0.00	0.00
			2012	0	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	99	0	0	0.00	0.00
			2015	0	0	0	0.00	0.00
Medical Payments	2011	21,706	15	1,450	0.05	0.65		
	2012	15,401	14	1,099	0.04	0.47		
	2013	31,409	19	1,634	0.06	0.97		
	2014	14,194	6	2,297	0.02	0.44		
	2015	33,348	14	2,404	0.04	1.00		
Total	2011	15,850,731	1,869	8,482	5.62	476.51		
	2012	16,041,139	1,500	10,693	4.56	487.75		
	2013	8,729,051	1,007	8,671	3.11	269.47		
	2014	13,342,312	1,011	13,196	3.15	415.56		
	2015	16,243,188	1,016	15,982	3.06	489.24		

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Owners	390	Fire, Lightning and Removal	2011	10,860,300	253	42,906	0.73	312.81
			2012	5,198,477	204	25,520	0.59	149.34
			2013	8,243,749	167	49,479	0.47	231.38
			2014	6,485,636	172	37,626	0.49	183.23
			2015	11,636,608	203	57,360	0.55	317.92
		Wind and Hail	2011	5,908,148	806	7,327	2.32	170.17
			2012	7,644,348	673	11,356	1.93	219.60
			2013	2,546,190	329	7,742	0.92	71.46
			2014	1,262,336	164	7,687	0.46	35.66
			2015	1,478,032	225	6,566	0.62	40.38
		Water Damage and Freezing	2011	4,198,042	336	12,500	0.97	120.91
			2012	2,599,346	257	10,123	0.74	74.67
			2013	2,859,306	268	10,651	0.75	80.25
			2014	6,239,034	443	14,096	1.25	176.26
			2015	6,064,867	457	13,277	1.25	165.70
		Theft	2011	455,635	117	3,878	0.34	13.12
			2012	455,835	103	4,430	0.30	13.09
			2013	409,116	104	3,916	0.29	11.48
			2014	466,663	99	4,728	0.28	13.18
			2015	627,501	97	6,459	0.27	17.14
		Other Physical Damage	2011	773,107	129	6,000	0.37	22.27
			2012	323,933	82	3,946	0.24	9.31
			2013	580,016	88	6,593	0.25	16.28
			2014	762,956	100	7,602	0.28	21.55
			2015	885,052	116	7,629	0.32	24.18
		Liability	2011	276,828	38	7,343	0.11	7.97
			2012	184,233	28	6,695	0.08	5.29
			2013	224,604	40	5,601	0.11	6.30
			2014	163,005	26	6,243	0.07	4.61
			2015	297,993	29	10,354	0.08	8.14
		Credit Card	2011	0	0	0	0.00	0.00
			2012	0	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
2014	0		0	0	0.00	0.00		
2015	0		0	0	0.00	0.00		
Medical Payments	2011	25,786	16	1,613	0.05	0.74		
	2012	32,442	13	2,445	0.04	0.93		
	2013	27,494	12	2,268	0.03	0.77		
	2014	22,081	10	2,169	0.03	0.62		
	2015	26,395	13	1,994	0.04	0.72		
Total	2011	22,497,846	1,695	13,270	4.88	648.00		
	2012	16,438,614	1,359	12,092	3.91	472.24		
	2013	14,890,475	1,009	14,764	2.83	417.93		
	2014	15,401,711	1,015	15,181	2.87	435.11		
	2015	21,016,448	1,140	18,436	3.11	574.19		

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Owners	SW	Fire, Lightning and Removal	2011	267,375,444	11,723	22,808	0.61	138.43
			2012	237,704,433	9,529	24,946	0.50	124.53
			2013	240,335,164	7,467	32,188	0.39	126.89
			2014	249,275,520	7,264	34,317	0.38	131.23
			2015	281,777,408	7,189	39,194	0.38	148.42
		Wind and Hail	2011	878,915,602	100,020	8,787	5.18	455.05
			2012	342,253,118	46,744	7,322	2.45	179.31
			2013	201,864,818	32,169	6,275	1.70	106.58
			2014	212,733,886	29,398	7,236	1.55	112.00
			2015	162,501,385	23,497	6,916	1.24	85.60
		Water Damage and Freezing	2011	156,672,720	18,953	8,266	0.98	81.12
			2012	163,491,078	19,086	8,566	1.00	85.65
			2013	165,006,445	20,073	8,220	1.06	87.12
			2014	238,394,493	25,893	9,207	1.36	125.50
			2015	246,856,966	24,330	10,146	1.28	130.03
		Theft	2011	35,291,765	10,683	3,304	0.55	18.27
			2012	32,663,711	9,766	3,345	0.51	17.11
			2013	28,832,575	8,471	3,404	0.45	15.22
			2014	24,164,787	6,982	3,461	0.37	12.72
			2015	23,661,861	6,187	3,824	0.33	12.46
		Other Physical Damage	2011	33,879,621	7,018	4,828	0.36	17.54
			2012	27,520,944	5,617	4,899	0.29	14.42
			2013	31,136,575	6,006	5,184	0.32	16.44
			2014	53,130,441	11,217	4,737	0.59	27.97
			2015	39,737,825	6,345	6,263	0.33	20.93
		Liability	2011	23,908,693	3,289	7,269	0.17	12.38
			2012	24,027,524	2,842	8,454	0.15	12.59
			2013	24,059,002	2,869	8,387	0.15	12.70
			2014	25,610,015	2,496	10,261	0.13	13.48
			2015	19,468,676	2,681	7,262	0.14	10.26
		Credit Card	2011	0	0	0	0.00	0.00
			2012	1,443	2	722	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	3,685	1	3,685	0.00	0.00
			2015	0	0	0	0.00	0.00
		Medical Payments	2011	1,464,232	975	1,502	0.05	0.76
2012	1,316,476		847	1,554	0.04	0.69		
2013	1,222,697		729	1,677	0.04	0.65		
2014	1,168,828		682	1,714	0.04	0.62		
2015	1,114,555		600	1,858	0.03	0.59		
Total	2011	1,397,508,077	152,661	9,154	7.90	723.54		
	2012	828,978,727	94,433	8,778	4.95	434.30		
	2013	692,457,276	77,783	8,902	4.11	365.58		
	2014	804,481,655	83,932	9,585	4.42	423.52		
	2015	775,118,676	70,830	10,943	3.73	408.29		

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Tenants	SW	Fire, Lightning and Removal	2011	5,328,272	878	6,069	0.33	19.90
			2012	5,401,241	761	7,096	0.26	18.30
			2013	6,083,018	665	9,153	0.21	19.44
			2014	4,566,187	698	6,542	0.21	13.76
			2015	6,156,784	775	7,944	0.21	16.92
		Wind and Hail	2011	1,875,402	377	4,978	0.14	7.00
			2012	200,347	72	2,786	0.02	0.68
			2013	256,551	92	2,788	0.03	0.82
			2014	186,765	90	2,083	0.03	0.56
			2015	153,809	66	2,314	0.02	0.42
		Water Damage and Freezing	2011	1,479,506	453	3,263	0.17	5.53
			2012	1,638,956	512	3,199	0.17	5.55
			2013	1,749,510	518	3,380	0.17	5.59
			2014	3,180,052	866	3,672	0.26	9.59
			2015	3,413,239	918	3,719	0.25	9.38
		Theft	2011	7,168,482	3,057	2,345	1.14	26.77
			2012	7,553,477	3,108	2,431	1.05	25.59
			2013	7,492,066	3,058	2,450	0.98	23.95
			2014	6,077,123	2,593	2,343	0.78	18.32
			2015	6,229,833	2,606	2,391	0.72	17.12
		Other Physical Damage	2011	1,295,041	548	2,361	0.20	4.84
			2012	1,168,928	468	2,495	0.16	3.96
			2013	1,281,668	498	2,575	0.16	4.10
			2014	1,636,875	1,037	1,579	0.31	4.93
			2015	1,598,580	622	2,572	0.17	4.39
		Liability	2011	4,203,785	434	9,694	0.16	15.70
			2012	3,900,266	471	8,281	0.16	13.21
			2013	4,688,109	518	9,051	0.17	14.98
			2014	4,755,255	526	9,041	0.16	14.33
			2015	5,309,864	560	9,482	0.15	14.59
		Credit Card	2011	0	0	0	0.00	0.00
			2012	21	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	0	0	0	0.00	0.00
			2015	0	0	0	0.00	0.00
		Medical Payments	2011	52,637	47	1,127	0.02	0.20
2012	74,846		62	1,207	0.02	0.25		
2013	104,068		73	1,426	0.02	0.33		
2014	84,056		56	1,501	0.02	0.25		
2015	111,654		73	1,530	0.02	0.31		
Total	2011	21,403,125	5,794	3,694	2.16	79.93		
	2012	19,938,082	5,454	3,655	1.85	67.54		
	2013	21,654,990	5,421	3,995	1.73	69.21		
	2014	20,486,313	5,866	3,492	1.77	61.75		
	2015	22,973,763	5,619	4,088	1.54	63.13		

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Condominium Unit Owners	SW	Fire, Lightning and Removal	2011	2,066,460	255	8,096	0.34	27.85
			2012	1,736,991	218	7,982	0.30	23.86
			2013	1,412,384	161	8,799	0.22	19.13
			2014	1,528,578	185	8,282	0.25	20.34
			2015	1,764,559	182	9,698	0.24	23.32
		Wind and Hail	2011	454,052	126	3,613	0.17	6.12
			2012	73,387	33	2,200	0.05	1.01
			2013	213,100	64	3,349	0.09	2.89
			2014	147,463	63	2,354	0.08	1.96
			2015	217,296	37	5,914	0.05	2.87
		Water Damage and Freezing	2011	5,698,707	1,199	4,754	1.62	76.80
			2012	5,944,817	1,230	4,832	1.69	81.66
			2013	6,171,112	1,290	4,782	1.75	83.58
			2014	8,973,502	1,664	5,392	2.21	119.42
			2015	10,336,280	1,719	6,012	2.27	136.61
		Theft	2011	750,010	348	2,157	0.47	10.11
			2012	838,231	326	2,570	0.45	11.51
			2013	712,306	283	2,518	0.38	9.65
			2014	531,197	202	2,624	0.27	7.07
			2015	406,160	187	2,175	0.25	5.37
		Other Physical Damage	2011	906,398	242	3,753	0.33	12.21
			2012	812,772	209	3,894	0.29	11.17
			2013	648,371	189	3,423	0.26	8.78
			2014	1,080,367	274	3,949	0.36	14.38
			2015	1,072,108	252	4,252	0.33	14.17
		Liability	2011	602,077	135	4,460	0.18	8.11
			2012	896,547	175	5,123	0.24	12.32
2013	702,998		160	4,394	0.22	9.52		
2014	877,868		157	5,593	0.21	11.68		
2015	1,384,048		165	8,388	0.22	18.29		
Credit Card	2011	0	0	0	0.00	0.00		
	2012	0	0	0	0.00	0.00		
	2013	0	0	0	0.00	0.00		
	2014	0	0	0	0.00	0.00		
	2015	0	0	0	0.00	0.00		
Medical Payments	2011	15,688	12	1,307	0.02	0.21		
	2012	12,255	9	1,362	0.01	0.17		
	2013	13,631	8	1,704	0.01	0.18		
	2014	12,329	8	1,541	0.01	0.16		
	2015	9,206	6	1,534	0.01	0.12		
Total	2011	10,493,392	2,316	4,531	3.12	141.41		
	2012	10,315,000	2,200	4,688	3.02	141.70		
	2013	9,873,902	2,155	4,582	2.92	133.74		
	2014	13,151,304	2,552	5,153	3.40	175.01		
	2015	15,189,657	2,548	5,962	3.37	200.76		

NORTH CAROLINA

HOMEOWNERS INSURANCE

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA  
REQUIREMENTS FOR A HOMEOWNERS RATE FILING  
AS PER 11 NCAC 10.1105

2. CREDIBILITY FACTOR DEVELOPMENT AND APPLICATION

Credibility considerations enter into the Homeowners ratemaking formula in the calculation of statewide rate level indications which depend, in part, on the determination of the weighted statewide trended loss cost.

The statewide credibility procedure is based on the 'frequency with severity modification' model discussed in "Credibility of the Pure Premium" by Mayerson, Bowers and Jones. The full credibility standard is based on a normal distribution with a 90% probability of meeting the test and a 5% maximum departure from the expected value, translated to house year standards. Partial credibility ( $Z_p$ ) is calculated using the square root rule:

$$Z_p = \sqrt{\frac{\text{Five Year House Years}}{\text{Full Credibility Standard}}} \quad (\text{truncated to one decimal place})$$

The full credibility standard is 240,000 house years for the Owners Forms, 285,000 house years for Tenant Form, and 190,000 house years for Condo Unit Form.

To distribute the statewide change by territory, a credibility procedure was used on the non-hurricane loss costs. The credibility standard used was based on the same model as statewide credibility. The full credibility standard is based on a normal distribution with a 90% probability of meeting the test and a 10% maximum departure from the expected value, translated to house years. The full credibility standards are 60,000 for Owners' Forms, 75,000 for Tenant Form and 50,000 for Condo Unit Form. Partial credibility ( $Z_p$ ) is calculated using the square root rule:

$$Z_p = \sqrt{\frac{\text{Five Year House Years}}{\text{Full Credibility Standard}}} \quad (\text{truncated to one decimal place})$$

The Rate Bureau has not considered alternative credibility procedures in the last three years.

See Section D and prefiled testimony of P. Anderson, R. Curry and B. Donlan.

NORTH CAROLINA  
HOMEOWNERS INSURANCE

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA  
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3. LOSS DEVELOPMENT FACTOR DERIVATION AND APPLICATION ON BOTH PAID AND INCURRED BASES AND IN BOTH NUMBERS AND DOLLARS OF CLAIMS
- (a) See page D-12 and prefiled testimony of P. Anderson, R. Curry and B. Donlan. The Rate Bureau has not considered alternative loss development methodologies in the past three years.
  - (b) See attached Exhibit (3)(b). The Rate Bureau is advised by ISO that separate loss development information for property and liability losses and estimated premium and exposure data corresponding to each accident year are not available.
  - (c) See attached Exhibit (3)(c). The Rate Bureau is advised by ISO that separate loss development information for property and liability losses and estimated premium and exposure data corresponding to each accident year are not available.
  - (d) See attached Exhibit (3)(d). The Rate Bureau is advised by ISO that separate claim development information for property and liability claims is not available.
  - (e) See attached Exhibit (3)(e). The Rate Bureau is advised by ISO that separate claim development information for property and liability claims is not available.
  - (f) The Rate Bureau is advised by ISO that loss and claim development information is not available by cause of loss.
  - (g) Responses provided in connection with items (3)(g) and (7)(c) are attached as Exhibits (3)(g) and (7)(c).

NORTH CAROLINA  
HOMEOWNERS INSURANCE

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA  
REQUIREMENTS FOR A HOMEOWNERS RATE FILING  
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LOSS DEVELOPMENT  
ISO-Only Paid Losses, All Forms Combined

Accident Year	Paid Losses as of:				
	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
2004	184,586,889	207,469,914	211,561,187	213,678,945	214,677,143
2005	172,996,039	191,992,720	195,994,358	196,524,174	197,397,756
2006	202,313,604	222,434,290	225,178,127	226,401,204	226,707,780
2007	231,421,996	251,875,527	256,080,984	257,845,237	258,879,890
2008	319,678,308	360,915,529	367,329,398	369,772,307	370,732,264
2009	329,017,946	359,188,645	363,584,144	365,857,614	366,177,409
2010	388,923,763	426,250,842	431,398,639	432,813,801	433,804,128
2011	777,565,967	826,094,169	832,802,895	835,499,551	835,657,353
2012	384,329,513	429,874,057	437,862,348	440,832,530	
2013	316,802,568	347,487,990	351,601,909		
2014	358,158,426	393,415,332			
2015	340,343,795				

Accident Year	Link Ratios			
	<u>27:15</u>	<u>39:27</u>	<u>51:39</u>	<u>63:51</u>
2004	1.124	1.020	1.010	1.005
2005	1.110	1.021	1.003	1.004
2006	1.099	1.012	1.005	1.001
2007	1.088	1.017	1.007	1.004
2008	1.129	1.018	1.007	1.003
2009	1.092	1.012	1.006	1.001
2010	1.096	1.012	1.003	1.002
2011	1.062	1.008	1.003	1.000
2012	1.119	1.019	1.007	
2013	1.097	1.012		
2014	1.098			
2010-2014	<u>27:15</u>	<u>39:27</u>	<u>51:39</u>	<u>63:51</u>
Average	1.094	1.013	1.004	1.001

NORTH CAROLINA  
HOMEOWNERS INSURANCE

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA  
REQUIREMENTS FOR A HOMEOWNERS RATE FILING  
AS PER 11 NCAC 10.1105

LOSS DEVELOPMENT  
ISO-Only Paid Losses, All Forms Combined

Accident Year	Paid Losses as of:				
	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
2011	777,565,967	826,094,169	832,802,895	835,499,551	835,657,353
2012	384,329,513	429,874,057	437,862,348	440,832,530	
2013	316,802,568	347,487,990	351,601,909		
2014	358,158,426	393,415,332			
2015	340,343,795				

Accident Year	Link Ratios			
	<u>27:15</u>	<u>39:27</u>	<u>51:39</u>	<u>63:51</u>
2011	1.062	1.008	1.003	1.000
2012	1.119	1.019	1.007	
2013	1.097	1.012		
2014	1.098			
Average	<u>27:15</u> 1.094	<u>39:27</u> 1.013	<u>51:39</u> 1.005	<u>63:51</u> 1.000

Loss Development Factors

63 to 63 Months	1.000
51 to 63 Months	1.000
39 to 63 Months	1.005
27 to 63 Months	1.018
15 to 63 Months	1.114

NORTH CAROLINA  
HOMEOWNERS INSURANCE

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA  
REQUIREMENTS FOR A HOMEOWNERS RATE FILING  
AS PER 11 NCAC 10.1105

LOSS DEVELOPMENT  
ISO-Only Incurred Losses, All Forms Combined

Accident Year	Incurred Losses as of:				
	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
2004	215,391,910	214,693,903	215,435,846	215,265,072	215,260,462
2005	197,349,546	197,788,654	198,194,193	197,840,422	197,586,607
2006	228,305,143	228,620,390	227,872,737	227,331,568	227,369,340
2007	260,567,412	261,496,319	260,480,454	259,776,326	259,420,550
2008	353,152,425	372,537,047	372,753,231	371,426,751	371,226,347
2009	366,030,555	369,796,791	369,317,765	369,359,546	368,690,015
2010	435,367,197	436,585,256	435,846,943	435,098,022	434,215,301
2011	826,758,354	839,116,424	839,392,212	836,915,544	836,157,835
2012	418,698,738	438,815,280	442,153,871	442,591,043	
2013	351,616,835	357,204,353	355,465,355		
2014	392,965,547	402,578,568			
2015	375,287,739				

Accident Year	Link Ratios			
	<u>27:15</u>	<u>39:27</u>	<u>51:39</u>	<u>63:51</u>
2004	0.997	1.003	0.999	1.000
2005	1.002	1.002	0.998	0.999
2006	1.001	0.997	0.998	1.000
2007	1.004	0.996	0.997	0.999
2008	1.055	1.001	0.996	0.999
2009	1.010	0.999	1.000	0.998
2010	1.003	0.998	0.998	0.998
2011	1.015	1.000	0.997	0.999
2012	1.048	1.008	1.001	
2013	1.016	0.995		
2014	1.024			
2010-2014	<u>27:15</u>	<u>39:27</u>	<u>51:39</u>	<u>63:51</u>
Average	1.021	1.000	0.999	0.999

NORTH CAROLINA  
HOMEOWNERS INSURANCE

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA  
REQUIREMENTS FOR A HOMEOWNERS RATE FILING  
AS PER 11 NCAC 10.1105

LOSS DEVELOPMENT  
ISO-Only Incurred Losses, All Forms Combined

Accident	Incurred Losses as of:				
<u>Year</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
2011	826,758,354	839,116,424	839,392,212	836,915,544	836,157,835
2012	418,698,738	438,815,280	442,153,871	442,591,043	
2013	351,616,835	357,204,353	355,465,355		
2014	392,965,547	402,578,568			
2015	375,287,739				

Accident	Link Ratios			
<u>Year</u>	<u>27:15</u>	<u>39:27</u>	<u>51:39</u>	<u>63:51</u>
2011	1.015	1.000	0.997	0.999
2012	1.048	1.008	1.001	
2013	1.016	0.995		
2014	1.024			
Average	<u>27:15</u> 1.026	<u>39:27</u> 1.001	<u>51:39</u> 0.999	<u>63:51</u> 0.999

Loss Development Factors

63 to 63 Months	1.000
51 to 63 Months	0.999
39 to 63 Months	0.998
27 to 63 Months	0.999
15 to 63 Months	1.025

NORTH CAROLINA  
HOMEOWNERS INSURANCE

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA  
REQUIREMENTS FOR A HOMEOWNERS RATE FILING  
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LOSS DEVELOPMENT  
ISO-Only Paid Claims, All Forms Combined

Accident Year	Paid Claims as of:				
	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
2004	44,677	46,110	46,284	46,336	46,355
2005	39,197	40,315	40,523	40,585	40,603
2006	45,939	47,585	47,787	47,869	47,894
2007	44,003	45,431	45,705	45,814	45,838
2008	58,672	62,922	63,392	63,505	63,527
2009	56,124	59,274	60,002	60,084	60,104
2010	64,515	68,320	68,642	68,718	68,752
2011	116,491	122,281	122,890	123,109	123,143
2012	57,297	63,272	64,202	64,439	
2013	50,437	54,067	54,520		
2014	53,357	56,948			
2015	44,682				

Accident Year	Link Ratios			
	<u>27:15</u>	<u>39:27</u>	<u>51:39</u>	<u>63:51</u>
2004	1.032	1.004	1.001	1.000
2005	1.029	1.005	1.002	1.000
2006	1.036	1.004	1.002	1.001
2007	1.032	1.006	1.002	1.001
2008	1.072	1.007	1.002	1.000
2009	1.056	1.012	1.001	1.000
2010	1.059	1.005	1.001	1.000
2011	1.050	1.005	1.002	1.000
2012	1.104	1.015	1.004	
2013	1.072	1.008		
2014	1.067			
2010-2014	<u>27:15</u>	<u>39:27</u>	<u>51:39</u>	<u>63:51</u>
Average	1.070	1.008	1.002	1.000

NORTH CAROLINA  
HOMEOWNERS INSURANCE

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA  
REQUIREMENTS FOR A HOMEOWNERS RATE FILING  
AS PER 11 NCAC 10.1105

LOSS DEVELOPMENT  
ISO-Only Paid Claims, All Forms Combined

Accident Year	Paid Claims as of:				
	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
2011	116,491	122,281	122,890	123,109	123,143
2012	57,297	63,272	64,202	64,439	
2013	50,437	54,067	54,520		
2014	53,357	56,948			
2015	44,682				

Accident Year	Link Ratios			
	<u>27:15</u>	<u>39:27</u>	<u>51:39</u>	<u>63:51</u>
2011	1.050	1.005	1.002	1.000
2012	1.104	1.015	1.004	
2013	1.072	1.008		
2014	1.067			
Average	<u>27:15</u> 1.073	<u>39:27</u> 1.009	<u>51:39</u> 1.003	<u>63:51</u> 1.000

Loss Development Factors

63 to 63 Months	1.000
51 to 63 Months	1.000
39 to 63 Months	1.003
27 to 63 Months	1.012
15 to 63 Months	1.087

NORTH CAROLINA  
HOMEOWNERS INSURANCE

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA  
REQUIREMENTS FOR A HOMEOWNERS RATE FILING  
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LOSS DEVELOPMENT  
ISO-Only Outstanding Claims, All Forms Combined

Accident Year	Outstanding Claims as of:				
	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
2004	1,089	149	68	30	20
2005	811	148	57	35	15
2006	1,166	175	66	23	14
2007	1,100	251	153	86	63
2008	1,939	292	104	25	5
2009	2,548	748	84	22	9
2010	3,147	215	77	33	14
2011	3,747	368	146	31	10
2012	2,712	396	137	40	
2013	2,329	336	105		
2014	2,188	304			
2015	2,134				

Accident Year	Link Ratios			
	<u>27:15</u>	<u>39:27</u>	<u>51:39</u>	<u>63:51</u>
2004	0.137	0.456	0.441	0.667
2005	0.182	0.385	0.614	0.429
2006	0.150	0.377	0.348	0.609
2007	0.228	0.610	0.562	0.733
2008	0.151	0.356	0.240	0.200
2009	0.294	0.112	0.262	0.409
2010	0.068	0.358	0.429	0.424
2011	0.098	0.397	0.212	0.323
2012	0.146	0.346	0.292	
2013	0.144	0.313		
2014	0.139			
2010-2014	<u>27:15</u>	<u>39:27</u>	<u>51:39</u>	<u>63:51</u>
Average	0.119	0.354	0.311	0.374

NORTH CAROLINA  
HOMEOWNERS INSURANCE

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA  
REQUIREMENTS FOR A HOMEOWNERS RATE FILING  
AS PER 11 NCAC 10.1105

LOSS DEVELOPMENT  
ISO-Only Outstanding Claims, All Forms Combined

Accident Year	Outstanding Claims as of:				
	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
2011	3,747	368	146	31	10
2012	2,712	396	137	40	
2013	2,329	336	105		
2014	2,188	304			
2015	2,134				

Accident Year	Link Ratios			
	<u>27:15</u>	<u>39:27</u>	<u>51:39</u>	<u>63:51</u>
2011	0.098	0.397	0.212	0.323
2012	0.146	0.346	0.292	
2013	0.144	0.313		
2014	0.139			
Average	<u>27:15</u> 0.132	<u>39:27</u> 0.352	<u>51:39</u> 0.252	<u>63:51</u> 0.323

Loss Development Factors

63 to 63 Months	1.000
51 to 63 Months	0.323
39 to 63 Months	0.081
27 to 63 Months	0.029
15 to 63 Months	0.004

NORTH CAROLINA

HOMEOWNERS INSURANCE

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA  
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The Rate Bureau is advised by ISO that loss and claim development information by cause of loss is not available.

NORTH CAROLINA

HOMEOWNERS INSURANCE

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA  
REQUIREMENTS FOR A HOMEOWNERS RATE FILING  
AS PER 11 NCAC 10.1105

Responses provided in connection with items (3)(g) and (7)(c) are enclosed herewith.

# **HOMEOWNERS 2017**

## **Reserve Strengthening and Expense Cutting Activities**

**Karen Ott  
8-23-17**



August 22, 2017

Matthew Berry  
Assistant Actuary

Andy Montero  
Personal Lines Director  
North Carolina Rate Bureau

Dear Andy,

Included below are Allstate Insurance Company's response to issues regarding reserve strengthening and expense cutting initiatives for the Allstate Insurance Company and Allstate Indemnity Company Homeowners Programs in North Carolina.

11 N.C.A.C. 10.1105 (3)(g) requires:

Statements regarding any changes in reserve adequacy that have occurred in the latest five years from each of the ten largest writers of the line affected by the filing.

Allstate's response to this is that there have been no material changes with regard to Allstate's reserving practices for homeowners insurance in the state of North Carolina over the past five years.

11 N.C.A.C. 10.1105 (7)(c) requires:

Statements regarding any activities affecting expense or service levels undertaken in the last five years by each of the ten largest writers of the line affected by the filing.

Allstate did not make any changes in the past five years that would be expected to materially impact our anticipated expense or service levels in North Carolina.

Please contact me if you have any questions or require further details.

Sincerely,

Matthew Berry  
[matthew.berry@allstate.com](mailto:matthew.berry@allstate.com)  
847-402-0301



Ms. Karen Ott,

This letter is in response to your request for information for the Homeowners rate filing.

The criteria used by Erie Insurance Exchange in North Carolina for establishing case reserves for accident year ended December 31, 2015 has not changed materially from those used over the latest five years.

The Erie Insurance had not undertaken any expense cutting activities over the last five years on our Homeowners coverages that would materially impact our anticipated expenses levels in North Carolina.

Sincerely,

William N. Herr, Jr.



**Liberty Mutual Insurance**

Product Management  
157 Berkeley Street  
Boston, MA 02116  
(857) 224-7301

August 22, 2017

North Carolina Rate Bureau  
Andy Montano  
2910 Sumner Blvd  
Raleigh, NC 27616

Dear Mr. Montano:

I am writing in response to your letter dated August 3, 2017.

This is to confirm that Liberty Mutual Insurance's personal lines homeowner claims case reserving practices in North Carolina have remained materially unchanged for the past five years. Our philosophy on establishing claim case reserves has also been stable over this period of time.

Liberty Mutual Insurance continues to seek operational efficiencies in an effort to be competitive while maintaining high levels of service for our customers. However, we have not undertaken any significant expense cutting activities that would materially impact our anticipated expense levels in North Carolina.

Please feel free to contact me at the above number if I can be of further assistance.

Regards,

Michele Lapinski  
Director of State Operations



August 28, 2017

Andy Montano  
via Karen Ott  
North Carolina Rate Bureau  
2910 Sumner Blvd  
Raleigh, NC 27616

Mr. Montano and Ms. Ott,

This letter is in response to your inquiry for additional information on Nationwide Mutual Insurance Company and Nationwide Mutual Fire Insurance Company reserve strengthening and expense cutting activities.

1. Reserve Strengthening

There are no changes to our reserving practices. There have been no changes in the process to establish case basis reserves over the past 5 years.

2. Expense Cutting Activities

There have been no activities that would have affected our expense provisions in any substantive way in the past five years. While our expenses have decreased slightly, this is solely due to a decrease in our policies and overall written premium.

I hope the additional information provided above suffices your request for information. If you have any additional questions, please feel free to reach out and we'll see what we can do.

Sincerely,

Nick Sizemore  
Personal Lines Field Product  
Nationwide Insurance Company



# North Carolina Farm Bureau Insurance Group

Telephone 919-782-1705 ▪ Post Office Box 27427 ▪ Raleigh, NC 27611

August 8, 2017

Mr. Andy Montano  
N.C. Rate Bureau  
2910 Sumner Drive  
Raleigh, NC 27616

RE: North Carolina Farm Bureau Mutual Insurance Company, Inc.  
Insurance Department Regulations  
North Carolina Homeowners Reserve Strengthening  
Expense Cutting Activities

Andy:

Our company has not changed its procedures for setting case loss reserves over the last 5 years. We also have not taken on any expense cutting activities that would materially impact the expense levels in North Carolina.

If I can be of further assistance, let me know.

A handwritten signature in black ink, appearing to read "Roger Baldorff".

Roger Baldorff  
Senior Executive/AR&R

RB/kb



Corporate Headquarters  
One State Farm Plaza, D-4  
Bloomington, IL 61710  
Fax 309 766 0225

August 21, 2017

Mr. Andy Montano  
Personal Lines Director  
2910 Sumner Boulevard  
Raleigh, NC 27616

RE: Insurance Department Regulations  
Reserve Strengthening and Expense Cutting Activities

Your letter of August 3, 2017 requested two items required from the largest writers of Homeowners Insurance in North Carolina.

The first item concerned reserves. In response to your questions, State Farm has not made any changes in the past five years that have a material impact on the reserves established in North Carolina.

The second item concerned expenses. State Farm has long recognized that expense control is a key to remaining competitive in the insurance marketplace. It is important to note that expense control does not necessarily imply expense reduction. Attracting and retaining quality personnel, providing top-notch services, and investing in new technologies, may be just as important to a company's competitive position and customer satisfaction as a low price for the insurance product. In the end, it is through customer forces in the marketplace that a balance is stricken between quality of service and price of those services.

It would be virtually impossible to fully describe all "expense cutting activities" (i.e. presorting mail, recycling paper, reorganizing jobs, automating jobs, consolidating jobs, etc.). Expense control is a continuous and evolving function of managing our business.

Because expense control is a continuing effort, we feel that our historical experience is an appropriate basis for determining the expense provisions in the rate calculations and that no special adjustments are necessary.

All questions concerning this should be directed to:

Karen Terry	(309) 766-2265	karen.terry.agr7@statefarm.com
Marty Wietfeldt	(309) 763-4063	marty.wietfeldt.no5q@statefarm.com

Please send paper correspondence to the attention of the State Filings Unit at the address shown above.

Sincerely,

A handwritten signature in black ink that reads "Karen Terry". The signature is written in a cursive, flowing style.



*We know what it means to serve.™*

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August 21, 2017

Karen Ott  
North Carolina Rate Bureau  
Fax: (919) 719-7402

RE: United Services Automobile Association  
Insurance Department Regulations  
North Carolina Homeowners  
Reserve Strengthening and Expense Cutting

Ms. Ott:

United Services Automobile Association and USAA Casualty Insurance Company have not materially changed their procedures for establishing case loss reserves over the last 5 years.

In addition, United Services Automobile Association has not undertaken any expense cutting activities over the last 5 years that would materially affect the expense levels in North Carolina.

If I can be of further assistance, let me know. I can be reached at (210) 232-8018.

Erin Olson  
Director, P&C Property Pricing

NORTH CAROLINA

HOMEOWNERS INSURANCE

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA  
REQUIREMENTS FOR A HOMEOWNERS RATE FILING  
AS PER 11 NCAC 10.1105

4. TRENDING FACTOR DEVELOPMENT AND APPLICATION

- (a) See Section D and pre-filed testimony of P. Anderson, R. Curry and B. Donlan. The Rate Bureau has not considered alternative loss trend methodologies in the last three years.
- (b) See prefiled testimony of P. Anderson, R. Curry and B. Donlan.
- (c) This information, based on companies reporting to ISO, ISS and NISS, is provided in the response to 11 NCAC 10.1105 (1)(1).

NORTH CAROLINA

HOMEOWNERS INSURANCE

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA  
REQUIREMENTS FOR A HOMEOWNERS RATE FILING  
AS PER 11 NCAC 10.1105

5. CHANGES IN PREMIUM BASE RESULTING FROM RATING EXPOSURE TRENDS
- (a) See Section D and prefiled testimony of P. Anderson, R. Curry and B. Donlan. The Rate Bureau has not considered an alternative exposure trend methodology in the last three years.
  - (b) The Rate Bureau is advised by ISO that the exposure and premium distributions by policy term are not available for the latest five years. Past analysis for the years 1992-1996 indicated that 100% of the written premium was for a policy term of one year. No significant change in the policy term distribution is expected.

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6. LIMITING FACTOR DEVELOPMENT AND APPLICATION

- (a) No limitations were applied to the losses.
- (b) Limitations were applied to the rate level change by form. No limitations were applied to the rate level change by coverage, protection class, construction or deductible.
- (c) Limitations were applied to the rate level change by territory.
- (d) No other limitations were applied.

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7. OVERHEAD EXPENSE DEVELOPMENT AND APPLICATION OF COMMISSION AND  
BROKERAGE, OTHER ACQUISITION EXPENSES, GENERAL EXPENSES, TAXES,  
LICENSES, AND FEES

- (a) Exhibit (7)(a) provides all information relating to expense provisions contained in the filing. The Rate Bureau has not considered an alternative expense methodology in the last three years.
- (b) Page D-27 shows earned premium for 2013-2015 and page D-28 shows loss adjustment expense for 2011-2015. The earned premium figures for 2011 and 2012 are as follows:

	2011	2012
Earned Premium	\$ 1,957,184,742	\$ 1,927,490,417

- (c) See the response to 11 NCAC 10.1105 (3)(g).

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The following provides a description of the derivation of Homeowners expense provisions. The underlying historical expense data are provided by the North Carolina Rate Bureau and are displayed on pages D-27-28.

The filed expense provision methodology makes a distinction between those provisions which require trending and those that do not. For example, since commission and tax expenses vary directly with premium, no additional consideration of trend is needed. In contrast, general expenses, other acquisition expenses, and loss adjustment expenses do not vary directly with premium or losses and, as a percentage premium/losses, are subject to the effects of trend.

The filed provision for commission and brokerage expenses, 12.1% of written premium, and the provision for taxes, licenses, and fees, 2.7% of written premium, are based on the historical data shown on page D-27 for the latest three years.

Since the general expense and other acquisition expense percentages are relative to earned premiums and the loss adjustment expense percentage is relative to losses, separate trend factors are required for premiums, losses, and expenses. See information provided below, pages D-6-7, pages D-29-30 and the pre-filed testimony of P. Anderson, R. Curry and B. Donlan.

General Expense and Other Acquisition Expense - Based on the 2013-2015 experience on page D-27, general expense averages 4.6% of earned premium and other acquisition expense averages 6.8% of earned premium. The average date of payment of the 2013-2015 expenses is 7/1/2014. Similarly, the average date represented in the 2013-2015 premiums is 7/1/2014. Since the average date of writing of policies under the proposed rates, and the average date of payment of the expenses on these policies, is six months after the assumed effective date of 6/1/2018, or 12/1/2018, the historical general and other acquisition expense ratios need to be trended to the 12/1/2018 level.

The trend factor for the expenses represented in the numerator is based on the indices displayed on pages D-25-26. This index is constructed by weighting the Compensation Cost Index with the Consumer Price Index. These two sources receive equal weights. Based on these data, an average annual change of 2.0% is selected. This average annual change is projected 53.0 months (from 7/1/2014 to 12/1/2018).

To trend the premiums in the denominator, two multiplicative factors are applied. The first is the 2015 Current Amount Factor shown on pages D-19, D-21, and D-23. The second is the Premium Projection Factor shown on pages D-19, D-21 and D-23.

Once the percentage provision for general and other acquisition expenses is trended, it is converted to a corresponding dollar value which can be incorporated into the pure-premium ratemaking methodology utilized in this filing. The dollar value is obtained by multiplying the trended percentage by the trended average rate at current-manual level. Distinct dollar values are generated for the Owners, Tenant and Condominium Unit Owner forms. These values by form reflect the judgment that the premium for a single Tenant or Condominium Unit Owner policy requires a dollar loading that is 50% of the dollar loading required by the premium for a single Owners policy.

Loss Adjustment Expense - Based on the 2011-2015 experience shown on page D-28, loss adjustment expenses (both allocated and unallocated) average 14.5% of incurred losses, after excluding the high- and low-valued years. The average date of loss represented in these data is 7/1/2013. Both the

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numerator and denominator are therefore trended 71 months, from 7/1/2013 to 6/1/2019 (12 months beyond the anticipated effective date of 6/1/2018).

The trend factor used for expenses in the numerator is determined in a similar way as for general and other acquisition expenses. The 2.0% selected average annual change is projected 71 months (from 7/1/2013 to 6/1/2019).

To trend the losses in the denominator, quantities that are calculated in the loss trend procedure are used. To adjust losses from the 7/1/2013 (average) level to 5/15/2017, the 2015 Current Cost Factors shown on pages D-13 and D-15 are applied. To adjust losses from 5/15/2017 to 6/1/2019 (12 months beyond the anticipated effective date) the product of the Loss Projection, First Dollar and Loss Trend Adjustment factors (pages D-19, D-21 and D-23) are applied.

No alternate expense trend methodology has been considered within the last three years.

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8. PERCENT RATE CHANGE

The overall statewide rate change and the rate changes by territory are shown on pages A-2-3.

The proposed rate changes are dependent on the actual implementation date of the new rates, because any such change will affect all of the trending periods used in the filing. Any change in the trending periods will affect all of the losses, fixed expenses, and average rating factors used in the calculation of the rate level indication. The proposed rate changes have been calculated based on an assumed effective date of 6/1/2018.

If the effective date were to be changed, advance notice of one hundred five (105) days is required for an orderly implementation of the change in rates. This is the amount of time required to calculate the new rates based on the new effective date, and distribute the necessary information to member companies.

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9. FINAL PROPOSED RATES

The proposed rates are shown in Section A.

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10. INVESTMENT EARNINGS, CONSISTING OF INVESTMENT INCOME AND REALIZED PLUS UNREALIZED CAPITAL GAINS, FROM LOSS, LOSS EXPENSE AND UNEARNED PREMIUM RESERVES

See attached Exhibits (10)(a), (b) and (c) and the pre-filed testimony of R. Curry and D. Appel. The experience provides the best estimate of the future.

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ESTIMATED INVESTMENT EARNINGS ON UNEARNED  
PREMIUM RESERVES AND ON LOSS RESERVES

A. Unearned Premium Reserve		
1.	Direct Earned Premium for Accident Year Ended 12/31/15	2,294,237,985
2.	Mean Unearned Premium Reserve, $(1) \times 0.5177$	1,187,727,005
3.	Deduction for Prepaid Expenses	
	Commission and Brokerage	12.05%
	Taxes, Licenses and Fees	2.30%
	1/2 General Expenses	2.43%
	1/2 Other Acquisition	3.53%
	Total	20.31%
4.	$(2) \times (3)$	241,227,355
5.	Net Subject to Investment $(2) - (4)$	946,499,650
B. Delayed Remission of Premium (Agents' Balances)		
1.	Direct Earned Premium (A-1)	2,294,237,985
2.	Average Agents' Balances	0.157
3.	Delayed Remission $(1) \times (2)$	361,113,059
C. Loss Reserve		
1.	Direct Earned Premium (A-1)	2,294,237,985
2.	Expected Incurred Losses and Loss Adjustment Expense, $(1) \times 0.618$	1,417,839,075
3.	Expected Mean Loss Reserves $(2) \times 0.366$	518,929,101
D.	Net Subject to Investment $(A-5)-(B-3)+(C-3)$	1,104,315,692
E.	Average Rate of Return	3.15%
F.	Investment Earnings on Net Subject to Investment $(D) \times (E)$	34,785,944
G.	Average Rate of Return as a Percent of Direct Earned Premium $(F) / (A-1)$	1.52%
H.	Average Rate of Return as a Percent of Direct Earned Premium after Federal Income Taxes $(G) \times 0.777$	1.18%

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ESTIMATED INVESTMENT EARNINGS ON UNEARNED  
PREMIUM RESERVES AND ON LOSS RESERVES

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Line A-1

Direct earned premiums are the earned premiums for Homeowners insurance in North Carolina from Statutory Page 14 of the Annual Statement.

Line A-2

The mean unearned premium reserve is determined by multiplying the direct earned premiums in line (1) by the ratio of the mean unearned premium reserve to the collected earned premium for calendar year ended 12/31/15 for all companies writing Homeowners insurance in North Carolina. These data are from Statutory Page 14 of the Annual Statement.

1. Collected Earned Premium for Calendar Year ended 12/31/15	2,294,237,985
2. Unearned Premium Reserve as of 12/31/14	1,166,168,203
3. Unearned Premium Reserve as of 12/31/15	1,209,132,555
4. Mean Unearned Premium Reserve $1/2 [(2) + (3)]$	1,187,650,379
5. Ratio (4) $\div$ (1)	0.5177

Line A-3

Deduction for prepaid expenses:

Production costs and a large part of the other company expenses in connection with the writing and handling of Homeowners policies, exclusive of claim adjustment expenses, are incurred when the policy is written and before the premium is paid. The deduction for these expenses is determined from data provided by the NCRB for the year ended 12/31/15.

Line B-2

Delayed remission of premium:

This deduction is necessary because of delay in remission and collection of premium to the companies, which amounts to approximately 50-75 days after the effective dates of the policies. Therefore, funds for the unearned premium reserve required during the initial days of all policies must be taken from the company's surplus.

1. Agents' balances for premiums due less than 90 days as a ratio to net written premium (based on data for all companies writing Homeowners insurance in North Carolina)	15.42%
2. Factor to include effect of agents' balances or uncollected premiums overdue for more than 90 days (based on data provided by A. M. Best)	1.021
3. Factor for agents' balances (1) $\times$ (2)	0.157

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ESTIMATED INVESTMENT EARNINGS ON UNEARNED  
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

Line C-2

The expected loss and loss adjustment expense ratio reflects the expense provisions for the year ended 12/31/15.

Line C-3

The mean loss reserve is determined by multiplying the incurred losses in line (2) by the North Carolina ratio of the mean loss reserves to the incurred losses in 2015 for Homeowners insurance. This ratio is based on North Carolina companies' Statutory Page 14 annual statement data and has been adjusted to include loss adjustment expense reserves.

1. Incurred Losses for Calendar Year 2015	1,000,022,353
2. Loss Reserves as of 12/31/14	329,397,212
3. Loss Reserves as of 12/31/15	345,437,165
4. Mean Loss Reserve 2015: $1/2 [(2) + (3)]$	337,417,189
5. Ratio (4) $\div$ (1)	0.337
6. Ratio of LAE Reserves to Loss Reserves (a)	0.269
7. Ratio of Incurred LAE to Incurred Losses (a)	0.167
8. Loss and LAE Reserve $[(5) \times (1.0 + (6)) / (1.0 + (7))]$	0.366

(a) Based on 2015 All-Industry Insurance Expense Exhibit (source: A.M. Best)

Line E

The rate of return is the ratio of net investment income earned to mean cash and invested assets. Net investment income is computed for all companies writing Homeowners insurance in North Carolina as follows:

<u>Year</u>	<u>Net Investment Income Earned</u>	<u>Mean Cash and Invested Assets</u>	<u>Rate of Return</u>
2015	49,322,817	1,567,611,077	3.15%

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ESTIMATED INVESTMENT EARNINGS ON UNEARNED  
PREMIUM RESERVES AND ON LOSS RESERVES

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Line H

The average rate of Federal income tax was determined by applying the average tax rate for net investment income and the current tax rate applicable to realized capital gains (or losses) to the rates of return as calculated above.

	<u>Rate of Return</u>	<u>Federal Income Tax Rate</u>
Net Investment Income Earned	3.15%	0.223
<p>The average rate of Federal income tax was determined by applying current tax rates to the distribution of investment income earned for all companies. These data are for 2015 from Best's Aggregates and Averages, Underwriting and Investment Exhibit, Part 1, Column 8.</p>		
Bonds		
Taxable	22,250,828	0.350
Non-Taxable	11,053,799	
Sub-Total	33,304,627	0.234
Stocks		
Taxable (a)	7,417,662	0.105
Non-Taxable	1,533,307	
Sub-Total	8,950,969	0.087
Mortgage Loans	559,969	
Real Estate	1,696,990	
Contract Loans	730	
Cash on Deposit	176,195	
Short Term Investments	80,094	
All Other	9,524,332	
Sub-Total	12,038,310	0.350
Total	54,293,906	0.235
Investment Deductions	4,970,931	0.350
Net Investment Income Earned	49,322,975	0.223

(a) Only 30% of dividend income on stock is subject to the full corporate income tax rate of 35%. The applicable tax rate is thus 10.5% ( $.35 \times .3 = 10.5\%$ )

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ESTIMATED INVESTMENT EARNINGS ON UNEARNED  
PREMIUM RESERVES AND ON LOSS RESERVES

A. Unearned Premium Reserve		
1.	Direct Earned Premium for Accident Year Ended 12/31/14	2,222,938,350
2.	Mean Unearned Premium Reserve, $(1) \times 0.5131$	1,140,589,667
3.	Deduction for Prepaid Expenses	
	Commission and Brokerage	12.12%
	Taxes, Licenses and Fees	2.25%
	1/2 General Expenses	2.45%
	1/2 Other Acquisition	3.53%
	Total	20.35%
4.	$(2) \times (3)$	232,109,997
5.	Net Subject to Investment $(2) - (4)$	908,479,670
B. Delayed Remission of Premium (Agents' Balances)		
1.	Direct Earned Premium (A-1)	2,222,938,350
2.	Average Agents' Balances	0.166
3.	Delayed Remission $(1) \times (2)$	369,452,354
C. Loss Reserve		
1.	Direct Earned Premium (A-1)	2,222,938,350
2.	Expected Incurred Losses and Loss Adjustment Expense, $(1) \times 0.6175$	1,372,664,431
3.	Expected Mean Loss Reserves $(2) \times 0.363$	498,277,188
D.	Net Subject to Investment $(A-5)-(B-3)+(C-3)$	1,037,304,504
E.	Average Rate of Return	3.57%
F.	Investment Earnings on Net Subject to Investment $(D) \times (E)$	37,031,771
G.	Average Rate of Return as a Percent of Direct Earned Premium $(F) / (A-1)$	1.67%
H.	Average Rate of Return as a Percent of Direct Earned Premium after Federal Income Taxes $(G) \times 0.806$	1.34%

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ESTIMATED INVESTMENT EARNINGS ON UNEARNED  
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

Line A-1

Direct earned premiums are the earned premiums for Homeowners insurance in North Carolina from Statutory Page 14 of the Annual Statement.

Line A-2

The mean unearned premium reserve is determined by multiplying the direct earned premiums in line (1) by the ratio of the mean unearned premium reserve to the collected earned premium for calendar year ended 12/31/14 for all companies writing Homeowners insurance in North Carolina. These data are from Statutory Page 14 of the Annual Statement.

1. Collected Earned Premium for Calendar Year ended 12/31/14	2,222,938,350
2. Unearned Premium Reserve as of 12/31/13	1,114,932,263
3. Unearned Premium Reserve as of 12/31/14	1,166,168,203
4. Mean Unearned Premium Reserve $1/2 [(2) + (3)]$	1,140,550,233
5. Ratio (4) $\div$ (1)	0.5131

Line A-3

Deduction for prepaid expenses:

Production costs and a large part of the other company expenses in connection with the writing and handling of Homeowners policies, exclusive of claim adjustment expenses, are incurred when the policy is written and before the premium is paid. The deduction for these expenses is determined from data provided by the NCRB for the year ended 12/31/14.

Line B-2

Delayed remission of premium:

This deduction is necessary because of delay in remission and collection of premium to the companies, which amounts to approximately 50-75 days after the effective dates of the policies. Therefore, funds for the unearned premium reserve required during the initial days of all policies must be taken from the company's surplus.

1. Agents' balances for premiums due less than 90 days as a ratio to net written premium (based on data for all companies writing Homeowners insurance in North Carolina)	16.28%
2. Factor to include effect of agents' balances or uncollected premiums overdue for more than 90 days (based on data provided by A. M. Best)	1.021
3. Factor for agents' balances (1) $\times$ (2)	0.166

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Line C-2

The expected loss and loss adjustment expense ratio reflects the expense provisions for the year ended 12/31/14.

Line C-3

The mean loss reserve is determined by multiplying the incurred losses in line (2) by the North Carolina ratio of the mean loss reserves to the incurred losses in 2014 for Homeowners insurance. This ratio is based on North Carolina companies' Statutory Page 14 annual statement data and has been adjusted to include loss adjustment expense reserves.

1. Incurred Losses for Calendar Year 2014	1,010,474,078
2. Loss Reserves as of 12/31/13	343,770,197
3. Loss Reserves as of 12/31/14	329,397,212
4. Mean Loss Reserve 2014: $1/2 [(2) + (3)]$	336,583,705
5. Ratio (4) $\div$ (1)	0.333
6. Ratio of LAE Reserves to Loss Reserves (a)	0.272
7. Ratio of Incurred LAE to Incurred Losses (a)	0.166
8. Loss and LAE Reserve $[(5) \times (1.0 + (6)) / (1.0 + (7))]$	0.363

(a) Based on 2014 All-Industry Insurance Expense Exhibit (source: A.M. Best)

Line E

The rate of return is the ratio of net investment income earned to mean cash and invested assets. Net investment income is computed for all companies writing Homeowners insurance in North Carolina as follows:

<u>Year</u>	<u>Net Investment Income Earned</u>	<u>Mean Cash and Invested Assets</u>	<u>Rate of Return</u>
2014	55,171,640	1,543,882,375	3.57%

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Line H

The average rate of Federal income tax was determined by applying the average tax rate for net investment income and the current tax rate applicable to realized capital gains (or losses) to the rates of return as calculated above.

	<u>Rate of Return</u>	<u>Federal Income Tax Rate</u>
Net Investment Income Earned	3.57%	0.194

The average rate of Federal income tax was determined by applying current tax rates to the distribution of investment income earned for all companies. These data are for 2014 from Best's Aggregates and Averages, Underwriting and Investment Exhibit, Part 1, Column 8.

Bonds	Taxable	22,519,990	0.350
	Non-Taxable	11,525,764	
	Sub-Total	34,045,754	0.232
Stocks	Taxable (a)	6,953,402	0.105
	Non-Taxable	8,141,661	
	Sub-Total	15,095,063	0.048
Mortgage Loans		443,946	
Real Estate		1,666,885	
Contract Loans		546	
Cash on Deposit		128,144	
Short Term Investments		(94,467)	
All Other		8,802,986	
Sub-Total		10,948,040	0.350
Total		60,088,857	0.207
Investment Deductions		4,905,838	0.350
Net Investment Income Earned		55,183,019	0.194

(a) Only 30% of dividend income on stock is subject to the full corporate income tax rate of 35%. The applicable tax rate is thus 10.5% ( $.35 \times .3 = 10.5\%$ )

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ESTIMATED INVESTMENT EARNINGS ON UNEARNED  
PREMIUM RESERVES AND ON LOSS RESERVES

A. Unearned Premium Reserve		
1.	Direct Earned Premium for Accident Year Ended 12/31/13	2,061,461,224
2.	Mean Unearned Premium Reserve, $(1) \times 0.521$	1,074,021,298
3.	Deduction for Prepaid Expenses	
	Commission and Brokerage	12.20%
	Taxes, Licenses and Fees	2.24%
	1/2 General Expenses	2.47%
	1/2 Other Acquisition	3.70%
	Total	20.61%
4.	$(2) \times (3)$	221,355,790
5.	Net Subject to Investment $(2) - (4)$	852,665,508
B. Delayed Remission of Premium (Agents' Balances)		
1.	Direct Earned Premium (A-1)	2,061,461,224
2.	Average Agents' Balances	0.163
3.	Delayed Remission $(1) \times (2)$	336,842,764
C. Loss Reserve		
1.	Direct Earned Premium (A-1)	2,061,461,224
2.	Expected Incurred Losses and Loss Adjustment Expense, $(1) \times 0.613$	1,263,675,730
3.	Expected Mean Loss Reserves $(2) \times 0.411$	519,370,725
D.	Net Subject to Investment $(A-5)-(B-3)+(C-3)$	1,035,193,469
E.	Average Rate of Return	3.36%
F.	Investment Earnings on Net Subject to Investment $(D) \times (E)$	34,782,501
G.	Average Rate of Return as a Percent of Direct Earned Premium $(F) / (A-1)$	1.69%
H.	Average Rate of Return as a Percent of Direct Earned Premium after Federal Income Taxes $(G) \times 0.781$	1.32%

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PREMIUM RESERVES AND ON LOSS RESERVES

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Line A-1

Direct earned premiums are the earned premiums for Homeowners insurance in North Carolina from Statutory Page 14 of the Annual Statement.

Line A-2

The mean unearned premium reserve is determined by multiplying the direct earned premiums in line (1) by the ratio of the mean unearned premium reserve to the collected earned premium for calendar year ended 12/31/13 for all companies writing Homeowners insurance in North Carolina. These data are from Statutory Page 14 of the Annual Statement.

1. Collected Earned Premium for Calendar Year ended 12/31/13	2,061,461,224
2. Unearned Premium Reserve as of 12/31/12	1,032,968,637
3. Unearned Premium Reserve as of 12/31/13	1,114,932,263
4. Mean Unearned Premium Reserve $1/2 [(2) + (3)]$	1,073,950,450
5. Ratio (4) $\div$ (1)	0.5210

Line A-3

Deduction for prepaid expenses:

Production costs and a large part of the other company expenses in connection with the writing and handling of Homeowners policies, exclusive of claim adjustment expenses, are incurred when the policy is written and before the premium is paid. The deduction for these expenses is determined from data provided by the NCRB for the year ended 12/31/13.

Line B-2

Delayed remission of premium:

This deduction is necessary because of delay in remission and collection of premium to the companies, which amounts to approximately 50-75 days after the effective dates of the policies. Therefore, funds for the unearned premium reserve required during the initial days of all policies must be taken from the company's surplus.

1. Agents' balances for premiums due less than 90 days as a ratio to net written premium (based on data for all companies writing Homeowners insurance in North Carolina)	16.00%
2. Factor to include effect of agents' balances or uncollected premiums overdue for more than 90 days (based on data provided by A. M. Best)	1.021
3. Factor for agents' balances (1) $\times$ (2)	0.163

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PREMIUM RESERVES AND ON LOSS RESERVES

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Line C-2

The expected loss and loss adjustment expense ratio reflects the expense provisions for the year ended 12/31/13.

Line C-3

The mean loss reserve is determined by multiplying the incurred losses in line (2) by the North Carolina ratio of the mean loss reserves to the incurred losses in 2013 for Homeowners insurance. This ratio is based on North Carolina companies' Statutory Page 14 annual statement data and has been adjusted to include loss adjustment expense reserves.

1. Incurred Losses for Calendar Year 2013	923,815,924
2. Loss Reserves as of 12/31/12	365,163,276
3. Loss Reserves as of 12/31/13	343,770,197
4. Mean Loss Reserve 2013: 1/2 [(2) + (3)]	354,466,737
5. Ratio (4) ÷ (1)	0.384
6. Ratio of LAE Reserves to Loss Reserves (a)	0.262
7. Ratio of Incurred LAE to Incurred Losses (a)	0.178
8. Loss and LAE Reserve [(5)×(1.0+(6))]/(1.0+(7))]	0.411

(a) Based on 2013 All-Industry Insurance Expense Exhibit (source: A.M. Best)

Line E

The rate of return is the ratio of net investment income earned to mean cash and invested assets. Net investment income is computed for all companies writing Homeowners insurance in North Carolina as follows:

<u>Year</u>	<u>Net Investment Income Earned</u>	<u>Mean Cash and Invested Assets</u>	<u>Rate of Return</u>
2013	49,482,194	1,473,600,834	3.36%

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ESTIMATED INVESTMENT EARNINGS ON UNEARNED  
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

Line H

The average rate of Federal income tax was determined by applying the average tax rate for net investment income and the current tax rate applicable to realized capital gains (or losses) to the rates of return as calculated above.

	<u>Rate of Return</u>	<u>Federal Income Tax Rate</u>
Net Investment Income Earned	3.36%	0.219
<p>The average rate of Federal income tax was determined by applying current tax rates to the distribution of investment income earned for all companies. These data are for 2013 from Best's Aggregates and Averages, Underwriting and Investment Exhibit, Part 1, Column 8.</p>		
Bonds		
Taxable	23,173,274	0.350
Non-Taxable	12,013,292	
Sub-Total	35,186,566	0.231
Stocks		
Taxable (a)	5,966,406	0.105
Non-Taxable	2,281,398	
Sub-Total	8,247,804	0.076
Mortgage Loans	361,347	
Real Estate	1,747,559	
Contract Loans	1,277	
Cash on Deposit	150,173	
Short Term Investments	(46,327)	
All Other	8,675,240	
Sub-Total	10,889,269	0.350
Total	54,323,639	0.231
Investment Deductions	4,818,514	0.350
Net Investment Income Earned	49,505,125	0.219

(a) Only 30% of dividend income on stock is subject to the full corporate income tax rate of 35%. The applicable tax rate is thus 10.5% ( $.35 \times .3 = 10.5\%$ )

NORTH CAROLINA  
HOMEOWNERS INSURANCE

ESTIMATED INVESTMENT EARNINGS ON UNEARNED  
PREMIUM RESERVES AND ON LOSS RESERVES

A. Unearned Premium Reserve		
1.	Direct Earned Premium for Accident Year Ended 12/31/12	1,941,165,945
2.	Mean Unearned Premium Reserve, (1) $\times$ 0.5239	1,016,976,839
3.	Deduction for Prepaid Expenses	
	Commission and Brokerage	12.57%
	Taxes, Licenses and Fees	2.16%
	1/2 General Expenses	2.57%
	1/2 Other Acquisition	3.59%
	Total	20.89%
4.	(2) $\times$ (3)	212,446,462
5.	Net Subject to Investment (2) - (4)	804,530,377
B. Delayed Remission of Premium (Agents' Balances)		
1.	Direct Earned Premium (A-1)	1,941,165,945
2.	Average Agents' Balances	0.157
3.	Delayed Remission (1) $\times$ (2)	305,151,287
C. Loss Reserve		
1.	Direct Earned Premium (A-1)	1,941,165,945
2.	Expected Incurred Losses and Loss Adjustment Expense, (1) $\times$ 0.6106	1,185,275,926
3.	Expected Mean Loss Reserves (2) $\times$ 0.45	533,374,167
D.	Net Subject to Investment (A-5)-(B-3)+(C-3)	1,032,753,257
E.	Average Rate of Return	3.52%
F.	Investment Earnings on Net Subject to Investment (D) $\times$ (E)	36,352,915
G.	Average Rate of Return as a Percent of Direct Earned Premium (F) / (A-1)	1.87%
H.	Average Rate of Return as a Percent of Direct Earned Premium after Federal Income Taxes (G) $\times$ 0.775	1.45%

NORTH CAROLINA  
HOMEOWNERS INSURANCE

ESTIMATED INVESTMENT EARNINGS ON UNEARNED  
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

Line A-1

Direct earned premiums are the earned premiums for Homeowners insurance in North Carolina from Statutory Page 14 of the Annual Statement.

Line A-2

The mean unearned premium reserve is determined by multiplying the direct earned premiums in line (1) by the ratio of the mean unearned premium reserve to the collected earned premium for calendar year ended 12/31/12 for all companies writing Homeowners insurance in North Carolina. These data are from Statutory Page 14 of the Annual Statement.

1. Collected Earned Premium for Calendar Year ended 12/31/12	1,941,165,945
2. Unearned Premium Reserve as of 12/31/11	1,001,111,981
3. Unearned Premium Reserve as of 12/31/12	1,032,968,637
4. Mean Unearned Premium Reserve $1/2 [(2) + (3)]$	1,017,040,309
5. Ratio (4) $\div$ (1)	0.5239

Line A-3

Deduction for prepaid expenses:

Production costs and a large part of the other company expenses in connection with the writing and handling of Homeowners policies, exclusive of claim adjustment expenses, are incurred when the policy is written and before the premium is paid. The deduction for these expenses is determined from data provided by the NCRB for the year ended 12/31/12.

Line B-2

Delayed remission of premium:

This deduction is necessary because of delay in remission and collection of premium to the companies, which amounts to approximately 50-75 days after the effective dates of the policies. Therefore, funds for the unearned premium reserve required during the initial days of all policies must be taken from the company's surplus.

1. Agents' balances for premiums due less than 90 days as a ratio to net written premium (based on data for all companies writing Homeowners insurance in North Carolina)	15.38%
2. Factor to include effect of agents' balances or uncollected premiums overdue for more than 90 days (based on data provided by A. M. Best)	1.022
3. Factor for agents' balances (1) $\times$ (2)	0.157

NORTH CAROLINA  
HOMEOWNERS INSURANCE

ESTIMATED INVESTMENT EARNINGS ON UNEARNED  
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

Line C-2

The expected loss and loss adjustment expense ratio reflects the expense provisions for the year ended 12/31/12.

Line C-3

The mean loss reserve is determined by multiplying the incurred losses in line (2) by the North Carolina ratio of the mean loss reserves to the incurred losses in 2012 for Homeowners insurance. This ratio is based on North Carolina companies' Statutory Page 14 annual statement data and has been adjusted to include loss adjustment expense reserves.

1. Incurred Losses for Calendar Year 2012	1,014,159,928
2. Loss Reserves as of 12/31/11	487,833,721
3. Loss Reserves as of 12/31/12	365,163,276
4. Mean Loss Reserve 2012: 1/2 [(2) + (3)]	426,498,499
5. Ratio (4) ÷ (1)	0.421
6. Ratio of LAE Reserves to Loss Reserves (a)	0.238
7. Ratio of Incurred LAE to Incurred Losses (a)	0.158
8. Loss and LAE Reserve [(5)×(1.0+(6))]/(1.0+(7))]	0.450

(a) Based on 2012 All-Industry Insurance Expense Exhibit (source: A.M. Best)

Line E

The rate of return is the ratio of net investment income earned to mean cash and invested assets. Net investment income is computed for all companies writing Homeowners insurance in North Carolina as follows:

<u>Year</u>	<u>Net Investment Income Earned</u>	<u>Mean Cash and Invested Assets</u>	<u>Rate of Return</u>
2012	49,236,879	1,400,656,655	3.52%

NORTH CAROLINA  
HOMEOWNERS INSURANCE

ESTIMATED INVESTMENT EARNINGS ON UNEARNED  
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

Line H

The average rate of Federal income tax was determined by applying the average tax rate for net investment income and the current tax rate applicable to realized capital gains (or losses) to the rates of return as calculated above.

	<u>Rate of Return</u>	<u>Federal Income Tax Rate</u>
Net Investment Income Earned	3.52%	0.225
<p>The average rate of Federal income tax was determined by applying current tax rates to the distribution of investment income earned for all companies. These data are for 2012 from Best's Aggregates and Averages, Underwriting and Investment Exhibit, Part 1, Column 8.</p>		
Bonds		
Taxable	24,977,541	0.350
Non-Taxable	12,612,195	
Sub-Total	37,589,736	0.233
Stocks		
Taxable (a)	5,584,397	0.105
Non-Taxable	1,362,545	
Sub-Total	6,946,942	0.084
Mortgage Loans	307,795	
Real Estate	1,782,002	
Contract Loans	1,080	
Cash on Deposit	176,117	
Short Term Investments	(18,711)	
All Other	8,213,612	
Sub-Total	10,461,895	0.350
Total	54,998,573	0.236
Investment Deductions	4,960,809	0.350
Net Investment Income Earned	50,037,764	0.225

(a) Only 30% of dividend income on stock is subject to the full corporate income tax rate of 35%. The applicable tax rate is thus 10.5% ( $.35 \times .3 = 10.5\%$ )

NORTH CAROLINA  
HOMEOWNERS INSURANCE

ESTIMATED INVESTMENT EARNINGS ON UNEARNED  
PREMIUM RESERVES AND ON LOSS RESERVES

A. Unearned Premium Reserve		
1.	Direct Earned Premium for Accident Year Ended 12/31/11	1,912,905,707
2.	Mean Unearned Premium Reserve, $(1) \times 0.5155$	986,102,892
3.	Deduction for Prepaid Expenses	
	Commission and Brokerage	12.61%
	Taxes, Licenses and Fees	2.19%
	1/2 General Expenses	2.40%
	1/2 Other Acquisition	3.40%
	Total	20.60%
4.	$(2) \times (3)$	203,137,196
5.	Net Subject to Investment $(2) - (4)$	782,965,696
B. Delayed Remission of Premium (Agents' Balances)		
1.	Direct Earned Premium (A-1)	1,912,905,707
2.	Average Agents' Balances	0.15%
3.	Delayed Remission $(1) \times (2)$	298,413,290
C. Loss Reserve		
1.	Direct Earned Premium (A-1)	1,912,905,707
2.	Expected Incurred Losses and Loss Adjustment Expense, $(1) \times 0.6181$	1,182,367,017
3.	Expected Mean Loss Reserves $(2) \times 0.207$	244,749,973
D.	Net Subject to Investment $(A-5)-(B-3)+(C-3)$	729,302,379
E.	Average Rate of Return	3.74%
F.	Investment Earnings on Net Subject to Investment $(D) \times (E)$	27,275,909
G.	Average Rate of Return as a Percent of Direct Earned Premium $(F) / (A-1)$	1.43%
H.	Average Rate of Return as a Percent of Direct Earned Premium after Federal Income Taxes $(G) \times 0.779$	1.11%

NORTH CAROLINA  
HOMEOWNERS INSURANCE

ESTIMATED INVESTMENT EARNINGS ON UNEARNED  
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

Line A-1

Direct earned premiums are the earned premiums for Homeowners insurance in North Carolina from Statutory Page 14 of the Annual Statement.

Line A-2

The mean unearned premium reserve is determined by multiplying the direct earned premiums in line (1) by the ratio of the mean unearned premium reserve to the collected earned premium for calendar year ended 12/31/11 for all companies writing Homeowners insurance in North Carolina. These data are from Statutory Page 14 of the Annual Statement.

1. Collected Earned Premium for Calendar Year ended 12/31/11	1,912,905,707
2. Unearned Premium Reserve as of 12/31/10	971,211,035
3. Unearned Premium Reserve as of 12/31/11	1,001,111,981
4. Mean Unearned Premium Reserve $1/2 [(2) + (3)]$	986,161,508
5. Ratio (4) $\div$ (1)	0.5155

Line A-3

Deduction for prepaid expenses:

Production costs and a large part of the other company expenses in connection with the writing and handling of Homeowners policies, exclusive of claim adjustment expenses, are incurred when the policy is written and before the premium is paid. The deduction for these expenses is determined from data provided by the NCRB for the year ended 12/31/11.

Line B-2

Delayed remission of premium:

This deduction is necessary because of delay in remission and collection of premium to the companies, which amounts to approximately 50-75 days after the effective dates of the policies. Therefore, funds for the unearned premium reserve required during the initial days of all policies must be taken from the company's surplus.

1. Agents' balances for premiums due less than 90 days as a ratio to net written premium (based on data for all companies writing Homeowners insurance in North Carolina)	15.23%
2. Factor to include effect of agents' balances or uncollected premiums overdue for more than 90 days (based on data provided by A. M. Best)	1.024
3. Factor for agents' balances $(1) \times (2)$	0.156

NORTH CAROLINA  
HOMEOWNERS INSURANCE

ESTIMATED INVESTMENT EARNINGS ON UNEARNED  
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

Line C-2

The expected loss and loss adjustment expense ratio reflects the expense provisions for the year ended 12/31/11.

Line C-3

The mean loss reserve is determined by multiplying the incurred losses in line (2) by the North Carolina ratio of the mean loss reserves to the incurred losses in 2011 for Homeowners insurance. This ratio is based on North Carolina companies' Statutory Page 14 annual statement data and has been adjusted to include loss adjustment expense reserves.

1. Incurred Losses for Calendar Year 2011	2,252,266,811
2. Loss Reserves as of 12/31/10	369,731,171
3. Loss Reserves as of 12/31/11	487,833,721
4. Mean Loss Reserve 2011: 1/2 [(2) + (3)]	428,782,446
5. Ratio (4) ÷ (1)	0.190
6. Ratio of LAE Reserves to Loss Reserves (a)	0.235
7. Ratio of Incurred LAE to Incurred Losses (a)	0.134
8. Loss and LAE Reserve [(5)×(1.0+(6))]/(1.0+(7))]	0.207

(a) Based on 2011 All-Industry Insurance Expense Exhibit (source: A.M. Best)

Line E

The rate of return is the ratio of net investment income earned to mean cash and invested assets. Net investment income is computed for all companies writing Homeowners insurance in North Carolina as follows:

<u>Year</u>	<u>Net Investment Income Earned</u>	<u>Mean Cash and Invested Assets</u>	<u>Rate of Return</u>
2011	51,356,356	1,374,867,411	3.74%

NORTH CAROLINA  
HOMEOWNERS INSURANCE

ESTIMATED INVESTMENT EARNINGS ON UNEARNED  
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

Line H

The average rate of Federal income tax was determined by applying the average tax rate for net investment income and the current tax rate applicable to realized capital gains (or losses) to the rates of return as calculated above.

	<u>Rate of Return</u>	<u>Federal Income Tax Rate</u>
Net Investment Income Earned	3.74%	0.221

The average rate of Federal income tax was determined by applying current tax rates to the distribution of investment income earned for all companies. These data are for 2011 from Best's Aggregates and Averages, Underwriting and Investment Exhibit, Part 1, Column 8.

Bonds	Taxable	26,013,144	0.350
	Non-Taxable	13,579,616	
	Sub-Total	39,592,760	0.230
Stocks	Taxable (a)	4,850,846	0.105
	Non-Taxable	1,953,685	
	Sub-Total	6,804,531	0.075
Mortgage Loans		279,685	
Real Estate		1,802,596	
Contract Loans		458	
Cash on Deposit		182,922	
Short Term Investments		(23,419)	
All Other		7,591,796	
Sub-Total		9,834,038	0.350
Total		56,231,329	0.232
Investment Deductions		4,863,136	0.350
Net Investment Income Earned		51,368,193	0.221

(a) Only 30% of dividend income on stock is subject to the full corporate income tax rate of 35%. The applicable tax rate is thus 10.5% ( $.35 \times .3 = 10.5\%$ )

## NORTH CAROLINA

## HOMEOWNERS INSURANCE

## AVERAGE NUMBER OF MONTHS FROM OCCURRENCE TO CLAIM SETTLEMENT

(Based on ISO North Carolina experience for accident years 2007-2009)

(1)	(2)	(3)
Average Payment Month	Losses Paid	Portion of All Losses Paid $\frac{(2)}{\text{Total } (2)}$
1.5	440,771,466	0.430
4.5	339,492,365	0.331
7.5	99,861,555	0.097
10.5	48,974,876	0.048
13.5	31,300,758	0.031
16.5	17,687,392	0.017
19.5	11,796,344	0.011
22.5	6,555,696	0.006
25.5	6,970,316	0.007
28.5	4,039,633	0.004
31.5	3,046,279	0.003
34.5	3,848,340	0.004
37.5	2,998,972	0.003
40.5	2,030,632	0.002
43.5	1,078,397	0.001
46.5	1,205,864	0.001
49.5	639,328	0.001
52.5	1,107,476	0.001
55.5	115,952	0.000
58.5	1,650,533	0.002
61.5	55,828	0.000
64.5	93,035	0.000
67.5	309,384	0.000
70.5	222,861	0.000
73.5	306,923	0.000
75.5	36,994	0.000
	1,026,197,199	

The average number of months to payment from the beginning of the accident year is 5.48, i.e., the sum of [Column (1) × Column (3)].

The average number of months to payment from the average date of occurrence is 3.98.

NORTH CAROLINA  
HOMEOWNERS MULTIPLE PERIL  
2015 AGGREGATE ANNUAL STATEMENT DATA  
2015 TOP 50 HOMEOWNERS INSURERS

	Net Admitted Assets
1 Bonds (Schedule D)	138,443,831,000
2 Stocks (Schedule D):	
2.1 Preferred stocks	798,450,000
2.2 Common stocks	64,099,828,000
3 Mortgage loans on real estate (Schedule B):	
3.1 First liens	2,039,811,000
3.2 Other than first liens	7,264,000
4 Real estate (Schedule A):	
4.1 Properties occupied by the company (less \$15,644,000 encumbrances)	2,322,129,000
4.2 Properties held for the production of income (less \$825,000 encumbrances)	247,662,000
4.3 Properties held for sale (less \$0 encumbrances)	56,717,000
5 Cash (-\$719,466,000, Schedule E-Part 1), cash equivalents (\$2,324,026,000, Schedule E-Part 2) and short-term investments (\$2,911,381,000, Schedule DA)	4,515,938,000
6 Contract loans (including \$0 premium notes)	0
7 Derivatives (Schedule DB)	16,420,000
8 Other invested assets (Schedule BA)	12,035,969,000
9 Receivables for securities	121,678,000
10 Securities lending reinvested collateral assets (Schedule DL)	400,263,000
11 Aggregate write-ins for invested assets	128,629,000
12 Subtotals, cash and invested assets (Lines 1 to 11)	225,234,585,000
13 Title plants less \$0 charged off (for Title insurers only)	0
14 Investment income due and accrued	1,365,078,000
15 Premiums and considerations:	
15.1 Uncollected premiums and agents' balances in the course of collection	6,874,872,000
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$61,413,000 earned but unbilled premiums)	20,994,264,000
15.3 Accrued retrospective premiums	173,898,000
16 Reinsurance:	
16.1 Amounts recoverable from reinsurers	1,732,534,000
16.2 Funds held by or deposited with reinsured companies	824,372,000
16.3 Other amounts receivable under reinsurance contracts	24,840,000
17 Amounts receivable relating to uninsured plans	5,000
18.1 Current federal and foreign income tax recoverable and interest thereon	288,739,000
18.2 Net deferred tax asset	7,204,426,000
19 Guaranty funds receivable or on deposit	12,923,000
20 Electronic data processing equipment and software	1,433,013,000
21 Furniture and equipment, including health care delivery assets (\$0)	637,037,000
22 Net adjustment in assets and liabilities due to foreign exchange rates	0
23 Receivables from parent, subsidiaries and affiliates	2,308,726,000
24 Health care (\$0) and other amounts receivable	419,000
25 Aggregate write-ins for other than invested assets	5,433,846,000
26 Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	274,543,571,000
27 From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0
28 Total (Lines 26 and 27)	274,543,571,000

NORTH CAROLINA  
HOMEOWNERS MULTIPLE PERIL  
2016 AGGREGATE ANNUAL STATEMENT DATA  
2016 TOP 50 HOMEOWNERS INSURERS

	Net Admitted Assets
1 Bonds (Schedule D)	145,973,584,000
2 Stocks (Schedule D):	
2.1 Preferred stocks	782,435,000
2.2 Common stocks	66,975,898,000
3 Mortgage loans on real estate (Schedule B):	
3.1 First liens	2,332,837,000
3.2 Other than first liens	0
4 Real estate (Schedule A):	
4.1 Properties occupied by the company (less \$15,087,000 encumbrances)	2,377,485,000
4.2 Properties held for the production of income (less \$660,000 encumbrances)	250,557,000
4.3 Properties held for sale (less \$0 encumbrances)	20,085,000
5 Cash (-\$1,015,211,000, Schedule E-Part 1), cash equivalents (\$1,196,921,000, Schedule E-Part 2) and short-term investments (\$4,777,788,000, Schedule DA)	4,959,502,000
6 Contract loans (including \$0 premium notes)	0
7 Derivatives (Schedule DB)	40,326,000
8 Other invested assets (Schedule BA)	12,985,728,000
9 Receivables for securities	212,035,000
10 Securities lending reinvested collateral assets (Schedule DL)	297,507,000
11 Aggregate write-ins for invested assets	79,948,000
12 Subtotals, cash and invested assets (Lines 1 to 11)	237,287,930,000
13 Title plants less \$0 charged off (for Title insurers only)	0
14 Investment income due and accrued	1,388,737,000
15 Premiums and considerations:	
15.1 Uncollected premiums and agents' balances in the course of collection	7,312,111,000
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$71,373,000 earned but unbilled premiums)	22,070,430,000
15.3 Accrued retrospective premiums	160,403,000
16 Reinsurance:	
16.1 Amounts recoverable from reinsurers	1,927,612,000
16.2 Funds held by or deposited with reinsured companies	385,093,000
16.3 Other amounts receivable under reinsurance contracts	23,963,000
17 Amounts receivable relating to uninsured plans	9,000
18.1 Current federal and foreign income tax recoverable and interest thereon	429,465,000
18.2 Net deferred tax asset	7,057,172,000
19 Guaranty funds receivable or on deposit	14,328,000
20 Electronic data processing equipment and software	1,593,286,000
21 Furniture and equipment, including health care delivery assets (\$0)	656,588,000
22 Net adjustment in assets and liabilities due to foreign exchange rates	1,000
23 Receivables from parent, subsidiaries and affiliates	2,325,234,000
24 Health care (\$0) and other amounts receivable	341,000
25 Aggregate write-ins for other than invested assets	5,648,043,000
26 Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	288,280,737,000
27 From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0
28 Total (Lines 26 and 27)	288,280,737,000

NORTH CAROLINA  
HOMEOWNERS MULTIPLE PERIL  
2015 AGGREGATE ANNUAL STATEMENT DATA  
2015 TOP 50 HOMEOWNERS INSURERS

	Liabilities
1 Losses (Part 2A, Line 35, Column 8)	57,911,878,000
2 Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	1,712,330,000
3 Loss adjustment expenses (Part 2A, Line 35, Column 9)	14,121,202,000
4 Commissions payable, contingent commissions and other similar charges	1,406,591,000
5 Other expenses (excluding taxes, licenses and fees)	7,115,474,000
6 Taxes, licenses and fees (excluding federal and foreign income taxes)	799,349,000
7.1 Current federal and foreign income taxes (including \$22,592,000) on realized capital gains (losses)	424,464,000
7.2 Net deferred tax liability	476,796,000
8 Borrowed money \$462,100,000 and interest thereon \$1,688,000	463,788,000
9 Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$21,602,673,000 and including warranty reserves of \$130,171,000 and accrued accident and health experience rating refunds including \$0 for medical loss ratio rebate per the Public Health Service Act)	47,479,832,000
10 Advance premium	1,065,297,000
11 Dividends declared and unpaid:	
11.1 Stockholders	100,544,000
11.2 Policyholders	52,721,000
12 Ceded reinsurance premiums payable (net of ceding commissions)	5,290,052,000
13 Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)	988,978,000
14 Amounts withheld or retained by company for account of others	2,037,105,000
15 Remittances and items not allocated	305,440,000
16 Provision for reinsurance (Schedule F, Part 7)	119,991,000
17 Net adjustments in assets and liabilities due to foreign exchange rates	50,556,000
18 Drafts outstanding	891,655,000
19 Payable to parent, subsidiaries and affiliates	1,482,285,000
20 Derivatives	83,858,000
21 Payable for securities	347,926,000
22 Payable for securities lending	674,834,000
23 Liability for amounts held under uninsured plans	0
24 Capital notes \$0 and interest thereon \$0	0
25 Aggregate write-ins for liabilities	3,190,690,000
26 Total liabilities excluding protected cell liabilities (Lines 1 through 25)	148,593,646,000
27 Protected cell liabilities	0
28 Total liabilities (Lines 26 and 27)	148,593,646,000
29 Aggregate write-ins for special surplus funds	2,828,545,000
30 Common capital stock	176,991,000
31 Preferred capital stock	315,000,000
32 Aggregate write-ins for other than special surplus funds	18,500,000
33 Surplus notes	2,550,768,000
34 Gross paid in and contributed surplus	15,079,564,000
35 Unassigned funds (surplus)	97,940,495,000
36 Less treasury stock, at cost:	
36.1 0 Shares common (value included in Line 30 \$0)	0
36.2 0 Shares preferred (value included in Line 31 \$0)	0
37 Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39)	118,909,861,000
38 Totals (Page 2, Line 28, Col. 3)	267,503,510,000

NORTH CAROLINA  
HOMEOWNERS MULTIPLE PERIL  
2016 AGGREGATE ANNUAL STATEMENT DATA  
2016 TOP 50 HOMEOWNERS INSURERS

	Liabilities
1 Losses (Part 2A, Line 35, Column 8)	61,844,825,000
2 Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	1,871,869,000
3 Loss adjustment expenses (Part 2A, Line 35, Column 9)	14,615,197,000
4 Commissions payable, contingent commissions and other similar charges	1,384,221,000
5 Other expenses (excluding taxes, licenses and fees)	7,372,162,000
6 Taxes, licenses and fees (excluding federal and foreign income taxes)	754,842,000
7.1 Current federal and foreign income taxes (including \$881,000) on realized capital gains (losses)	953,517,000
7.2 Net deferred tax liability	443,559,000
8 Borrowed money \$250,500,000 and interest thereon \$1,494,000	251,994,000
9 Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$23,053,691,000 and including warranty reserves of \$1,011,983,000 and accrued accident and health experience rating reserve including \$0 for medical loss ratio rebate per the Public Health Service Act)	49,036,350,000
10 Advance premium	1,042,848,000
11 Dividends declared and unpaid:	
11.1 Stockholders	100,649,000
11.2 Policyholders	54,803,000
12 Ceded reinsurance premiums payable (net of ceding commissions)	5,651,301,000
13 Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)	604,920,000
14 Amounts withheld or retained by company for account of others	1,672,090,000
15 Remittances and items not allocated	340,132,000
16 Provision for reinsurance (Schedule F, Part 7)	118,202,000
17 Net adjustments in assets and liabilities due to foreign exchange rates	16,833,000
18 Drafts outstanding	899,464,000
19 Payable to parent, subsidiaries and affiliates	1,660,528,000
20 Derivatives	65,743,000
21 Payable for securities	721,906,000
22 Payable for securities lending	880,431,000
23 Liability for amounts held under uninsured plans	0
24 Capital notes \$0 and interest thereon \$0	0
25 Aggregate write-ins for liabilities	3,508,339,000
26 Total liabilities excluding protected cell liabilities (Lines 1 through 25)	155,866,729,000
27 Protected cell liabilities	0
28 Total liabilities (Lines 26 and 27)	155,866,729,000
29 Aggregate write-ins for special surplus funds	3,191,765,000
30 Common capital stock	173,791,000
31 Preferred capital stock	315,000,000
32 Aggregate write-ins for other than special surplus funds	18,500,000
33 Surplus notes	2,589,181,000
34 Gross paid in and contributed surplus	15,603,773,000
35 Unassigned funds (surplus)	103,252,528,000
36 Less treasury stock, at cost:	
36.1 0 Shares common (value included in Line 30 \$0)	0
36.2 0 Shares preferred (value included in Line 31 \$0)	0
37 Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39)	125,144,537,000
38 Totals (Page 2, Line 28, Col. 3)	281,011,267,000

NORTH CAROLINA  
HOMEOWNERS MULTIPLE PERIL  
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2015 TOP 50 HOMEOWNERS INSURERS

2015 STATEMENT OF INCOME

<b>UNDERWRITING INCOME</b>	
1 Premiums earned (Part 1, Line 35, Column 4)	110,296,237,000
DEDUCTIONS:	
2 Losses incurred (Part 2, Line 35, Column 7)	65,397,820,000
3 Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	11,061,565,000
4 Other underwriting expenses incurred (Part 3, Line 25, Column 2)	29,657,005,000
5 Aggregate write-ins for underwriting deductions	1,512,000
6 Total underwriting deductions (Lines 2 through 5)	106,117,897,000
7 Net income of protected cells	0
8 Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	4,178,337,000
<b>INVESTMENT INCOME</b>	
9 Net investment income earned (Exhibit of Net Investment Income, Line 17)	7,194,581,000
10 Net realized capital gains (losses) less capital gains tax of \$770,818,000 (Exhibit of Capital Gains (Losses))	637,338,000
11 Net investment gain (loss) (Lines 9 + 10)	7,831,919,000
<b>OTHER INCOME</b>	
12 Net gain (loss) from agents' or premium balances charged off (amount recovered \$42,657,000 amount charged off \$343,389,000)	(300,732,000)
13 Finance and service charges not included in premiums	605,997,000
14 Aggregate write-ins for miscellaneous income	(35,529,000)
15 Total other income (Lines 12 through 14)	269,734,000
16 Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8+11+15)	12,279,991,000
17 Dividends to policyholders	1,234,889,000
18 Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	11,045,101,000
19 Federal and foreign income taxes incurred	1,865,309,000
20 Net income (Line 18 minus Line 19) (to Line 22)	9,179,794,000
<b>CAPITAL AND SURPLUS ACCOUNT</b>	
21 Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	114,344,796,000
22 Net income (from Line 20)	9,179,794,000
23 Net transfers (to) from Protected Cell accounts	0
24 Change in net unrealized capital gains or (losses) less capital gains tax of -\$1,239,541,000	(583,850,000)
25 Change in net unrealized foreign exchange capital gain (loss)	(146,946,000)
26 Change in net deferred income tax	(150,812,000)
27 Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	(659,500,000)
28 Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	21,981,000
29 Change in surplus notes	21,414,000
30 Surplus (contributed to) withdrawn from protected cells	0
31 Cumulative effect of changes in accounting principles	(15,560,000)
32 Capital changes:	
32.1 Paid in	0
32.2 Transferred from surplus (Stock dividend)	0
32.3 Transferred to surplus	0
33 Surplus adjustments:	
33.1 Paid in	521,697,000
33.2 Transferred to capital (Stock dividend)	0
33.3 Transferred from capital	0
34 Net remittances from or (to) Home office	0
35 Dividends to stockholders	(4,239,961,000)
36 Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1)	0
37 Aggregate write-ins for gains and losses in surplus	616,816,000
38 Change in surplus as regards policyholders for the year (Lines 22 through 37)	4,565,064,000
39 Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37)	118,909,861,000

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2016 STATEMENT OF INCOME

<b>UNDERWRITING INCOME</b>	
1 Premiums earned (Part 1, Line 35, Column 4)	115,258,604,000
DEDUCTIONS:	
2 Losses incurred (Part 2, Line 35, Column 7)	72,314,738,000
3 Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	11,875,650,000
4 Other underwriting expenses incurred (Part 3, Line 25, Column 2)	30,247,070,000
5 Aggregate write-ins for underwriting deductions	109,000
6 Total underwriting deductions (Lines 2 through 5)	114,437,567,000
7 Net income of protected cells	0
8 Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	821,037,000
<b>INVESTMENT INCOME</b>	
9 Net investment income earned (Exhibit of Net Investment Income, Line 17)	6,705,696,000
10 Net realized capital gains (losses) less capital gains tax of \$746,275,000 (Exhibit of Capital Gains (Losses))	646,891,000
11 Net investment gain (loss) (Lines 9 + 10)	7,352,586,000
<b>OTHER INCOME</b>	
12 Net gain (loss) from agents' or premium balances charged off (amount recovered \$46,019,000 amount charged off \$364,885,000)	(318,869,000)
13 Finance and service charges not included in premiums	609,817,000
14 Aggregate write-ins for miscellaneous income	84,302,000
15 Total other income (Lines 12 through 14)	375,253,000
16 Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8+11+15)	8,548,876,000
17 Dividends to policyholders	986,984,000
18 Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	7,561,894,000
19 Federal and foreign income taxes incurred	1,267,506,000
20 Net income (Line 18 minus Line 19) (to Line 22)	6,294,384,000
<b>CAPITAL AND SURPLUS ACCOUNT</b>	
21 Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	118,929,886,000
22 Net income (from Line 20)	6,294,384,000
23 Net transfers (to) from Protected Cell accounts	0
24 Change in net unrealized capital gains or (losses) less capital gains tax of \$410,656,000	2,826,172,000
25 Change in net unrealized foreign exchange capital gain (loss)	(26,910,000)
26 Change in net deferred income tax	367,921,000
27 Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	(224,813,000)
28 Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	1,789,000
29 Change in surplus notes	21,414,000
30 Surplus (contributed to) withdrawn from protected cells	0
31 Cumulative effect of changes in accounting principles	(44,526,000)
32 Capital changes:	
32.1 Paid in	0
32.2 Transferred from surplus (Stock dividend)	0
32.3 Transferred to surplus	0
33 Surplus adjustments:	
33.1 Paid in	478,269,000
33.2 Transferred to capital (Stock dividend)	0
33.3 Transferred from capital	0
34 Net remittances from or (to) Home office	0
35 Dividends to stockholders	(3,486,419,000)
36 Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1)	0
37 Aggregate write-ins for gains and losses in surplus	7,365,000
38 Change in surplus as regards policyholders for the year (Lines 22 through 37)	6,214,647,000
39 Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37)	125,144,537,000

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PART II - 2011 ALLOCATION TO LINES OF BUSINESS NET OF REINSURANCE

Homeowners Multiple Peril

1 Premiums Written	37,179,876,000
2 Premiums Earned	36,233,156,000
3 Dividends to Policyholders	403,643,000
4 Incurred Loss	19,139,201,000
5 Defense and Cost Containment Expenses Incurred	419,129,000
6 Adjusting and Other Expenses Incurred	2,832,165,000
7 Unpaid Losses	7,250,383,000
8 Defense and Cost Containment Expenses Unpaid	723,158,000
9 Adjusting and Other Expenses Unpaid	1,524,124,000
10 Unearned Premium Reserves	19,607,965,000
11 Agents' Balances	6,477,107,000
12 Commission and Brokerage Expenses Incurred	4,039,629,000
13 Taxes, Licenses & Fees Incurred	1,038,022,000
14 Other Acquisitions, Field Supervision, and Collection Expenses Incurred	3,218,178,000
15 General Expenses Incurred	1,618,989,000
16 Other Income Less Other Expenses	108,728,000
17 Pre-Tax Profit or Loss Excluding All Investment Gain	3,632,929,000
18 Investment Gain on Funds Attributable to Insurance Transactions	788,667,000
19 Profit or Loss Excluding Investment Gain Attributable to Capital and Surplus	4,421,603,000
20 Investment Gain Attributable to Capital and Surplus	1,597,301,000
21 Total Profit or Loss	6,018,895,000

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PART II - 2011 ALLOCATION TO LINES OF BUSINESS NET OF REINSURANCE

Homeowners Multiple Peril

1 Premiums Written	38,056,503,000
2 Premiums Earned	37,811,171,000
3 Dividends to Policyholders	327,535,000
4 Incurred Loss	21,737,816,000
5 Defense and Cost Containment Expenses Incurred	500,005,000
6 Adjusting and Other Expenses Incurred	2,999,774,000
7 Unpaid Losses	7,727,018,000
8 Defense and Cost Containment Expenses Unpaid	775,640,000
9 Adjusting and Other Expenses Unpaid	1,617,190,000
10 Unearned Premium Reserves	19,912,394,000
11 Agents' Balances	6,481,870,000
12 Commission and Brokerage Expenses Incurred	4,040,552,000
13 Taxes, Licenses & Fees Incurred	1,052,325,000
14 Other Acquisitions, Field Supervision, and Collection Expenses Incurred	3,327,744,000
15 General Expenses Incurred	1,584,926,000
16 Other Income Less Other Expenses	114,922,000
17 Pre-Tax Profit or Loss Excluding All Investment Gain	2,355,418,000
18 Investment Gain on Funds Attributable to Insurance Transactions	662,900,000
19 Profit or Loss Excluding Investment Gain Attributable to Capital and Surplus	3,018,314,000
20 Investment Gain Attributable to Capital and Surplus	1,405,745,000
21 Total Profit or Loss	4,424,059,000

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11. IDENTIFICATION OF APPLICABLE STATISTICAL PLANS AND PROGRAMS AND A CERTIFICATION OF COMPLIANCE WITH THEM
- (a) ISO Personal Lines Statistical Plan (Other than Automobile)  
ISO Personal Lines Statistical Agent Plan (Other than Automobile)  
ISO 2015 Call for Homeowners Statistics  
ISO 2015 Call for Homeowners Statistical Agent Plan Statistics  
ISS Personal Lines Statistical Plans - All Coverages  
ISS 2015 Homeowners Call  
AAIS Personal Lines Statistical Plan  
AAIS 2015 Call for Homeowners Statistics  
NISS Statistical Plan - All Coverages - Part IV, North Carolina  
NISS 2015 Quarterly Call  
NISS 2015 Calendar Year Annual Statement  
NISS 2015 Financial Reconciliation Call  
Annual Statement for Calendar Year 2015  
Insurance Expense Exhibit for Calendar Year 2015  
RB Calls for 2015 North Carolina Expense Experience
- (b) The North Carolina Rate Bureau certifies that there is no evidence known to it or, insofar as it is aware following reasonable inquiry, to the statistical agencies involved that the data which were collected under the statistical plans identified in response (11)(a) above and used in the filing are not materially true and accurate representations of the experience of the companies whose data underlie such experience. While the Rate Bureau is aware that the collected data sometimes require corrections or adjustments, the Rate Bureau's review of the data, the data collection process, and the ratemaking process indicates that the aggregate data are reasonable and reliable for ratemaking purposes. See also the prefiled testimony of P. Anderson, R. Curry and B. Donlan.
- (c) The attached Exhibit (11)(c) contains general descriptions of the editing procedures used to ensure data were collected in accordance with the applicable statistical plans.

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1. Upon receipt of the data from each reporting company, checks are made to ensure that each record (i.e., the data reported for each exposure) has valid and readable information. This includes a check that the appropriate alpha-numeric codes have been utilized.
2. The records are then checked to ensure that each of the fields has a valid code in it (e.g., company numbers must be entered as four-digit numerals).
3. Relationship edits which evaluate the interrelationship between codes are then performed. For example, if a record indicates North Carolina, Homeowners, Form 3, checks are made to ascertain that applicable interrelationships are maintained.
4. Distributional edits are performed to make sure that the reporting company has not erred in miscoding its data into a single class, territory, or other rating criteria due a systems problem or other error.
5. The resulting combined data from all the company records are reconciled with Statutory Page 14 Annual Statement data for that company.
6. After all of the ISO data are aggregated, a consolidated review of the data is conducted to determine overall reasonableness and accuracy. In this procedure the data are compared with previous statewide and territory figures. Areas of concern are identified and results are verified by checking back to the source data.

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The following narrative sets forth a general description of the editing procedures utilized by ISS to review North Carolina statistical data. All North Carolina experience submitted to the ISS by affiliated companies undergoes standard procedures to ensure that the data is reported in accordance with the ISS's approved statistical plans.

ISS's review of the data takes place on two levels: analysis of individual company data and analysis of the aggregate data of all the companies combined. These two separate functions will be treated in that order.

Analysis of Company Data

Analysis of company data includes: completeness checks, editing for valid coding and checking the distribution of data among the various data elements.

1. Completeness Checks (Balancing and Reconciliation):

Balancing and reconciliation procedures are used to determine completeness of reporting. Completeness means that the ISS has received and processed all of the data due to be filed with the ISS. First, totals of each company's processed data are compared to separate transmittal totals supplied by the company. This step ensures that ISS has processed completely the experience included in the company's submission of data and that no errors occur during this processing. As a second check for completeness, the reported statistical data is reconciled to Statutory Page 14 totals from the company's Annual Statement. It is a useful procedure in determining completeness because the annual statement represents an independent source of information.

2. Editing of Codes:Format and Readability

Statistical data reported by affiliated companies must be filed in accordance with ISS's approved statistical plans. This includes the requirement that the data must conform to the specific formats and technical specifications in order for ISS to properly read and process these submissions. The initial edit is a test of each company's submission to ensure it has been reported using the proper record format and that it meets certain technical requirements for the line of insurance being reported. Key fields are tested to ensure that only numeric information has been reported in fields defined as numeric, and that the fields have been reported in the proper position in the record.

Relational Edits

The data items of information filed with the insurance company's experience are reported by using codes defined under ISS's statistical plans. For example, the various types of Policy Forms written on Homeowners policies in North Carolina are defined in the Personal Lines Statistical Plan. Each definition for each data element has a unique code assigned to it which distinguishes it from other definitions. All data items applicable to North Carolina are defined in a similar manner in each of ISS's statistical plans and have codes assigned to properly identify each definition.

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All records reported to ISS are subjected to validation of the reported codes. This validation, called editing, is performed to assure that companies are reporting properly defined ISS Statistical Plan codes for North Carolina experience.

The purpose of the edit is to validate the statistical codes reported in each record. This validation is called a Relation Edit. A relational edit verifies that a reported code is valid in combination with one or more related data items. Relational edit tests are accomplished primarily through the use of specific edit tables applicable to each line of insurance.

In most cases, the experience data in the record is used in conjunction with the related codes and compared to an establishment or discontinued date for the code being validated. This ensures that specific codes are not being utilized beyond the range of time during which they are valid.

An example of a relational edit involves territory coding. Many territory code numbers are available under each statistical plan for various states, with various effective dates. However, only codes defined for North Carolina for the specific line being processed are valid in combination with North Carolina reported experience. Further, if a new code is erected, that code will be considered valid only if the date reported in the statistical record is equal or subsequent to the establishment date of the code.

3. Distributional Analysis:

The validation of the codes is not by itself sufficient to assure the credibility of company data. Having assured the reporting of valid codes, the statistical agent must verify that valid entries are indeed reliable. Therefore, the data is also reviewed for reasonable distributions. The primary focus of this review is to establish that the statistical data reported by the company is a credible reflection of the company's experience.

The distribution of company experience by specific data elements such as state, territory, policy form, and construction, for example, for the current reporting period is compared to company profiles of prior periods. In addition, ratios relevant to the line of insurance such as average premium, average loss, volume, loss ratio and loss frequency are compared to industry averages. This historical comparison can highlight changes in the pattern of reporting.

The distributional analysis serves as an additional verification that systematic errors are not introduced during the production of data files submitted to ISS by our affiliated companies. Disproportionate amounts of premiums and/or losses in a particular class or territory, for example, can be detected using this technique.

4. Validation of Aggregate Data

After the individual company has been reviewed, the data for all reporting companies is compiled to produce aggregate reports. The aggregate data represents the combined experience of many companies. This data is also subjected to similar review procedures. To ensure completeness, run to run control techniques are applied. This involves balancing the totals of the aggregate runs to previously verified control totals. In this manner the aggregate data is monitored to ensure the inclusion of the appropriate company data.

The aggregate data is also reviewed for credibility through distributional analysis similar to that performed on the individual company data. Earned exposures (where applicable) and premiums and incurred losses and claims are used to calculate pure premiums, claim frequencies and claim costs for comparison to past averages. The analysis of the aggregate data centers on determining

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consistency over time by comparing several years of experience, by coverage and class, or territory, for example. Through the application of these techniques, ISS is able to provide reliable insurance statistical data in North Carolina.

NISS Editing Procedures

- a. Every report received is checked for completeness. Every submission must include (1) an affidavit; (2) a letter of transmittal setting forth company control totals for the data being sent; (3) the data being reported on tape, cartridge, diskette or form to be keyed.
- b. Individual company submissions are balanced to the company letter of transmittal to ensure that all data have been received and processed. After all four quarters of data have been received, the company reports are reconciled to the Annual Statement Statutory Page 14 amounts. The NISS Financial Reconciliation identifies any amounts needed to reconcile any differences between the company reported data and Annual Statement amounts.
- c. Every company record submitted to NISS is verified through NISS edit software for its coding accuracy and conformance with NISS record layouts and instructions. NISS edits verify the accuracy of each code for each data element. Where possible, each data element is subjected to a relational edit whereby it will be checked for accuracy in conjunction with another field.
- d. Individual company submissions are also subjected to a series of reasonability tests to determine that the current submission is consistent with previous company submissions, known changes in this line of business and statewide trends. NISS compares current quarter data to the previous quarter. This comparison is performed and analyzed by grouping data.
- e. After all of the NISS data are combined, a review of this consolidated data is also performed. The aggregate data is compared on a year to year basis to again verify its reasonableness, similar to those checks employed on an individual company submission.

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The American Association of Insurance Services functions as an official statistical agent in the State of North Carolina for a number of lines of insurance, including Homeowners. In this capacity, it provides for the administration of statistical programs in accordance with approved statistical plans on behalf of the Commissioner of Insurance. These plans, which were filed according to the requirements of the State of North Carolina, serve to insure a high quality of data reliability.

1. All statistical plans constitute permanent calls for data, which is due at AAIS within 60 days following the close of the period covered by the report.
2. Each data submission is accompanied by a transmittal that summarizes the detail data by state. The transmittal provides control totals to balance to the input and output of each step in our collection procedure. Signature of the company official responsible for data collection is required on the transmittal to certify the accuracy and completeness of the data submission.
3. The AAIS data collection procedure consists of several consecutive steps in order to further verify receipt of accurate and complete data from each company and ultimately aggregate the data into the final experience format.
4. The data collection procedure begins with entering the company number, date, type of media, and transmittal control totals for each line of insurance received into a log file. Company number, record counts, lines of insurance, year, quarter, type and number of media are recorded on a processing log and submitted to the computer room.
5. Operations will load the data into the computer and process all lines through a program which verifies certain key fields. The key fields are company number, line of insurance, transaction code and report period (quarter and year). All invalid key fields must be corrected before proceeding to the next step. Once a valid key field report is generated, Operations will copy all valid key field records to the edit file.
6. Upon receipt of the Moved to Edit report, the statistical department will verify that all records were copied from the stored data file to the edit file. All companies are then released by line and report period for editing.
7. The edit program has several functions and reports. They are:
  - a. Data is balanced to transmittal totals.
  - b. Each statistical field is edited to the valid codes in the statistical plan for the line being processed. Many fields are also cross edited. An example is deductible type and amount. All invalid codes are identified with an asterisk to the right of the code.
  - c. Edit reports consist of a listing of invalid records, error summary report, month report, state report and field error detail report. Homeowners has an additional report entitled "Data Consistency Report". This report shows the companies' average premium, pure premium, loss ratio, frequency and severity.

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- d. In addition to the edit report, we provide the company a distribution report. As you might expect, this report provides a distribution of the reported data for almost every single field of information captured by the statistical plan. This report is not only provided as a courtesy to the company, but it is always reviewed by AAIS staff to identify any reporting irregularities that wouldn't be caught by the edit program.
  - e. Along with the edit and distribution reports, there are additional review procedures in place to identify procedural reporting errors that may exist (e.g., cancellations and coverage changes). A great deal of time is spent on this item because of its importance to the validity of the reported data.
  - f. Our analysis of a company's data is returned to the company with a customized letter indicating the type of action required. Depending on the severity of errors, companies are requested to make corrections or resubmit data.
8. AAIS provides assistance to all of its affiliated companies to ensure a continued high level of data quality. Statistical coding seminars designed to instruct company coders and respond to questions are scheduled annually. In addition to the seminars, AAIS has developed Statistical Training Manuals for some lines and pre-edit programs for company in-house use. Technical Services staff is available to train company personnel in all aspects of data collection, coding, statistical reporting and data processing.

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12. INVESTMENT EARNINGS ON CAPITAL AND SURPLUS

Given the selected underwriting profit provision contained in the filing, the pro forma statutory return on net worth (equity capital), is shown in the filing and the pre-filed testimony of D. Appel. Also shown therein is the ratio of net worth to surplus of 1.15. Accordingly, the corresponding return on statutory capital and surplus would be 7.64% for homeowners insurance. Based on data from A.M. Best's Aggregates and Averages, the 5-year average ratio of net worth to assets is .421. Accordingly, the corresponding return on assets would be 2.79% for homeowners insurance.

See also pre-filed testimony of D. Appel and J. Vander Weide.

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13. LEVEL OF CAPITAL AND SURPLUS NEEDED TO SUPPORT PREMIUM WRITINGS  
WITHOUT ENDANGERING THE SOLVENCY OF MEMBER COMPANIES

- (a) The aggregate premium to surplus ratios for the calendar years 2003-2012 for the company groups which have written North Carolina homeowners insurance during that entire period are as follows:

2006	0.97
2007	0.94
2008	1.04
2009	0.97
2010	0.93
2011	1.02
2012	0.97
2013	0.90
2014	0.89
2015	0.90

Note: These data are available from Best's Data Service and Best's Aggregate and Averages.

- (b) The experience provides the best estimate of the future. See the prefiled testimony of D. Appel.
- (c) The actual premium to surplus ratio for the property and casualty industry on a countrywide basis (based upon the latest A. M. Best data available at this time) is as follows:  
(000's omitted)

STATUTORY CAPITAL AND SURPLUS, 2015	706,016,009
STATUTORY CAPITAL AND SURPLUS, 2016	734,973,294
AVERAGE STATUTORY CAPITAL AND SURPLUS	720,494,652
NET PREMIUMS EARNED, 2016	533,512,367
PREMIUM:SURPLUS RATIO	.740

The actual level of capital and surplus needed to support premium writings without endangering the solvency of a company is dependent upon (among others) the financial structure and investments unique to each company, the relationship of the company with affiliated companies as a group (and the experience of the affiliated companies), the mix of business of each company, and the conditions of the economy as they affect each company's individual circumstances. The Rate Bureau is advised that the National Association of Insurance Commissioners, as one of several criteria, generally considers that a premium to surplus ratio for an individual company of 3 to 1 warrants close regulatory attention and monitoring with respect to the company's solvency position.

- (d) The Rate Bureau has not allocated surplus by state and by line in preparing this filing. The Rate Bureau has treated surplus in this manner because each dollar of surplus is available to cover losses in excess of premium for each and every line.

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14. OTHER INFORMATION REQUIRED BY THE COMMISSIONER.

14 (a) See pre-filed testimony of P. Anderson, D. Appel, R. Curry, B. Donlan, E. Henderson, B. Fox and J. Vander Weide.

14 (b) See attached exhibit 14 (b).

14 (c) See attached exhibit 14 (c).

14 (d) See attached exhibit 14 (d).



## **NORTH CAROLINA RATE BUREAU GOVERNING COMMITTEE TELECONFERENCE**

**April 4, 2017**

### **AGENDA**

**Dial-In Number: 877-320-0056, Conference Code: 6015763079**

1. Welcome
2. Roll Call
3. Antitrust, Conflict of Interest, Code of Ethics and Standards of Conduct Statements (Exhibits 1, 2, 3)
4. Introduction of new Personal Lines Director
5. Report of Counsel
6. Report of Staff
7. Report of Committees
  - a) Audit Committee
    - i. Presentation of the NC Rate Bureau 2016 Audit results (Exhibit 4)
  - b) Automobile Committee
    - i. Bureau staff will provide an update on Automobile Filing negotiations with the Department of Insurance
  - c) Property Committee
    - i. Homeowner Relativity Filing  
Revised Homeowner Relativity Factors were filed on May 6, 2016 and the Department of Insurance (Department) rejected the filing on November 6, 2016. Since that time, Bureau staff has been negotiating with Department staff on these factors.
    - ii. Homeowner Rate Review and Homeowner Deductible Review  
Bureau staff will provide an update on the timeline for the Homeowner Rate review and Homeowner Deductible review in progress.
    - iii. Dwelling Rate Review  
Revised Dwelling Rates were filed on November 30, 2016 and subsequently withdrawn due to the discovery of data errors. The Governing Committee instructed staff to update the filing with corrected data and add data through 2015 for a new filing. Bureau staff will provide an update on the timeline for this filing.
8. Executive Session (Exhibit 5) – will be sent under separate email

9. The next Governing Committee meeting is scheduled for July 19, 2017 for the Workers Compensation Rate Review and other matters. Note: Teleconferences may be called on an as-needed basis.
10. Other Business
11. Adjournment

GC-17-8



MINUTES OF THE TELECONFERENCE OF THE GOVERNING COMMITTEE  
OF THE NORTH CAROLINA RATE BUREAU HELD APRIL 4, 2017

MEMBERS PRESENT

Allstate Insurance Company  
Builders Mutual Insurance Company  
Liberty Mutual Insurance Company  
United Services Automobile Association  
Nationwide Mutual Insurance Company  
North Carolina Farm Bureau Mutual Insurance Company  
The Hartford Fire Insurance Company  
Progressive Casualty Insurance Company  
State Farm Mutual Automobile Insurance Company  
Unitrin Auto and Home Insurance Company  
National General Insurance  
Travelers Indemnity Company

Public Member

Others Present

Young Moore and Henderson, P.A.  
Staff

REPRESENTED BY

Jennifer Jabben  
Jerry Visintine  
Michele Lapinski  
Lisa Sukow  
Thomas Souder  
Roger Batdorff  
Eric Mize  
Kevin McGee  
Alan Bentley  
Kimberly Flint  
Art Lyon  
Molly Dunn

William D. Edgar, Jr.

Mickey Spivey  
Joanna Biliouris  
Edith Davis  
Ray Evans  
Andy Montano  
Keri Johnson  
Karen Ott  
David Sink  
Rebecca Williams

The teleconference convened as scheduled, Mr. Visintine of Builders Mutual Insurance Company, Chair of the Governing Committee, presiding. Attention was directed to the Rate Bureau's Antitrust, Conflict of Interest and Code of Ethics and Standards of Conduct Statements.

Ms. Biliouris introduced Andy Montano as the new Director of Personal Lines for the Bureau replacing Tim Lucas who retired on March 31, 2017.

1. Counsel Report

Mr. Spivey reported that the Rate Bureau made an automobile insurance rate filing on February 1, 2017 for a 13.8% overall rate increase. Mr. Spivey reviewed various bills pending at the legislature that may affect the private passenger auto, residential property and workers compensation lines of business including (1) HB43 - Automobile Insurance Regulatory Modernization (SDIP Opt Out); (2) HB317/SB137 – Surcharge Transparency; (3) SB284 - Property Insurance Fairness (removes goal posts on property insurance and workers compensation insurance rate filings); (4) SB294 -

Depopulate Reinsurance Facility/NCRB Opt Out; (5) SB489 - Clarify Workers' Compensation Policy Cancellation, and (6) HB383/SB295 - NAIC Model/Own Risk and Solvency Assessment (ORSA).

## 2. Report of Staff

Mr. Evans provided an overview of additional legislation including (1) SB3/HB110 – NCDOT/NCDMV Agency Bill (provides technical changes to the definition of mopeds); (2) HB91 - Require Safety Helmets/Under 21; (3) HB104 - Auto Insurance/Protect Lienholders; and (4) SB150 - Auto Ins./Notice to Lienholder of Termination.

Mr. Evans provided an update on interactions with the Department of Insurance (Department) noting that (1) staff, counsel and several company members met with John Hoomani, General Counsel and Michelle Osborne, Chief Deputy Commissioner in mid-March; (2) the next meeting at the Department is scheduled on May 8, 2017 with staff and counsel; (3) the Department is moving to a new building over the next couple weeks; and (4) Sara Waitt is the new Deputy Commissioner for the Property and Casualty Division replacing Bob Mack.

Mr. Evans provided an update on progress on the 2017 goals and objectives presented at the December 2016 Governing Committee meeting. He noted that (1) the Bureau continues to strive for adequate rates with the automobile insurance rate filing submitted February 1<sup>st</sup> and several property rate reviews scheduled this year; (2) to support a customer friendly environment, the Bureau continues to implement tools to improve the ease of working with the Bureau; (3) committee member turnover has prompted the need for more training and education opportunities for new committee members; and (4) the Bureau is within budget for the first two months of the year, however, unexpected expenses were incurred for the refiling of dwelling relativities due to a data reporting issue.

Ms. Biliouris outlined the following operational improvements and enhancements that the Bureau has completed or is in process of developing: (1) a new ManageOwnership web application will become available in early May which will allow for online submission of ownership changes for workers compensation insurance policies; (2) the North Carolina Basic Manual and North Carolina Statistical Plan Manual were published in a new digital library format for easy use and navigation for users; (3) the ManageAR system will be enhanced to allow electronic submission of ownership information and other supplemental form in early May; and (4) a new three-year contract with ISO was executed effective January 1<sup>st</sup> allowing for a different cost structure which will improve transparency of the costs of various filings and other activities performed by ISO.

## 3. Report of Committees

### a. Audit Committee

Mr. Sink referred to Exhibit 4, the 2016 NC Rate Bureau Audit Results, which were distributed to committee members with the agenda. He reviewed the Statements of Cash Receipts and Disbursements for year end 2016 and noted that Johnson Lambert (1) issued an unqualified clean opinion on the Rate Bureau's financial statements; (2) reported there were no material weaknesses identified with respect to the Bureau's internal controls; (3) conducted the required communications to the Audit Committee; and (4) confirmed its independence as auditors of the Rate Bureau.

b. Auto Committee

Mr. Evans advised that (1) Bureau staff had two meetings with the Department to discuss the automobile filing; (2) at the third meeting, the Department advised that prior settlement offers were rescinded and that the Department was suspending further discussions; (3) on March 24, 2017 the Department filed a notice of hearing scheduled for September 11, 2017; and (4) the Bureau is optimistic that we can continue discussions with the Department regarding the automobile filing.

c. Property Committee

Ms. Biliouris reported that (1) revised homeowners insurance relativity factors were filed on May 6, 2016 and the Department of Insurance (Department) rejected the filing on September 6, 2016; (2) Bureau staff has been negotiating with Department staff on these factors; (3) the original filing introduced or revised amount of insurance (AOI), age and year of construction and protection-construction classifications; (4) Department staff has verbally provided suggested changes to AOI factors and, as to protection-construction classifications, proposed two territory groups for owners and one group for tenants and condominiums, rather than the four territory groups originally filed; (5) the Department has not addressed age of construction or year of construction factors; and (6) staff re-filed the original homeowners insurance relativity factor filing on March 17, 2017 to formalize the negotiations with the Department.

Ms. Biliouris reported that (1) the homeowners insurance deductible review is in progress; (2) it will include deductible options including an all perils percentage deductible and various other optional higher deductible amounts; and (3) the Property Rating Subcommittee provided various parameters for the deductible review.

Ms. Biliouris reported that (1) the homeowners insurance rate review is in progress; (2) the initial review of data through 2015 has revealed some data issues; (3) we hope to validate the data quickly and be ready to send information to the data modelers by mid-month; and (4) staff is targeting August to present indications to the Governing Committee with any filing resulting from this review to be completed in October 2017.

Ms. Biliouris reported that (1) revised dwelling insurance rates were filed on November 30, 2016 and subsequently withdrawn due to the discovery of data errors; (2) the Governing Committee instructed staff to update the filing with corrected data and add data through 2015 for a new filing; (3) ISO is performing the data validation of 2014 and 2015 data to be used in the upcoming filing; and (4) staff is targeting late August to present indications to the Governing Committee with any filing resulting from this review to be completed in November 2017.

4. Executive Session

The Governing Committee went into executive session to discuss a recommendation from the Compensation Committee. Following the executive session, the meeting reconvened in general session.

5. Next Meeting

Mr. Visintine noted that the next scheduled Governing Committee meeting will be an in-person meeting on July 19, 2017 for the workers compensation insurance rate review and other matters

and that there may be a need for a teleconference in May to update the committee members on meetings with the Department.

6. Adjournment

There being no further business, the meeting was adjourned.

Respectfully Submitted,



Joanna Biliouris  
Chief Operating Officer  
North Carolina Rate Bureau

GC-17-7

4/12/17



## NORTH CAROLINA RATE BUREAU GOVERNING COMMITTEE TELECONFERENCE

May 23, 2017

### AGENDA

Dial-In Number: 877-320-0056  
Conference Code: 6015763079

1. Welcome
2. Roll Call
3. Antitrust, Conflict of Interest, Code of Ethics and Standards of Conduct Statements (Exhibits 1, 2, 3)
4. Automobile Filing  
Bureau staff and counsel met with the Department of Insurance (DOI) on May 18, 2017 to discuss a potential settlement of the Automobile rate filing (Exhibit 4).

***The committee will be asked to consider the settlement offer from the DOI and instruct staff how to proceed with subsequent discussions.***

5. Update on Property Matters  
Bureau staff will provide a status update on Property Matters.
6. 2017 Meeting Schedule:

July 19, 2017	10:00 am	Workers Compensation Rate Review
October 11, 2017	8:30 am	Annual Meeting
December 5, 2017	10:00 am	2018 Budget Discussion

Note: Teleconferences may be called on an as-needed basis

7. Other Business
8. Adjournment

GC-17-17

MINUTES OF THE TELECONFERENCE OF THE GOVERNING COMMITTEE  
OF THE NORTH CAROLINA RATE BUREAU HELD MAY 23, 2017

MEMBERS PRESENT

Allstate Insurance Company  
Builders Mutual Insurance Company  
Hartford Fire Insurance Company  
Liberty Mutual Insurance Company  
National General Insurance Corporation  
Nationwide Mutual Insurance Company  
NC Farm Bureau Mutual Insurance Company  
Progressive Casualty Insurance Company  
State Farm Mutual Automobile Insurance Company  
Travelers Indemnity Company  
United Services Automobile Association  
Unitrin Auto and Home Insurance Company

Public Member

William Edgar

Others Present

Young Moore and Henderson, P.A.

Staff

REPRESENTED BY

Jennifer Jabben  
Jerry Visintine  
Eric Mize  
Michele Lapinski  
Art Lyon  
Thomas E. Souder  
Roger N. Batdorff  
Kevin McGee  
Alan Bentley  
Bob Aaron  
Lisa Sukow  
Kimberly Flint

Mickey Spivey  
Glenn Raynor  
Joanna Biliouris  
Edith Davis  
Ray Evans  
Keri Johnson  
Andy Montano  
Karen Ott  
Rebecca Williams

The meeting convened as scheduled, Mr. Visintine of Builders Mutual Insurance Company, Chair of the Governing Committee, presiding. Attention was directed to the Rate Bureau's Antitrust, Conflict of Interest and Code of Ethics and Standards of Conduct Statements.

1. Automobile Filing Negotiations

Mr. Evans provided a summary of recent discussions with the Department of Insurance (Department) and presented the most recent settlement offer from the Department, which offer was shown in Exhibit 4 provided with the agenda. He reported that the Department's offer was for an overall 1.4% increase for 2017, consisting of an 8.5% increase in overall liability coverage and a 6.1% decrease in physical damage coverage, with a stipulation that the Rate Bureau would not make a Private Passenger Auto rate filing in years 2018 and 2019. Mr. Spivey noted that the overall rate increase in this offer is lower than in previous offers, but that the offer does include an increase in liability coverages from prior offers and includes the filed decrease in physical damage coverages instead of a 0% change.

After significant discussion by the Governing Committee of potential counteroffers, a motion was made, seconded and unanimously passed to submit a counteroffer to the Department which included a one year option and a two year option.

2. Update on Property Matters

Ms. Biliouris reported that (1) revised homeowners insurance relativity factors were filed on May 6, 2016 and the Department of Insurance (Department) purported to reject the filing on September 2, 2016; (2) Bureau staff has been negotiating with Department staff on these factors; (3) staff re-filed the original homeowners insurance relativity factor filing on March 17, 2017 to provide a filing through which to effect a proposed settlement with the Department, but has received no response to date from the Department; (4) Bureau staff has escalated the status of the filing at the Department and Department staff has committed to provide the Bureau with an update on the filing this week; and (5) the homeowner insurance rate review progress may be impacted if there is no resolution to the homeowner relativity filing in the near future.

Ms. Biliouris reported that (1) the homeowners insurance rate review is in progress; (2) Bureau staff is hopeful that indications will be ready to present to the Governing Committee at the next in person meeting on July 19, 2017; (3) the timeline is contingent on many factors which may delay the timeline to early August; and (4) any filing resulting from this review should be completed in October 2017.

Ms. Biliouris reported that (1) a dwelling rate review is underway; (2) Bureau staff is targeting mid-September to present indications to the Governing Committee; and (3) any filing resulting from this review should be completed in November 2017.

Ms. Biliouris reported that (1) the homeowners insurance deductible review is in progress; (2) incorporating the deductible review with the homeowner rate review will add complexity to the filing and delay the filing date by approximately six weeks; (3) filing any proposed deductible changes separately from any homeowner rate filing would allow for independent review by the Department; (3) the deductible review should be completed in December 2017. After discussion, the Governing Committee instructed staff to prepare the homeowner deductible review separately from the homeowner rate review.

3. Next Meeting

Mr. Visintine noted that the next scheduled in-person Governing Committee meeting will be on July 19, 2017 and that there may be a need for teleconferences prior to that regarding the automobile discussions and the homeowner relativity filing.

4. Adjournment

There being no further business, the meeting was adjourned.

Respectfully Submitted,



Joanna Biliouris

Chief Operating Officer  
North Carolina Rate Bureau

## GOVERNING COMMITTEE MEETING

JULY 19, 2017

### AGENDA

Dial-In Number: 877-320-0056, Access code: 6015763079

1. Welcome
2. Roll Call
3. Antitrust, Conflict of Interest, Code of Ethics and Standards of Conduct Statements (**Exhibits 1 – 3**)
4. Report of Counsel
5. Report of Staff
  - a. Legislative Update (**Exhibit 4**)
6. Report of Committees
  - a. Workers Compensation Committee
    - i. Staff and NCCI will present the Workers Compensation Rate/Loss Cost Review (**Exhibits 5 & 6**)  
***The Governing Committee will be asked to take action on how to proceed.***
  - b. Property Committee
    - i. Status of Homeowner Relativity Filing Settlement
    - ii. Status of Homeowner Rate Review
    - iii. Status of Dwelling Rate Review
7. Appointment of Nominating Committee
  - a. There are four companies whose terms expire this year:
    - Progressive Casualty Insurance Company
    - Builders Mutual Insurance Company
    - Travelers Indemnity Company
    - United Services Automobile AssociationOf these companies, Progressive Casualty Insurance Company and Builders Mutual Insurance Company are not eligible for re-election.
8. Upcoming Meetings\*

October 11, 2017	8:30 am	Annual Meeting at the Grandover Hotel
December 5, 2017	10:00 am	2017 Budget Discussion

\*There will likely be a need for a meeting in August/September to present recommendations from the Property Committee on the Homeowner and Dwelling rate reviews and several proposed property endorsements.
9. Other Business
10. Adjournment

The meeting will commence at 10:00 am at the office of the North Carolina Rate Bureau 2910 Sumner Boulevard, Raleigh, NC. Lunch will be served.

GC-17-21

MINUTES OF THE MEETING OF THE GOVERNING COMMITTEE  
OF THE NORTH CAROLINA RATE BUREAU HELD JULY 19, 2017

MEMBERS PRESENT

State Farm Mutual Automobile Insurance Company  
Allstate Insurance Company  
Builders Mutual Insurance Company  
National General Insurance  
Liberty Mutual Insurance Company  
Travelers Indemnity Company

Nationwide Mutual Insurance Company  
Progressive Casualty Insurance Company  
United Services Automobile Association

Others Present

National Council on Compensation Insurance, Inc.  
Young Moore and Henderson, P.A.  
American Home Assurance Company  
Innovative Insurance Consulting Services  
Milliman  
Staff

REPRESENTED BY

Alan Bentley  
Jennifer Jabben  
Jerry Visintine  
Art Lyon  
Marcus DeForest\*  
Kathy Muedder\*  
Peter Gunn\*  
Tom Souder  
Kevin McGee  
Lisa Sukow

Sean Cooper\*^  
Mickey Spivey  
Ira Feuerlicht  
Tim Lucas  
Mark Mulvaney  
Joanna Biliouris  
Karen Byrd  
Edith Davis  
Ray Evans  
Betty Hurst^  
Keri Johnson  
Andy Montano  
Rebecca Williams

\* Attended by phone

^ Attended a portion of the meeting

The meeting convened as scheduled, Mr. Visintine of Builders Mutual Insurance Company, Chair of the Governing Committee, presiding. Attention was directed to the Rate Bureau's Antitrust, Conflict of Interest and Code of Ethics and Standards of Conduct Statements.

1. Report of Counsel

Mr. Spivey stated that (1) the Automobile filing made on February 1, 2017 was settled with the Department of Insurance for an overall increase of 2.2% (10.1% increase in liability coverage and 6.1% decrease in physical damage coverages); and (2) work is continuing on the Dwelling and Homeowner rate reviews, which will be presented in more detail later in the agenda.

2. Report of Staff

Mr. Evans provided an overview of strategies that the Bureau is focused on this year. He advised (1) legislative activity has been monitored; (2) progress has been made toward achieving adequate rates in private passenger automobile; (3) there is continued emphasis on

creating a customer friendly environment through technology offerings; and (4) work continues on homeowner and dwelling rate reviews and relativity revisions.

Ms. Biliouris reported that (1) Andy Montano has been the Director, Personal Lines since April and continues to drive progress on property and auto activities; (2) Debbie Spence, Administrative Assistant for the Rate Bureau, retired in May after 44 years of service; (3) Karen Ott, former Personal Lines Analyst, has taken over the role of Executive Assistant for the Rate Bureau; (3) the Bureau launched a new web application, ManageOwnership, for online submission of ownership changes on Workers Compensation policies; (4) online manuals were transitioned to a new digital library platform to enhance ease of navigation and incorporate an interactive class code look up tool; and (5) the Bureau's ManageAR system was enhanced to allow electronic submission of ownership information (ERM-14 form) and other supplemental forms, therefore eliminating all manual submission of documentation to the Bureau.

Ms. Biliouris directed the committee to an exhibit distributed with the agenda which provided an outline of legislative activity and highlighted items of interest to the committee.

3. 2017 Workers Compensation Prospective Loss Cost and Residual Market Rate Review  
Attention was directed to exhibits distributed with the agenda that summarized the components of the loss cost and rate level review considered by the Workers Compensation Committee and showed a comparison to the filed components in 2016.

Mr. Cooper summarized the selections of the Workers Compensation Committee for both the loss cost review and the assigned risk rate review.

Mr. Cooper reported (1) the Workers Compensation Committee recommended continuing the methodology used in the previous filings of using an average of paid and paid plus case indications; (2) revisions were last effective April 1, 2016; (3) the Committee reviewed three years of experience and recommends using the experience of the two most recent policy years to develop the indications; and (4) based on the experience and the various selections by the Workers Compensation Committee, the overall indication for the voluntary market loss costs is -11.3% and for the residual market rates is -12.5%, with both to be effective April 1, 2018.

Ms. Biliouris advised that the Workers Compensation Committee has discussed at length the potential impact of the recent Wilkes v. Greenville Supreme Court decision on the current loss cost and rate review, and that, because of the uncertainty created by this new court decision, the Workers Compensation Committee was unable to come to consensus on a formal recommendation to the Governing Committee.

Ms. Biliouris and Mr. Spivey reported the following with respect to the Wilkes decision: (1) the Supreme Court issued the Wilkes decision on June 9, 2017, and there are two primary holdings in the opinion; (2) first, Wilkes held that, once an employer has admitted that a workplace injury is compensable, there is a presumption that additional medical treatment (even for different injuries or conditions) is causally related to the compensable injury; (3) this was a significant change in the law and it was widely believed that it would cause significant increased costs in the workers compensation system; (4) as a result, legislation has been passed (SB 26) which effectively nullifies this portion of the Wilkes decision (essentially putting the law back to pre-Wilkes on this point); (5) the Wilkes decision also addressed the manner of proving disability and expands the ways an employee can prove disability and, in the process, potentially undermines the statutory definition of suitable employment enacted as part of the workers compensation reforms in 2011; and (6) this portion of Wilkes was not addressed by the legislature in SB 26.

Mr. Cooper and Mr. Mulvaney advised that it is not possible to quantify the impact of the above noted provisions on future costs and that, as a result, adjusting the indications to reflect the impact of the Wilkes decision would be difficult.

Following discussion, a motion was made, seconded and passed to file the indications as presented and instruct staff to proceed to prepare the filings to be submitted on or before September 1, 2017. Mr. Visintine abstained from the vote.

4. Property Committee Update

Mr. Montano updated the committee on recent activity noting (1) the homeowner relativity filing was settled with the Department of Insurance resulting in revisions to Amount of Insurance and Protection/Construction relativities; (2) the dwelling rate review is underway and indications should be available for Governing Committee consideration later this year ; (3) the homeowner rate review is underway and indications should be available for Governing Committee consideration later this year ; and (4) the Property Forms Subcommittee is evaluating new policy language to address Assignment of Benefits, Home Sharing and Drones.

5. Appointment of Nominating Committee

Mr. Visintine reported that a Nominating Committee is needed for the Governing Committee elections to be held at the Annual Meeting, and he asked for volunteers to participate on this committee. National General Insurance, Allstate Insurance Company, Travelers Indemnity Company and Nationwide Mutual Insurance Company volunteered to serve on the committee.

6. 2017 Meeting Schedule

Mr. Visintine noted that the next scheduled Governing Committee meeting will be at the Annual Meeting on October 11, 2017 and that teleconferences may be scheduled prior to that time to review recommendations from the Property Committee on the dwelling rate review, homeowner rate review, and proposed property policy forms.

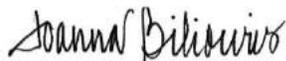
7. Other Business

Mr. Evans advised of the following personnel changes (1) Edith Davis is the new Chief Financial Officer of the NC Rate Bureau, NC Reinsurance Facility and NC Insurance Guaranty Association, succeeding David Sink who retired in May; and (2) Terry Collins is the new Chief Operating Officer of the NC Reinsurance Facility.

8. Adjournment

There being no further business, the meeting was adjourned.

Respectfully Submitted,



Joanna Biliouris  
Chief Operating Officer  
North Carolina Rate Bureau

GC-17-22



## NORTH CAROLINA RATE BUREAU GOVERNING COMMITTEE WEB CONFERENCE

September 14, 2017  
2:00 PM EDT

### REVISED AGENDA

Join the meeting and be automatically dialed.

[https://lobby.mc.iconf.net/gcc/lobby/start\\_meeting.asp?ba=300000650&strLogin=6015763079&strCC=US](https://lobby.mc.iconf.net/gcc/lobby/start_meeting.asp?ba=300000650&strLogin=6015763079&strCC=US)

**Phone access:**

**Dial-In (877) 320-0056**

User Login/Conference code: **601 576 30 79#**

1. Welcome
2. Roll Call
3. Antitrust, Conflict of Interest, Code of Ethics and Standards of Conduct Statements (Exhibits 1, 2, 3)
4. Report of Counsel
5. Report of Staff
6. Property Committee  
Homeowner Rate Level Review (Exhibit 4)  
The committee will be asked to consider a recommendation from the Property Committee related to the Homeowner rate level review.
7. Filing Strategy  
The Committee will be asked to consider a recommendation on prioritization of filings.
8. 2017 Meeting Schedule:

October 11, 2017	8:30 am	Annual Meeting
December 5, 2017	10:00 am	2018 Budget Discussion

Note: Teleconferences may be called on an as-needed basis

9. Other Business
10. Adjournment

GC-17-23  
Revised

MINUTES OF THE WEB TELECONFERENCE OF THE GOVERNING COMMITTEE  
OF THE NORTH CAROLINA RATE BUREAU HELD SEPTEMBER 14, 2017

MEMBERS PRESENT

State Farm Mutual Automobile Insurance Company  
Allstate Insurance Company  
Builders Mutual Insurance Company  
National General Insurance  
Liberty Mutual Insurance Company  
Travelers Indemnity Company  
Nationwide Mutual Insurance Company  
Progressive Casualty Insurance Company  
United Services Automobile Association  
Hartford Fire Insurance Company  
NC Farm Bureau Mutual Insurance Company  
Unitrin Auto and Home Insurance Company

Public Member

Others Present

Insurance Services Organization

Young Moore and Henderson, P.A.

Innovative Insurance Consulting Services  
Milliman Inc.  
Staff

REPRESENTED BY

Alan Bentley  
Jennifer Jabben  
Jerry Visintine  
Art Lyon  
Michele Lapinski  
Bob Aaron  
Tom Souder  
Kevin McGee  
Lisa Sukow  
Eric Mize  
Roger Batdorff  
Kimberly Flint

William Edgar, Jr.

Rob Curry  
Yanjun Yao  
Steve Conover  
Mickey Spivey  
Bill Trott  
Tim Lucas  
Paul Anderson  
Joanna Biliouris  
Ray Evans  
Keri Johnson  
Andy Montano  
Rebecca Williams

The meeting convened as scheduled, Mr. Visintine of Builders Mutual Insurance Company, Chair of the Governing Committee, presiding. Attention was directed to the Rate Bureau's Antitrust, Conflict of Interest and Code of Ethics and Standards of Conduct Statements.

1. Report of Counsel

Mr. Spivey stated that (1) the Automobile filing made on February 1, 2017 was settled with the Department of Insurance for an overall increase of 2.2%; (2) the Workers Compensation filing was made on September 1, 2017 with decreases filed for voluntary loss costs and assigned risk rates; and (3) SB 99 requiring additional consent-to-rate reporting for property insurance and a motor vehicle report to be obtained prior to the sale of a new automobile policy was not ratified prior to the adjournment of the legislature in August.

2. Report of Staff

Mr. Evans reported that (1) a new company waiting on a certificate of authority in NC would like to offer a standalone flood insurance product; (2) another company has inquired about an endorsement extending flood insurance coverage for use with a homeowner's policy; (3) the Department of Insurance (DOI) and staff have determined that flood insurance is under the jurisdiction of the Rate Bureau; (4) staff will be developing a flood insurance program to be filed in early 2018; (5) staff will be soliciting member companies to participate on a Flood Subcommittee to assist in development of the product and pricing; and (6) ISO is preparing a flood product for filing in late 2017 and staff will evaluate the ISO product for NC.

Ms. Biliouris reported that (1) the Rate Bureau is currently slightly under budget, however, there were expenses not included in the 2017 budget, specifically the preparation of a dwelling rate review this year due to the data reporting error that required the 2016 Dwelling rate filing to be withdrawn, which will likely cause the Rate Bureau to be slightly over budget by year end; and (2) staff has been diligently working on the homeowner and dwelling rate reviews to be discussed during the property committee update.

3. Property Committee Update

Mr. Montano updated the committee on recent property activity noting (1) the homeowner relativity filing was settled with the DOI resulting in revisions to amount of insurance and protection/construction relativities; (2) the dwelling rate review is underway and indications should be available for Governing Committee consideration in the near future; (3) the Property Forms and Property Rating Subcommittees are evaluating new policy language and pricing to address assignment of benefits, home sharing and drones; and (4) updates to the Wind Only Policy Program were filed with the DOI to reflect the changes made to the new homeowner relativities and are still pending.

Mr. Montano gave a brief review of the previous homeowner filing in 2014 and resulting Commissioner's order for an overall 0% change effective June 2015. He outlined changes in methodology from the last homeowner filing in response to issues raised by the Commissioner's order and the subsequent appellate decision in 2016. He noted that (1) the net cost of reinsurance (NCOR) calculation was prepared by AON Benfield based on actual market rates for the industry; (2) the Property Rating Subcommittee chose to include all perils in the NCOR calculation which is reflective of industry practices; and (3) the attachment and exhaustion points for the reinsurance program were set to reflect current industry practices.

Mr. Montano also noted that the Property Rating Subcommittee selected (1) a dividend factor of 0.4%; (2) a deviation factor of 0%; and (3) a profit factor of 11%.

Mr. Montano explained that (1) AON Benfield prepared blended catastrophe model results using the most current RMS and AIR models to comply with the new law requiring use of more than one catastrophe model for property filings and to be responsive to the Commissioner's order in the 2014 Homeowners case; and (2) only blended results were presented to staff and committees for consideration.

Attention was directed to an exhibit prepared by ISO and previously distributed reflecting the homeowner rate indications. Ms. Yao reviewed the indication exhibit in detail advising (1) that this review included changes to the base policy (base amount of insurance for owners changed from \$75,000 to \$200,000 and the base deductible changed from \$250 to \$1,000 for owners and from \$250 to \$500 for tenant and condo); and (2) that some of the fixed expenses were higher

than in the previous review, but the compensation for assessment risk and net cost of reinsurance are slightly lower.

Ms. Williams then presented the committee with options for capping the indications to limit policyholder impact by territory.

Following discussion, a motion was made, seconded and passed to file the indications as presented except to include a 25% territory cap for the owners indications and a 40% territory cap for the tenant and condo indications and to instruct staff to proceed to prepare the filing to be submitted in early November.

4. Filing Strategy

Mr. Spivey noted that (1) preliminary dwelling indications are being reviewed at this time; (2) the data errors found in the last dwelling rate filing have been corrected; (3) two more years of data were added to the review; (4) territory redefinition for dwelling is included in the review; (5) companies have expressed concerns that potentially implementing new homeowner rates, new dwelling territory definitions and new dwelling rates with the same effective date would be difficult to achieve; and (6) with the committee's vote to file revisions to homeowner rates in November 2017 that the dwelling rate filing (if approved for filing by the Governing Committee) would likely follow approximately 60-75 days later. The committee agreed with this approach to prioritize the homeowner filing before any dwelling rate filing and to have a proposed implementation date for dwelling to be later than the effective date for the homeowner filing.

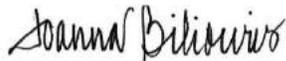
5. 2017 Meeting Schedule

Mr. Visintine noted that the next scheduled Governing Committee meeting will be at the Annual Meeting on October 11, 2017 and that a teleconference would be scheduled at a later date to review a recommendation from the Property Committee on the dwelling rate review.

6. Adjournment

There being no further business, the meeting was adjourned.

Respectfully Submitted,



Joanna Biliouris  
Chief Operating Officer  
North Carolina Rate Bureau

JB:ko

GC-17-24  
9-26-17



**NORTH CAROLINA RATE BUREAU  
GOVERNING COMMITTEE WEB CONFERENCE**

**October 31, 2017  
10:00 AM EDT**

*Join the meeting via the follow link and be automatically dialed in.*

[https://lobby.mc.iconf.net/gcc/lobby/start\\_meeting.asp?ba=300000650&strLogin=1736327236&strCC=US](https://lobby.mc.iconf.net/gcc/lobby/start_meeting.asp?ba=300000650&strLogin=1736327236&strCC=US)

Phone Access Only: (877) 320-0056, Conference code: 1736327236#

**AGENDA**

1. Welcome
2. Roll Call
3. Antitrust, Conflict of Interest, Code of Ethics and Standards of Conduct Statements (Exhibits 1, 2, 3)
4. Report of Counsel
5. Report of Staff
6. Dwelling Rate Level Review (Exhibit 4)  
The committee will be asked to consider a recommendation from the Property Committee related to the Dwelling rate level review.
7. 2017 Meeting Schedule:  
December 5, 2017 10:00 am      2018 Budget Discussion  
*Note: Teleconferences may be called on an as-needed basis*
8. Other Business
9. Adjournment

**GC-17-27**

2910 Sumner Blvd. • Raleigh NC 27616 • (919) 783-9790 • [www.ncrb.org](http://www.ncrb.org)



MINUTES OF THE WEB TELECONFERENCE OF THE GOVERNING COMMITTEE  
OF THE NORTH CAROLINA RATE BUREAU HELD OCTOBER 31, 2017

MEMBERS PRESENT

State Farm Mutual Automobile Insurance Company  
Allstate Insurance Company  
American Home Assurance Company  
National General Insurance  
Liberty Mutual Insurance Company  
Travelers Indemnity Company  
Nationwide Mutual Insurance Company  
Erie Insurance Exchange  
United Services Automobile Association  
Hartford Fire Insurance Company  
NC Farm Bureau Mutual Insurance Company  
Unitrin Auto and Home Insurance Company

Others Present

Insurance Services Organization  
  
Young Moore and Henderson, P.A.  
  
Staff

REPRESENTED BY

Alan Bentley  
Jennifer Jabben  
Ira Feuerlicht  
Art Lyon  
Michele Lapinski  
Bob Aaron  
Tom Souder  
Jon Bloom  
Lisa Sukow  
Eric Mize  
Rich Phillips  
Kimberly Flint  
  
Rob Curry  
John Nissenbaum  
Mickey Spivey  
Bill Trott  
Joanna Biliouris  
Ray Evans  
Keri Johnson  
Andy Montano  
Rebecca Williams

The meeting convened as scheduled, Ms. Jabben of Allstate Insurance Company, Chair of the Governing Committee, presiding. Attention was directed to the Rate Bureau's Antitrust, Conflict of Interest and Code of Ethics and Standards of Conduct Statements.

1. Report of Staff

Mr. Evans reported that (1) a meeting is scheduled with the Department of Insurance on November 1, 2017 to present an outline of upcoming filings including the Homeowner rate filing scheduled to be filed mid-November; and (2) the Rate Bureau is under budget through September, however, it is anticipated that the Rate Bureau will be over budget as fourth quarter expenses are expected to be more than projected.

2. Report of Counsel

Mr. Spivey stated that (1) the Workers Compensation Loss Cost and Assigned Risk Rate filings were approved on October 11, 2017; and (2) there were some small calculation adjustments made as the Homeowner filing preparation continues, resulting in slightly lower indications to be filed with the Commissioner of Insurance.

3. Property Committee Update

Mr. Montano updated the committee on recent property activity. He noted that the Rate Bureau currently has several volunteers to serve on the Flood Committee and he continued to encourage participation by Governing Committee member companies.

Mr. Montano gave a brief review of the previous dwelling filing in 2016 and noted that that filing was subsequently withdrawn in early 2017 due to a data reporting issue involving the beach and coastal territories. He stated that the current dwelling rate review includes data through 2015, which is two additional years as compared to the 2016 filing.

Attention was directed to an exhibit prepared by ISO reflecting the dwelling rate indications. Mr. Nissenbaum reviewed the indication exhibit in detail, advising that (1) correction of the data reporting issue in the last filing has resulted in lower current base rates than those reflected in the 2016 filing; (2) these corrected base rates have caused the indications to be higher for Extended Coverage and have had a minimal impact on the Fire indications; (3) the contents changes are lower due to a change in the way Coverage C was modeled; and (4) the net cost of reinsurance component is higher than in the prior filing due primarily to the different structure of the reinsurance program.

Ms. Williams then presented the committee with options for capping the indications to limit policyholder impact by territory.

Following discussion, a motion was made, seconded and passed to file the indications as presented except to include a 35% territory cap per territory and to instruct staff to proceed to prepare the filing to be submitted in January 2018 to be effective September 1, 2018.

4. 2017 Meeting Schedule

Ms. Jabben noted that the next scheduled in-person Governing Committee meeting will be on December 5, 2017 to review the 2018 Rate Bureau budget recommendation.

5. Adjournment

There being no further business, the meeting was adjourned.

Respectfully Submitted,



Joanna Biliouris  
Chief Operating Officer  
North Carolina Rate Bureau

JB:ko

11/8/17

GC-17-28



## Property Committee Telephone Conference

### AGENDA

August 2, 2017

A telephone conference of the Property Committee will be held on August 2, 2017 beginning at 10:00 (Eastern Time). Below is the information related to the telephone conference.

***Phone access:***

**Dial-In (877) 320-0056**

User Login/Conference code: **8869040467#**

**The following constitutes the agenda:**

- 1. Review of the Antitrust Guidelines, Conflict of Interest Statement and Code of Ethics & Standard of Conduct Policy (Exhibits A, B, C)**
- 2. Report of Counsel**
- 3. Report of Staff**
- 4. Filing Strategy**

The Property Rating Committee has asked this Committee to decide on a filing strategy for the Homeowners and Dwelling programs. Should we file them at the same time or at different times.

The Committee will be called upon to begin discussion of the pros and cons of filing at the same time or separately.

- 5. Other Business.** Ask if there is any other business to discuss.
- 6. Adjournment.**

PC-17-3




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MINUTES OF THE TELEPHONE CONFERENCE OF THE PROPERTY COMMITTEE  
OF THE NORTH CAROLINA RATE BUREAU HELD AUGUST 2, 2017

---

MEMBERS PRESENT

Allstate Insurance Company  
 Amica Insurance  
 Erie Insurance  
 Hartford Fire Insurance Company  
 Nationwide Mutual Insurance Company  
 N.C. Farm Bureau Mutual Insurance Co  
 Penn National Insurance  
 State Farm Fire & Casualty  
 The Members Insurance Company  
 Travelers Indemnity Company  
 Unitrin Auto and Home Insurance Company  
 United Services Automobile Association

REPRESENTED BY

Brian Donlan  
 James E. Sherring  
 Darren Birtciel  
 Eric Mize  
 Nick Sizemore  
 Bob Tart  
 Pat Lovell  
 Bob Messier  
 Michael T. Cole  
 Helen Simonett  
 Kimberly Flint  
 Michael T. Patterson

OTHERS PRESENT

Innovative Insurance Consulting Services, Inc.  
 Young, Moore & Henderson  
 Staff

REPRESENTED BY

Tim Lucas  
 Bill Trott  
 Keri Johnson  
 Andy Montano  
 Rebecca Williams

The telephone conference commenced at approximately 10:00 A.M., Mr. Messier presiding.

Attention was directed to Antitrust Guidelines, Conflict of Interest Statement and Code of Ethics and Standards of Conduct which were previously distributed.

1. Report of Counsel

Mr. Trott reported 1) the most recent Homeowners Relativity filing was settled with the Department of Insurance (Department); 2) the Property Forms Subcommittee is currently reviewing changes to all property programs with respect to Home-sharing, Drones and Assignment of Benefits language; 3) the Rate Bureau made a 2017 private passenger

rate filing, which was settled for an overall +2.2% increase, with an agreement that the Rate Bureau would not file auto rates in 2018; and 4) a new Commissioner of Insurance, Mike Causey, has been elected and has hired a number of new personnel at the Department.

In addition, Mr. Trott and Mr. Montano advised that Senate Bill 99 is currently in a conference committee with the legislature and that the Bureau is closely watching the progress of the bill as it contains several items that may be impactful.

## 2. Report of Staff

Mr. Montano advised that the Rate Bureau released an updated circular with respect to the wind exclusion and mitigation credits for the most recent Homeowners relativity filing and that the credits are now divided into frame and masonry construction type.

Mr. Montano further advised that the Property Forms Subcommittee is currently reviewing language regarding home-sharing, drones and assignment of benefits for all property lines and will make a recommendation to the Committee on what to file for these programs.

## 3. Homeowners and Dwelling Filing Timeline

Mr. Montano advised that the Committee may be called upon to recommend a timeline for submitting Dwelling and Homeowners rate filings with the Department, depending on when rate reviews are completed. Mr. Trott gave a history of the timing of past property filings. It was noted that any Dwelling filing would involve new territory definitions and that implementing territory definition changes requires more time than for implementing rate changes.

Upon discussion, the Committee agreed to postpone recommending a timeline for filings with the Department until they have had a chance to review the final indications for both lines of business.

## 4. Adjournment

There being no further business, the meeting was adjourned.

Respectfully submitted,

Andy Montano

Director, Personal Lines

AM:ko

PC-17-4

August 30, 2017

CIRCULAR LETTER TO THE PROPERTY SUBCOMMITTEE

Re: Agenda  
Web/Telephone Conference – September 11, 2017

A Web/telephone conference of the Property Rating Committee will be held on Monday, September 11, 2017 beginning at 2:00 P.M. (Eastern Time).

**Join the meeting** and be automatically dialed.

[https://lobby.mc.iconf.net/gcc/lobby/start\\_meeting.asp?ba=300000650&strLogin=8869040467&strCC=US](https://lobby.mc.iconf.net/gcc/lobby/start_meeting.asp?ba=300000650&strLogin=8869040467&strCC=US)

**Phone access:**

**Dial-In (877) 320-0056**

User Login/Conference code: **8869040467#**

The following constitutes the agenda:

1. Review of the Anti-trust Guidelines, Conflict of Interest Statement and Code of Ethics & Standard of Conduct Policy (Exhibits A, B and C)

2. Report of Staff and Counsel

Staff and Counsel will report on any recent developments.

3. Homeowners Rate Indications

Please see exhibit regarding the indications for the Homeowners rate review.

The Committee will be called upon to discuss and/or take appropriate action with regard to these items.

4. Adjournment

If there is no other business, the meeting will adjourn.

If you have any questions concerning these matters, please feel free to contact me.

Sincerely,

Andy Montano

Director, Personal Lines

AM:ko  
Attachments  
PC-17-5




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MINUTES OF THE TELEPHONE CONFERENCE OF THE PROPERTY COMMITTEE  
OF THE NORTH CAROLINA RATE BUREAU HELD SEPTEMBER 11, 2017

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MEMBERS PRESENT

Allstate Insurance Company  
Erie Insurance  
Nationwide Mutual Insurance Company  
N.C. Farm Bureau Mutual Insurance Co  
Penn National Insurance  
State Farm Fire & Casualty  
The Members Insurance Company  
Unitrin Auto and Home Insurance Co.  
United Services Automobile Association

REPRESENTED BY

Brian Donlan  
Darren Birtciel  
Nick Sizemore  
Bob Tart  
Pat Lovell  
Bob Messier  
Michael T. Cole  
Kimberly Flint  
Michael T. Patterson

OTHERS PRESENT

Insurance Services Office

Aon Benfield

Milliman

Young Moore and Henderson, P.A.

Staff

REPRESENTED BY

Ioana Bojneag  
Steve Conover  
Rob Curry  
Anna Levkova  
John Nissenbaum  
Yanjun Yao  
Robert Fox  
Elizabeth Henderson  
Laura Michaels  
Paul Anderson  
Dave Appel  
Mickey Spivey  
Bill Trott  
Joanna Biliouris  
Ray Evans  
Keri Johnson  
Andy Montano  
Rebecca Williams

The telephone conference commenced at approximately 2:00 P.M., Mr. Messier presiding.

Attention was directed to Antitrust Guidelines, Conflict of Interest Statement and Code of Ethics and Standards of Conduct which were previously distributed.

1. Report of Counsel

Mr. Spivey reported 1) that the Rate Bureau made a 2017 private passenger auto rate filing, which was settled with the Department of Insurance (Department) for an overall +2.2% increase, with a stipulation that the Rate Bureau would not file a change to auto rates in 2018; 2) that the Rate Bureau made its 2017 workers' compensation loss cost and rate filings, which included double digit decreases for both voluntary loss costs and assigned risk rates; and 3) that Senate Bill 99, which includes several items that may impact the Rate Bureau, did not pass during the last legislative session but may still be considered when the legislature reconvenes.

Mr. Spivey also reported that the Rate Bureau has been approached regarding the development of a private flood program, which would fall under the Rate Bureau's jurisdiction. Mr. Spivey advised that any updates would be forthcoming.

2. Report of Staff

Mr. Montano reported that the Wind Only filing to reflect the new approved homeowners relativities is pending with the Department.

3. Homeowners Rate Level Indications

Attention was directed to an exhibit prepared by Insurance Services Office (ISO) regarding the Homeowners rate level indications. Ms. Yao reviewed the exhibit in detail. She advised of the change in the base amount of insurance (AOI) from \$75,000 to \$200,000 for owners and the base deductible change from \$250 to \$1,000 for owners and from \$250 to \$500 for tenants and condo and noted that these changes reflect more current amounts and do not affect the rate level.

Ms. Williams highlighted several changes from the last homeowners filing that are reflected in the current indications, stating 1) that profit and contingencies are applied uniformly statewide rather than allocated by zone; 2) that the Net Cost of Reinsurance is determined by Aon Benfield and allocated by territory rather than by zone; and 3) that two hurricane models were utilized.

Following discussion, a motion was presented, seconded and passed to recommend that the Governing Committee file the Homeowners indications.

After discussion of the Homeowners indications, Mr. Montano informed the Committee that the forms and rating subcommittees are working on home-sharing, drones and assignment of benefits.

4. Adjournment

There being no further business, the meeting was adjourned.

Respectfully submitted,

Andy Montano

Director, Personal Lines

AM:ko  
11-8-17  
PC-17-6



NORTH CAROLINA RATE BUREAU  
PROPERTY RATING SUBCOMMITTEE MEETING  
June 23, 2017

As previously announced a meeting of the Property Rating Subcommittee will be on held on Friday, June 23, 2017 beginning at 9:00 A.M. (Eastern Time). The meeting will be held in the Rate Bureau's Board Room at 2910 Sumner Boulevard, Raleigh, North Carolina.

To participate in the meeting by teleconference, please call:

Dial In: 877-320-0056

Access Code: 1736327236

Web Access: [https://lobby.mc.iconf.net/gcc/lobby/start\\_meeting.asp?ba=300000650&strLogin=1736327236&strCC=US](https://lobby.mc.iconf.net/gcc/lobby/start_meeting.asp?ba=300000650&strLogin=1736327236&strCC=US)

1. Welcome
2. Role Call
3. Review of the Antitrust Compliance Policy, Conflict of Interest Statement and Code of Ethics & Standard of Conduct Policy (Exhibits A, B, and C)

4. Report of Counsel

Counsel will report on any recent developments.

5. Report of Staff

Staff will review timelines for upcoming property reviews and provide other updates.

6. Update on Homeowners Relativity Filing

The Subcommittee will be provided an update regarding the Homeowner Relativity filing that was re-filed with the Department of Insurance on March 31, 2017. (The Department of Insurance had "rejected" this same filing when it was made on May 6, 2016.) This relativity filing includes proposed changes to Amount of Insurance curves, Protection/Construction Classifications, and Age of Home discounts. At the January 4, 2017 Property Rating Subcommittee meeting, the Subcommittee was provided a proposal from the DOI to review for potential settlement on AOI and PPC only.

7. 2017 Homeowners Rate Level Review / Trend selections (Exhibit D)

The Subcommittee will be called upon to begin discussions on the 2017 Homeowners rate level review. Please find attached (Exhibit D) exhibits prepared by Insurance

Services Office (ISO) regarding the selection of trends and expenses related to the Homeowners rate review.

8. Compensation for Assessment of Risk

The Committee will be called upon to discuss and/or take appropriate action with regard to this item.

9. Hurricane Model (Exhibits E, F)

The Subcommittee will be called upon to review the proposed Hurricane Model assumptions (Exhibit E) and the proposed application of trend to model losses (Exhibit F).

10. Net Cost of Reinsurance

The Subcommittee will be called upon to discuss and/or take appropriate action with regard to this item.

11. Rating for upcoming Forms (Exhibit G)

- a. Drones
- b. Home Sharing

12. Any other business which might properly come before the Committee.

If you have any questions concerning these matters, please feel free to contact me.

Sincerely,

Andy Montano

Personal Lines Director

AM:ko

Attachments

PRS-17-5



MINUTES OF THE MEETING OF THE PROPERTY RATING SUBCOMMITTEE  
OF THE NORTH CAROLINA RATE BUREAU HELD  
June 23, 2017

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MEMBERS PRESENT

Allstate Insurance Company  
  
American Modern Home Insurance Company  
Horace Mann Insurance Company  
Nationwide Mutual Insurance Company  
NC Farm Bureau Mutual Insurance Company  
State Farm Mutual Automobile Insurance Co.  
  
Travelers Insurance Company  
United Services Automobile Association

OTHERS PRESENT

Insurance Services Office  
  
Young Moore and Henderson, P.A.  
  
Milliman  
  
AON Benfield  
  
Innovative Insurance Consulting Services  
Staff

REPRESENTED BY

Karen Commons  
Brian Donlan  
Jonathan Deutsch\*  
Reid McClintock  
Jeff Zhao\*  
Roger Batdorff  
Kathy Popejoy\*  
Karen Terry\*  
Marty Wietfeldt\*  
Helen Simonett\*  
Erin Olson

REPRESENTED BY

Rob Curry  
John Nissenbaum\*  
Chuck Schlager\*  
YanJun Yao  
Mickey Spivey  
Bill Trott  
Paul Anderson  
Dave Appel  
Liz Henderson  
Bob Fox  
Laura Michaels\*  
Tim Lucas  
Joanna Biliouris  
Ray Evans  
Keri Johnson  
Andy Montano  
Karen Ott  
Rebecca Williams

\*Participated by phone.

The meeting commenced at approximately 9:00 A.M., Mr. Donlan presiding.

Attention was directed to Antitrust Guidelines, Conflict of Interest Statement and Code of Ethics and Standards of Conduct which were previously distributed.

1. Report of Counsel

Mr. Spivey reported 1) that the Rate Bureau has settled with the Department of Insurance (Department) with respect to the 2017 Private Passenger Auto Rate Filing for an overall +2.2% and an agreement not to make a rate filing in 2018; 2) that the North Carolina Reinsurance Facility has filed Private Passenger Auto Other Than Clean rates at +13.0% and Commercial Auto rates at +9.9%; and 3) that the above changes are to be effective October 1, 2017.

Mr. Spivey reported that the Legislature is currently in session and that several bills have been introduced that may affect the Rate Bureau, including Senate Bill 99 and Senate Bill 284. Mr. Spivey also reported that a new Insurance Commissioner, Mike Causey, has been elected in North Carolina.

2. Report of Staff

Mr. Montano reported on several staffing changes at the Rate Bureau. Mr. Montano also reported that the Rate Bureau is currently working with the Property Forms Subcommittee on endorsements for Drones, Home-sharing and Assignment of Benefits.

Mr. Montano and Ms. Williams then went over the Property Review Schedule with the Committee.

Mr. Montano and Mr. Spivey prompted discussion regarding possible filing dates for any filings that may result from the Homeowners and Dwelling rate reviews. Mr. Trott and Mr. Spivey provided the Subcommittee with a brief history of the filing process, and Mr. Spivey advised that the Subcommittee members should discuss the process within their individual companies in order to decide the timing issues.

3. Homeowners Relativity Filing

Mr. Spivey reported that the Homeowner Relativity filing was originally filed with the Department in May, 2016 and proposed changes to Amount of Insurance, Age of Construction, Year of Construction and Protection/Construction relativities; that this filing was “rejected” by the Department; and that discussions continued thereafter. He further reported that the filing was then resubmitted to the Department in March, 2017 so that there would be an active filing on which to reflect the results of the discussions with the Department. Mr. Spivey advised that the Department has agreed to a proposed settlement, which included changes to the Amount of Insurance and Protection/Construction relativities only, and directed attention to the proposed settlement which had been previously distributed. There was also discussion of whether to pursue a change to the base amount of insurance, which would be a revenue-neutral change, as part of this settlement, but the consensus was to stay with the current base amount so as to avoid any further delays.

After discussion, a motion was made, seconded and passed unanimously to recommend that the Governing Committee accept the proposal as presented.

4. Homeowners Rate Level Review/Trend Selections

Attention was then directed to trend exhibits prepared by Insurance Services Office (ISO) with regard to the 2017 Homeowners rate level review. Ms. Yao and Mr. Curry reviewed the exhibits in detail, including a summary of the underlying methodology.

Following discussion, the Subcommittee made preliminary trend selections for owners, tenants and condos forms. The Subcommittee also requested that ISO analyze new weights, along with

the addition of two new quarters of external trend and present revised exhibits at a subsequent meeting.

The Subcommittee also agreed to delay discussions regarding Compensation for Assessment Risk, Net Cost of Reinsurance, Profit and Contingencies and Deviations until a later meeting.

Attention was then directed to the hurricane model exhibits prepared by AON Benfield and previously distributed. Ms. Henderson reviewed the proposed hurricane model assumptions and the Subcommittee approved those assumptions. The Subcommittee also discussed application of trend to model losses.

5. Adjournment

There being no further business, the meeting was adjourned.

Respectfully submitted,

Andy Montano

Personal Lines Director

AM:ko

PRS-17-6

7-10-17

## PROPERTY RATING SUBCOMMITTEE WEB/TELECONFERENCE

July 13, 2017

### AGENDA

As previously announced a teleconference of the Property Rating Subcommittee will be on held on Thursday, July 13, 2017 beginning at 11:00 A.M. (Eastern Time).

*You have been invited to a meeting using InterCall Unified Meeting®*

~~~~~  
**Join the meeting** and be automatically dialed.

[https://lobby.mc.iconf.net/gcc/lobby/start\\_meeting.asp?ba=300000650&strLogin=1736327236&strCC=US](https://lobby.mc.iconf.net/gcc/lobby/start_meeting.asp?ba=300000650&strLogin=1736327236&strCC=US)  
~~~~~

**Not on the web? Phone-only access:**

Dial-In (253) 336-6590  
Toll Free (877) 320-0056

Conference code: 1736327236#

1. Welcome
2. Role Call
3. Review of the Antitrust Compliance Policy, Conflict of Interest Statement and Code of Ethics & Standard of Conduct Policy (Exhibits A, B, and C)

4. Report of Counsel

Counsel will report on any recent developments.

5. Report of Staff

Staff will review timelines for upcoming property reviews and provide other updates.

6. Compensation for Assessment Risk

Please find attached **Exhibit D** Compensation for Assessment Risk prepared by Milliman.

The Committee will be called upon to discuss and/or take appropriate action with regard to this item.

7. CAT LAE

Please find attached **Exhibit E** Catastrophe Loss Adjustment Expense prepared by AON Benfield.

The Committee will be called upon to discuss and/or take appropriate action with regard to this item.

8. Dividends and Deviations

Please find attached **Exhibit F** regarding Deviations and Dividends.

The Committee will be called upon to discuss and/or take appropriate action with regard to this item.

9. Any other business which might properly come before the Committee.

If you have any questions concerning these matters, please feel free to contact me.

Sincerely,

Andy Montano

Personal Lines Director

AM:ko

Attachments

PRS-17-8



MINUTES OF THE TELEPHONE CONFERENCE OF THE PROPERTY RATING  
SUBCOMMITTEE OF THE NORTH CAROLINA RATE BUREAU HELD JULY 13, 2017

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MEMBERS PRESENT

Allstate Insurance Company  
American Modern Home Insurance Company  
Foremost Insurance Company  
Horace Mann Insurance Company  
Nationwide Mutual Insurance Company  
NC Farm Bureau Mutual Insurance Company  
State Farm Mutual Automobile Insurance Company  
  
Travelers Insurance Company  
United Services Automobile Association

REPRESENTED BY

Brian Donlan  
Mark Roshak  
Julie McAuliffe  
Reid McClintock  
Jeff Zhao  
Roger Batdorff  
Kathy Popejoy  
Marty Weitfeldt  
Helen Simonett  
Erin Olson

OTHERS PRESENT

Insurance Services Office  
  
Young, Moore & Henderson  
  
Milliman  
  
AON Benfield  
  
Staff

REPRESENTED BY

Iona Bojneag  
Steven Conover  
Rob Curry  
Yanjun Yao  
Mickey Spivey  
Bill Trott  
Paul Anderson  
Dave Appel  
Bob Fox  
Liz Henderson  
Joanna Biliouris  
Ray Evans  
Keri Johnson  
Andy Montano  
Rebecca Williams

The telephone conference commenced at approximately 11:00 A.M., Mr. Donlan presiding.

Attention was directed to Antitrust Guidelines, Conflict of Interest Statement and Code of Ethics and Standards of Conduct which were previously distributed.

1. Report of Counsel

No report at this time.

2. Report of Staff

Mr. Montano reported that the Rate Bureau has reached a verbal agreement with the Department of Insurance (Department) with respect to the Homeowners Relativity filing, which changes the Amount of Insurance and Protection Class factors. Mr. Montano further stated that the revised factors have been sent to the Department for final approval.

3. Compensation for Assessment Risk

Attention was directed to a preliminary exhibit prepared by Milliman, Inc. regarding Compensation for Assessment Risk. Mr. Anderson and Dr. Appel reviewed the exhibit in detail, stating that the methods used for calculation are similar to those used in the past. They noted that the preliminary exhibit currently employs assumptions for the Beach and FAIR Plans provided by Guy Carpenter. Mr. Anderson stated that there have been changes in exposures within the Beach and FAIR Plans, with a decrease in exposures in the Beach Plan and a substantial increase in exposures in the FAIR Plan, along with an increase in surplus for both plans.

Upon discussion, the Subcommittee requested that Milliman prepare a calculation using the most recent actual surplus positions, rather than the assumed surplus position.

4. Catastrophe Loss Adjustment Expense

Attention was directed to an exhibit prepared by Aon Benfield regarding Catastrophe Loss Adjustment Expense (Cat LAE). Mr. Fox reviewed the exhibit in detail, including a review of the methodology and data used in the exhibit. Ms. Williams noted that Cat LAE is currently used in property rate filings and noted the selection for the 2016 Dwelling filing.

After discussion, the Subcommittee selected a factor for Catastrophe Loss Adjustment Expense.

5. Dividends and Deviations

Attention was directed to an exhibit prepared by the Insurance Services Office (ISO) with respect to dividends and deviations. The Subcommittee reviewed the exhibits in detail, stating that the exhibits included at least five years of data. Ms. Williams noted what has been done in past property filings and in the most recent auto filing.

After discussion, the Subcommittee selected a factor for deviations and agreed to defer selection of a factor for dividends to a later meeting pending review of more information.

6. Adjournment

There being no further business, the meeting was adjourned.

Respectfully submitted,

Andy Montano

Director, Personal Lines

AM:ko

PRS-17-9  
8-21-17

**PROPERTY RATING SUBCOMMITTEE  
WEB/TELEPHONE CONFERENCE  
JULY 18, 2017**

**AGENDA**

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1. **Welcome**
2. **Roll Call**
3. **Antitrust, Conflict of Interest, Code of Ethics and Standards of Conduct Statements (Exhibits A, B, C)**
4. **Report of Counsel**
5. **Report of Staff**  
Status of Homeowner Relativity Filing Settlement
6. **Dwelling Rate Level Review**
  - Trend – **Exhibit D, E**
  - Expenses (LAE, Commission, OA, General, Taxes) – **Exhibit F**
  - Contingencies
  - Deviations – **Exhibit G**
  - Dividends – **Exhibit H**
7. **Filing Strategy Discussion**
8. **Homeowners Rate Level Review**
  - Trend package (see updates) – **Exhibit I**
  - Dividends – **Exhibit H**
  - Final review of updated Compensation for Assessment Risk – **Exhibit J**
9. **Other Business**
10. **Adjournment**

PRS-17-10

MINUTES OF THE TELEPHONE CONFERENCE OF THE PROPERTY RATING  
SUBCOMMITTEE OF THE NORTH CAROLINA RATE BUREAU HELD JULY 18, 2017

---

MEMBERS PRESENT

Allstate Insurance Company  
American Bankers Insurance Company of Florida  
American Modern Home Insurance Company  
Nationwide Mutual Insurance Company  
NC Farm Bureau Mutual Insurance Company  
State Farm Mutual Automobile Insurance Company  
United Services Automobile Association

REPRESENTED BY

Karen Commons  
Brian Donlan  
Jonathan Deutsch  
Kathy Thompson  
Stephanie Nigut  
Mark Roshak  
Jeff Zhao  
Roger Batdorff  
Kathy Popejoy  
Marty Weitfeldt  
Erin Olson

OTHERS PRESENT

Insurance Services Office  
  
Innovative Insurance Consulting Services, Inc.  
Young, Moore & Henderson  
  
Milliman  
  
AON Benfield  
Staff

REPRESENTED BY

Steven Conover  
Rob Curry  
John Nissenbaum  
Yanjun Yao  
Tim Lucas  
Mickey Spivey  
Bill Trott  
Paul Anderson  
Dave Appel  
Bob Fox  
Joanna Biliouris  
Ray Evans  
Keri Johnson  
Andy Montano  
Rebecca Williams

The telephone conference commenced at approximately 1:00 P.M., Mr. Donlan presiding.

Attention was directed to Antitrust Guidelines, Conflict of Interest Statement and Code of Ethics and Standards of Conduct, which were previously distributed.

1. Report of Counsel

There was no report at this time.

2. Report of Staff

Mr. Montano reported that the Rate Bureau has reached a verbal agreement with the Department of Insurance (Department) with respect to the 2017 Homeowners Relativity filing and that the Rate Bureau expects a final approval in the near future.

3. Dwelling Rate Level Review

Attention was directed to an exhibit prepared by ISO regarding the trend package for the 2017 Dwelling rate level review. Mr. Nissenbaum reviewed the exhibits in detail, indicating that the package included an additional six months of data. He advised that as in the past hurricane losses during the experience period will be removed and replaced with the combined modeled losses from the AIR and RMS models. Ms. Williams and Mr. Nissenbaum led a discussion as to the expense and loss adjustment expense data and selections. Following review of the data, the Subcommittee selected trends.

Attention was then directed to a calculation of the Compensation for Assessment Risk using the actual surplus for the residual market. Mr. Anderson discussed the methodology, the data and the resulting factor, and the Subcommittee gave its approval.

Ms. Williams advised that the Subcommittee will be asked at a later date to make selections for profit and other methodology and factors, including the tower to be used in calculating the Net Cost of Reinsurance.

4. Homeowners Rate Level Review

Attention was directed to an exhibit prepared by ISO regarding the trend package for the 2017 Homeowners rate level review. Mr. Conover reviewed the exhibits in detail, stating that the package included data through the second quarter of 2017 and that weights for the cost indexes appropriately reflect the types of losses that are paid. He stated that adjustments were made for new amount of insurance base amounts and new deductible amounts for owners forms, as well as for tenants and condominium forms. There was a brief discussion of the timing past rate filings, noting that Homeowners and Dwelling are separate lines of insurance. The Subcommittee agreed that it would defer to the Property Committee and Governing Committee the decision as to the timing of any filings that might result from the rate reviews.

5. Adjournment

There being no further business, the meeting was adjourned.

Respectfully submitted,

Andy Montano

Director, Personal Lines

AM:ko

PRS-17-11  
8-28-17

**PROPERTY RATING SUBCOMMITTEE  
WEB/TELEPHONE CONFERENCE  
JULY 27, 2017**

**AGENDA**

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***Not on the web? Phone-only access:***

**Dial-In (877) 320-0056**

User Login/Conference code: **1736327236#**

1. **Welcome**
2. **Roll Call**
3. **Antitrust, Conflict of Interest, Code of Ethics and Standards of Conduct Statements (Exhibits A, B, C)**
4. **Report of Counsel**
5. **Report of Staff**
6. **Reinsurance Program for Net Cost of Reinsurance (AON)**
7. **Homeowner Relativity Update**
8. **Wind Only Policy Program**
  - Adjustments/Updates for revised Homeowner Relativities
9. **Other Business**
10. **Adjournment**

PRS-17-12



MINUTES OF THE TELEPHONE CONFERENCE OF THE PROPERTY RATING  
SUBCOMMITTEE OF THE NORTH CAROLINA RATE BUREAU HELD JULY 27, 2017

---

MEMBERS PRESENT

Allstate Insurance Company  
American Modern Home Insurance Company  
Foremost Insurance Company  
Horace Mann Insurance Company  
Nationwide Mutual Insurance Company  
NC Farm Bureau Mutual Insurance Company  
State Farm Mutual Automobile Insurance Company  
  
Travelers Indemnity Company  
United Services Automobile Association

OTHERS PRESENT

Insurance Services Office  
  
Innovative Insurance Consulting Services, Inc.  
Young, Moore & Henderson  
  
Milliman  
  
AON Benfield  
  
Staff

REPRESENTED BY

Karen Commons  
Brian Donlan  
Diana Matalka  
Mark Roshak  
Julie McAuliffe  
Reid McClintock  
Jeff Zhao  
Roger Batdorff  
Kathy Popejoy  
Karen Terry  
Marty Weitfeldt  
Helen Simonett  
Erin Olson

REPRESENTED BY

Steven Conover  
Rob Curry  
John Nissenbaum  
Yanjun Yao  
Tim Lucas  
Mickey Spivey  
Bill Trott  
Paul Anderson  
Dave Appel  
Elizabeth Henderson  
Laura Michaels  
Dan Roman  
Joanna Biliouris  
Ray Evans  
Keri Johnson  
Andy Montano  
Rebecca Williams

The telephone conference commenced at approximately 10:00 A.M., Mr. Donlan presiding.

Attention was directed to Antitrust Guidelines, Conflict of Interest Statement and Code of Ethics and Standards of Conduct which were previously distributed.

1. Report of Counsel

No report at this time.

2. Report of Staff

Mr. Montano advised that there was nothing to report aside from the topics listed on the agenda.

3. Net Cost of Reinsurance

Attention was directed to exhibits prepared by AON Benfield (AON) with respect to the selection of a reinsurance tower to be used in the calculation of the Net Cost of Reinsurance. Ms. Henderson and the Subcommittee reviewed the exhibits in detail. She advised that AON has analyzed its extensive nationwide and Southeastern client data to arrive at a proposed attachment point and a proposed exhaustion point.

Upon discussion, the Subcommittee agreed that AON should employ the proposed attachment and exhaustion points to develop the final indications for the Net Cost of Reinsurance.

4. Homeowners Relativity Filing

Mr. Montano reported that the Homeowners wind and hail exclusion credits and the wind mitigation credits were not separated by frame and masonry construction and that there are some situations where the use of a single set of credits will result in a negative base premium. He further advised that Insurance Services Office updated the credits to include a split between frame and masonry construction. Ms. Williams stated that the Rate Bureau is working with the Department of Insurance with respect to the filing of the two sets of factors and that the Rate Bureau is expected to release a circular updating the credits once approved.

5. Wind Only Program

Mr. Montano advised the Subcommittee that changes to the relativity program for Homeowners resulted in needed changes to the Wind Only homeowners program. The current Wind Only program uses the Homeowners wind exclusion credits as the starting point for rating these policies. Mr. Montano asked the Subcommittee to consider whether the base rates for the Wind Only program should also be split by construction type (frame/masonry) as a result of the changes to the wind exclusion credits in the Homeowners program, advising that these changes may also impact the wind mitigation credits.

Upon discussion, the Subcommittee agreed to review separate base rates by construction type for the Wind Only program and that it would decide whether to implement these rates by mail vote.

6. Adjournment

There being no further business, the meeting was adjourned.

Respectfully submitted,

Andy Montano

Director, Personal Lines

AM:ko

PRS-17-13

8-28-17



**Revised 9-7-17**

September 6, 2017

CIRCULAR LETTER TO THE PROPERTY RATING SUBCOMMITTEE

Re: Agenda  
Telephone Conference – September 11, 2017

A telephone conference of the Property Rating Committee will be held on Monday, September 11, 2017 beginning at 9:30 A.M. (Eastern Time).

**Join the meeting** and be automatically dialed.

[https://lobby.mc.iconf.net/gcc/lobby/start\\_meeting.asp?ba=300000650&strLogin=8869040467&strCC=US](https://lobby.mc.iconf.net/gcc/lobby/start_meeting.asp?ba=300000650&strLogin=8869040467&strCC=US)

**Phone access:**

**Dial-In (877) 320-0056**

User Login/Conference code: **8869040467#**

The following constitutes the agenda:

1. Review of the Anti-trust Guidelines, Conflict of Interest Statement and Code of Ethics & Standard of Conduct Policy (Exhibits A, B and C)

2. Report of Staff and Counsel

Staff and Counsel will report on any recent developments.

3. Excess Loss

Please find attached exhibit (**Exhibit D**) regarding Excess Loss to be presented by ISO. This item will form the basis for the Subcommittee discussion.

The Subcommittee will be called upon to discuss and/or take appropriate action with regard to these items.

4. Net Cost of Reinsurance

Please find attached exhibit (**Exhibit E**) regarding Net Cost of Reinsurance prepared by AON. This item will form the basis for the Subcommittee discussion.

The Subcommittee will be called upon to discuss and/or take appropriate action with regard to these items.

5. Profit

Milliman will present the profit grid and calculations for the profit selection. This will form the basis for the Subcommittee discussion.

The Subcommittee will be called upon to discuss and/or take appropriate action with regard to these items.

6. Reserve Letters

Please find attached (**Exhibit F**) response letters from the top 10 property writers in North Carolina regarding expense cutting and reserve strengthening activities that will be included in the proposed rate filings.

The Subcommittee will be called upon to discuss and/or take appropriate action with regard to these items.

7. Reserve Letters and Homeowners Rate Indications

Please find attached (**Exhibit G**) prepared by ISO regarding the indications for the Homeowners rate review.

The Subcommittee will be called upon to discuss and/or take appropriate action with regard to these items.

8. Homeowners Program Changes - Home-sharing and Drones

We will separately be forwarding an exhibit prepared by ISO regarding the rating factor for home-sharing buy back coverage and drone exclusion.

The Subcommittee will be called upon to discuss and/or take appropriate action with regard to these items.

9. Adjournment

If there is no other business, the meeting will adjourn.

If you have any questions concerning these matters, please feel free to contact me.

Sincerely,

Andy Montano

Director, Personal Lines

AM:ko  
Attachments  
PRS-17-14  
REVISED 9-7-17

MINUTES OF THE TELEPHONE CONFERENCE OF THE PROPERTY RATING  
SUBCOMMITTEE OF THE NORTH CAROLINA RATE BUREAU HELD  
SEPTEMBER 11, 2017

---

MEMBERS PRESENT

Allstate Insurance Company  
American Modern Home Insurance Company  
  
Foremost Insurance Company  
Nationwide Mutual Insurance Company  
NC Farm Bureau Mutual Insurance Company  
State Farm Mutual Automobile Insurance Company  
  
Travelers Indemnity Company  
United Services Automobile Association

OTHERS PRESENT

Insurance Services Office  
  
Innovative Insurance Consulting Services, Inc.  
Young Moore and Henderson, P.A.  
  
Milliman  
  
AonBenfield  
  
Staff

REPRESENTED BY

Brian Donlan  
Cory Hindman  
Mark Roshak  
Julie McAuliffe  
Jeff Zhao  
Matt Beamon  
Kathy Popejoy  
Karen Terry  
Helen Simonett  
Erin Olson

REPRESENTED BY

Ioana Bojneag  
Steven Conover  
Angela Cuonzo  
Rob Curry  
Anna Levkova  
John Nissenbaum  
Kevin Poll  
Yanjun Yao  
Tim Lucas  
Mickey Spivey  
Bill Trott  
Paul Anderson  
Dave Appel  
Robert Fox  
Elizabeth Henderson  
Laura Michaels  
Joanna Biliouris  
Ray Evans  
Keri Johnson  
Andy Montano  
Rebecca Williams

The telephone conference commenced at approximately 9:30 A.M., Mr. Donlan presiding.

Attention was directed to Antitrust Guidelines, Conflict of Interest Statement and Code of Ethics and Standards of Conduct which were previously distributed.

1. Report of Counsel

Mr. Spivey reported 1) that the Rate Bureau made a 2017 private passenger auto rate filing, which was settled with the Department of Insurance (Department) for an overall +2.2% increase, with a stipulation that the Rate Bureau would not file for a change in auto rates in 2018; 2) that the Rate Bureau made its 2017 workers' compensation loss cost and rate filings, which included double digit decreases for both voluntary loss costs and assigned risk rates; and 3) that Senate Bill 99, which includes several items that may impact the Rate Bureau, did not pass during the last legislative session but may still be acted upon when the legislature reconvenes.

Mr. Spivey also reported that the Rate Bureau has been approached regarding the development of a private flood program, which would fall under the Rate Bureau's jurisdiction. Mr. Spivey advised that any updates would be forthcoming.

2. Report of Staff

Mr. Montano reported that the Wind Only filing to reflect the new approved homeowner relativities is still pending with the Department.

3. Net Cost of Reinsurance

Aon Benfield (Aon) led a discussion of the calculation of the net cost of reinsurance, including a summary of the reinsurance tower previously selected by the Subcommittee and a description of Aon's pricing metrics and pricing process.

Ms. Henderson reported that Aon had performed its net cost of reinsurance analysis for Homeowners and Dwelling separately and, alternatively, on a combined basis. She also noted that Aon's pricing process allocates the net cost of reinsurance to various perils, of which hurricane is by far the most significant.

Dr. Appel reported that Milliman had performed its net cost of reinsurance analysis in order to provide a comparison to the Subcommittee and in doing so had incorporated the reinsurance tower and treaty assumptions recommended by Aon and adopted by the Subcommittee and had also incorporated information from Aon regarding the current market pricing of reinsurance. Mr. Appel advised that the results of the Milliman model were fairly similar to those of Aon.

Following discussion, the Subcommittee concluded that it is actuarially appropriate to determine the net cost of reinsurance in the homeowners and dwelling rate reviews separately and on an all-perils basis, and to include in the reviews the results provided by Aon at the territory level.

4. Profit

Attention was directed to the underwriting profit issues. Dr. Appel described Dr. Vander Weide's cost of equity results and his own proforma profit analysis. Dr. Appel presented the returns generated by an array of potential underwriting profit provisions for Homeowners insurance, and following discussion the Subcommittee selected an underwriting profit provision of 11%. Dr. Appel then presented the returns generated by an array of potential underwriting profit provisions for Dwelling insurance, and following

discussion the Subcommittee selected an underwriting profit provision of +10.5% for both fire and extended coverage after it was noted that such a selection would generate returns for Dwelling in the same range as did the Subcommittee's selection for Homeowners. The Subcommittee further agreed that the profit and contingency provisions would be applied uniformly statewide.

5. Excess Wind Loss

Attention was directed to exhibits prepared by Insurance Services Office (ISO) with respect to the excess wind loss provision. Mr. Conover reviewed the Homeowners exhibit in detail, advising that the methodology used in the calculation presented was the same as that used in past filings. Mr. Nissenbaum of ISO then reviewed the exhibit on the excess wind loss provision for the Dwelling rate review.

Following discussion, the Subcommittee agreed that it was actuarially appropriate to use the excess wind loss provision as presented for both the Homeowners and Dwelling rate reviews.

6. Reserve Strengthening and Expense Savings Letters

Attention was directed to letters from the ten largest writers of Homeowners insurance in North Carolina with respect to expense cutting and reserve strengthening activities in North Carolina. Ms. Williams advised that the Subcommittee should review the letters for any material changes and any material impact on any selections made as part of the Homeowners rate review. After discussion, the Subcommittee agreed that no adjustments to the Homeowners rate review were necessitated by these letters.

7. Homeowners Rate Level Indications

Attention was directed to an exhibit prepared by ISO with respect to the preliminary Homeowners rate level indications. Mr. Conover gave a brief review of the previous Homeowners filing and the Commissioner's order relating to it which approved no overall rate change. He advised that this review included changes to the base amount of insurance (AOI) for the owners forms (from \$75,000 to \$200,000) and to the base deductible (from \$250 to \$1,000 for the owners forms and from \$250 to \$500 for the tenant and condominium forms). He also advised that these changes reflect more current amounts in today's market but do not affect the rate level. In addition, Mr. Conover advised that some of the fixed expenses were higher than in the previous review, but that the Compensation for Assessment Risk and Net Cost of Reinsurance were both lower. Finally, Mr. Conover described the Homeowners rate level indications after incorporation of the selections made by the Subcommittee during the meeting today.

Following considerable discussion, a motion was made, seconded and passed to recommend to the Property Committee that the Bureau file the Homeowners rate level indications as presented by Mr. Conover.

8. Homeowners Program Changes - Home-sharing and Drones

Attention was directed to an exhibit prepared by ISO with respect to the rating factors for home-sharing buyback coverage and drone exclusion for Homeowners. Ms. Yao

reviewed the exhibits in detail, advising that the rating factors are consistent with what ISO has filed in other states.

Following discussion, the Subcommittee requested that ISO update the exhibits to include the expense and profit provisions in the homeowners rate level indications and present them at a later date.

9. Adjournment

It was noted that the preliminary rate level indications for the Dwelling rate review would be presented at a later meeting. Then, there being no further business, the meeting was adjourned.

Respectfully submitted,

Andy Montano

Director, Personal Lines

AM:ko

PRS-17-16

11/8/17

With regard to the information requested under Item (14) (c) the Rate Bureau submits the following:

2017 Homeowners Rate Filing

Insurance Services Office:

ISO's charges cover basic required services for developing rates and preparing the filing, in addition to services for forms, rules, and other items. The charges are based in part on North Carolina premium volume multiplied by countrywide assessment factors, and in part on direct billing for ratemaking services. During 2017, ISO billed the Rate Bureau approximately \$1,454,732 relating to homeowners insurance services, including forms, rules, public protection grading and other services unrelated to this homeowners rate filing.

Young Moore and Henderson, P.A.:

The firm has billed the Rate Bureau approximately \$126,761 for services rendered directly in connection with preparation of the 2017 homeowners rate filing.

Milliman USA:

The firm has billed the Rate Bureau approximately \$146,640 for services rendered in connection with preparation of the 2017 homeowners rate filing.

Aon Benfield:

The firm has billed the Rate Bureau \$137,500 for services rendered in connection with preparation of the 2017 homeowners rate filing.

Financial Strategy Associates:

The firm has billed the Rate Bureau \$4,930 in connection with preparation of the 2017 homeowners rate filing.

## 2014 Homeowners Rate Filing

### Insurance Services Office:

ISO has advised the Rate Bureau that the ISO assessment is not directly made for specific rate filings and reviews. While the assessment covers all of basic required services for developing rates and preparing the filing, the assessment is based on North Carolina premium volume multiplied by countrywide assessment factors. These factors are developed by dividing the cost of each insurance line and service by the premium volume of all insurers affiliated with ISO for each representative line and service. During 2014, ISO billed the Rate Bureau approximately \$1,440,207 for charges relating to homeowners insurance services, including forms, rules, public protection grading and other services unrelated to this homeowners rate filing.

### Young Moore and Henderson, P.A.:

The firm has billed the Rate Bureau approximately \$176,490 for services rendered directly in connection with preparation of the 2014 homeowners rate filing and territory definition filing.

### Milliman USA:

The firm has billed the Rate Bureau approximately \$236,400 for services rendered in connection with preparation of the 2014 homeowners rate filing and territory definition filing.

### AIR Worldwide Corporation:

The firm has billed the Rate Bureau \$57,000 for services rendered in connection with preparation of the 2014 homeowners rate filing and territory definition filing.

### Financial Strategy Associates:

The firm has billed the Rate Bureau \$4,038 in connection with preparation of the 2014 homeowners rate filing and territory definition filing.

The following are changes in methodology or presentation used in this filing as compared to the methodologies or presentation used in the January 3, 2014 filing:

1. In this filing, the base deductible amounts have been revised. For Owners forms, the base deductible has been changed from \$250 to \$1,000. For the Tenant and Condominium Unit Owners forms, the base deductible has been changed from \$250 to \$500.
2. In this filing, the base Coverage A amount of insurance for Owners forms was changed from \$75,000 to \$200,000.
3. In this filing, the provisions for underwriting profit and contingencies are applied uniformly statewide. In the previous filing, these items were allocated based on four zones of territory groups.
4. In this filing, modeled hurricane losses were provided by Aon Benfield and represent the blended results of the AIR and RMS hurricane models. The blended results of the two models were used in all analyses in the filing where modeled hurricane losses are used. In the previous filing, only the AIR model was used.
5. In this filing, a lower Loss Adjustment Expense (LAE) provision was used for modeled losses (6.0%) than for non-modeled losses (14.5%). In the previous filing, the same LAE provision of 12.9% was applied to all losses.
6. In this filing, the net cost of reinsurance provision was based on analyses and calculations by Aon Benfield based on its actual market experience as the world's largest reinsurance broker. In the previous filing, the net cost of reinsurance provision was based on analyses and calculations performed by Milliman.
7. In this filing, reinsurance provisions were provided by Aon Benfield at a territory level. In the previous filing, the reinsurance provisions provided by Milliman were allocated to four zones of territory groups.
8. In this filing, the Boeckh Residential Index (BRI) and the Modified Consumer Price Index (MCPI) have been rebased from the base year of 1967 to a base year of 2012 (i.e., the index values at 2012 were set to 100). Further, for Owners forms, the weights between these two indices were changed from 55% BRI / 45% MCPI to 80% BRI / 20% MCPI.

See also the prefiled testimony of P. Anderson, D. Appel, R. Curry, B. Donlan, R. Fox and E. Henderson.

**HOMEOWNERS POLICY PROGRAM MANUAL  
GENERAL RULES  
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**HOMEOWNERS POLICY PROGRAM MANUAL  
GENERAL RULES  
TABLE OF CONTENTS**

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**PART I  
COVERAGE AND DEFINITION TYPE RULES**

**RULE 100.  
INTRODUCTION**

**A. About The Homeowners Manual**

The Homeowners Policy Program provides property and liability coverages, using the forms and endorsements specified in this Manual. This Manual contains the rules and classifications governing the writing of the Homeowners Policy. The rules, rates, forms and endorsements of the company for each coverage shall govern in all cases not specifically provided for in this Manual.

**B. Manual Structure**

**1. Contents**

The Manual is divided into two primary sections, multistate general rules and state rules and rates.

**2. General Rules**

These rules are grouped into the following categories:

- a. Part I – Coverage And Definition Type Rules,
- b. Part II – Servicing Type Rules,
- c. Part III – Base Premium Computation Rules,
- d. Part IV – Adjusted Base Premium Computation Rules,
- e. Part V Section I – Property – Additional Coverages And Increased Limits Rules,
- f. Part VI Section II – Liability – Additional Coverages And Increased Limits Rules, and
- g. Part VII Section II – Liability – Other Exposures Increased Limits Rules.

**3. State Rules And Rates**

These rules are grouped into the following categories:

- a. Exceptions and Additional Rules,
- b. Special State Requirements,
- c. Territory Definitions,
- d. Base Class Premium Tables,
- e. Classification and Key Factor Tables, and
- f. Rates, Charges and Credits.

Also, where ISO does not publish any state pages containing premiums, rates, charges and credits expressed in dollars and cents, each company using this Manual should furnish its manualholders with the state rate pages containing this information.

**4. Form References**

The Manual refers to Forms **HO 00 02, HO 00 03, HO 00 04, HO 00 05, HO 00 06** and **HO 00 08**. These Form references are identified as follows:

- a. Homeowners 2 Broad Form **HO 00 02,**
- b. Homeowners 3 Special Form **HO 00 03,**
- c. Homeowners 4 Contents Broad Form **HO 00 04,**
- d. Homeowners 5 Comprehensive Form **HO 00 05,**
- e. Homeowners 6 Unit-Owners Form **HO 00 06** and
- f. Homeowners 8 Modified Coverage Form **HO 00 08.**

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

**A. Limits**

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

**1. Section I – Property Damage**

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

**Table 101.A.1. Property Damage Limits**

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**RULE 101.  
LIMITS OF LIABILITY AND COVERAGE  
RELATIONSHIPS (Cont'd)**

**2. Section II – Liability (All Forms)**

<b>Coverage E – Personal Liability And Coverage F – Medical Payments*</b>
---

Refer to Rule 301. in the state classification pages.
---

* Unless otherwise stated, Coverage E limits apply on an "occurrence" basis; Coverage F limits apply on an "each person" basis.
---

**Table 101.A.2. Liability Limits**

**B. All Forms**

The limit of liability for Coverages C or D of Section I and E or F of Section II may be increased.

**C. Form HO 00 02, HO 00 03 Or HO 00 05**

Under Coverage B of Section I, an additional amount of insurance may be written on a specific structure.

Under Coverage C of Section I, it is permissible to reduce the limit of liability to an amount not less than 40% of the limit of a one- and two-family dwelling; 20% of the limit of a three-family dwelling; and 15% of the limit of a four-family dwelling.

**D. Form HO 00 06**

The limit of liability for Coverage A of Section I may be increased.

**E. Form HO 00 08**

**1. Section I**

The following are the only Section I options available with this form:

- a. \$100 Section I Deductible,
- b. Higher Optional Deductibles,
- c. On- and Off-premises Theft Coverage Increase,
- d. Actual Cash Value Loss Settlement of Windstorm or Hail Loss to Roof Surfacing, and
- e. Reduced Coverage C Limits.

**2. Section II**

All options available for Form HO 00 02 are available for Form HO 00 08.

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**RULE 102.  
DESCRIPTION OF COVERAGES**

The following is a general description of the coverages provided by the individual Homeowners Policy forms. The policy should be consulted for exact contract conditions.

**A. Section I – Property – Perils Insured Against**

Perils	HO 00 02	HO 00 03	HO 00 04 And HO 00 06	HO 00 05	HO 00 08
Fire or Lightning	Yes	Yes*	Yes	Yes**	Yes
Windstorm or Hail, Explosion, Riot or civil commotion, Aircraft, Vehicles or Smoke	Yes	Yes*	Yes	Yes**	Yes
Vandalism or malicious mischief	Yes	Yes*	Yes	Yes**	Yes
Theft	Yes	Yes*	Yes	Yes**	Yes
Volcanic eruption	Yes	Yes*	Yes	Yes**	Yes
Falling objects, Weight of ice, snow or sleet, Accidental discharge or overflow of water or steam, Sudden and accidental tearing apart of a heating system or appliance for heating water, Freezing, Sudden and accidental damage from artificially generated electrical current.	Yes	Yes*	Yes	Yes**	No
Additional risks with certain exceptions	No	Yes***	No	Yes****	No
* Special Coverage (Coverages <b>A</b> and <b>B</b> ), Named Peril (Coverage <b>C</b> )					
** Special Coverage (Coverages <b>A</b> , <b>B</b> and <b>C</b> )					
*** Special Coverage (Coverages <b>A</b> , <b>B</b> and <b>D</b> )					
**** Special Coverage (Coverages <b>A</b> , <b>B</b> , <b>C</b> and <b>D</b> )					

**Table 102.A. Perils Insured Against**

**B. Section II – Liability – All Forms**

**1. Coverage E – Personal Liability**

Covers payment on behalf of any insured for all sums which the insured shall become legally obligated to pay as damages because of bodily injury or property damage arising out of an insured's premises or personal activities.

**2. Coverage F – Medical Payments To Others**

Covers medical expenses incurred by persons, other than the insured, who sustain bodily injury caused by an accident arising out of an insured's premises or personal activities.

**RULE 103.  
MANDATORY COVERAGES**

It is mandatory that insurance be written for all coverages provided under both Sections **I** and **II** of the Homeowners Policy.

**RULE 104.  
ELIGIBILITY**

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

A Homeowners Policy may be issued:

1. To the owner-occupant(s) of a one-, two-, three- or four-family dwelling which is used exclusively for private residential purposes (except as provided in Paragraphs **F.** and **H.**). A one-family dwelling may not be occupied by more than one additional family or two roomers or boarders. In a two-, three- or four-family dwelling, an individual family unit may not be occupied by more than two families or one family with two roomers or boarders; or
2. To the purchaser-occupant(s) who has entered into a long-term installment contract for the purchase of the dwelling and who occupies the dwelling but to whom title does not pass from the seller until all the terms of the installment contract have been satisfied. The seller retains title until completion of the payments and in no way acts as a mortgagee. The seller's interest in the building and premises liability may be covered using Additional Insured Endorsement – **HO 04 41**; or

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**RULE 104.  
ELIGIBILITY (Cont'd)**

3. To the occupant of a dwelling under a life estate arrangement when the Coverage **A** amount is at least 80% of the dwelling's replacement cost. The owner's interest in the building and premises liability may be covered using Additional Insured Endorsement **HO 04 41**; or
4. To cover dwellings in the course of construction provided the policy is issued only in the name of the intended owner-occupant(s) of the dwelling.
5. When two or more apartment units in a two-, three- or four-family dwelling are occupied by co-owners, each occupying distinct living quarters with separate entrances. Given these circumstances, a Homeowners Policy providing building coverage may be issued to only one of the co-owner occupants of the dwelling. The policy may be endorsed to cover the interest of the other co-owner(s) in the building and for premises liability. Use Additional Insured Endorsement **HO 04 41**. A separate Homeowners Policy **HO 00 04** may be issued to the co-owner(s) occupying the other apartment(s) in the dwelling.

It is permissible to extend the Homeowners Policy, without additional premium charge, to cover the interest of a non-occupant joint owner in the building and for premises liability. Use Additional Insured Endorsement **HO 04 41**.

**B. Form HO 00 04**

A Homeowners Policy may be issued to:

1. The tenant(s) (non-owner) of a dwelling or an apartment situated in any building; or
2. The owner-occupant(s) of a dwelling, cooperative unit or of a building containing an apartment not otherwise eligible for a Homeowners Policy under Paragraph **A**.

provided the residence premises occupied by the insured is used exclusively for residential purposes (except as provided in Paragraph **F.**). The dwelling or apartment unit may not be occupied by more than one additional family or two boarders or roomers.

**C. Form HO 00 06**

A Homeowners Policy may be issued to the owner(s) of a condominium or cooperative unit which is used exclusively for residential purposes (except as provided in Paragraphs **F.** and **H.**). The unit may not be occupied by more than one additional family or two boarders or roomers.

**D. Seasonal Dwelling**

Subject to all other sections of this rule, a Homeowners Policy may be issued to cover a seasonal dwelling.

**E. Mobile Home, Trailer Home Or House Trailer**

A Homeowners Policy:

1. Shall not be issued to cover such structures under Coverage **A** – Dwelling, but
2. May be issued to cover personal property in such structures as noted in Paragraph **B**.

**F. Permitted Business Occupancies**

Certain business occupancies are permitted, provided:

1. The premises is occupied principally for private residential purposes, and
2. There is no other business occupancy on the premises.

When the business is conducted on the residence premises, refer to Rules **509.** and **510.** for Section **I** Coverage and Rules **607.** and **608.** for Section **II** Coverage. When it is conducted from an Other Residence, only Section **II** Coverage is available. Refer to Rules **607.** and **608.**

**G. Farm Property**

A Homeowners Policy shall not be issued to cover any property to which farm forms or rates apply under the rules of the company, except as noted in following Paragraphs **1.** and **2.:**

**1. Section I – Property – Livestock Collision**

Coverage may be provided for loss due to collision which results in the death of covered livestock owned by an insured and kept either on or away from the residence premises as specified in Rule **520.**

**2. Section II – Liability Coverage**

Certain farm liability exposures may be covered. Refer to Rules **614.** and **615.**

**H. Residence Held In Trust (All Forms Except HO 00 04)**

A Homeowners Policy may be issued to an occupant of a one-, two-, three- or four-family dwelling or a condominium unit when legal title to the dwelling or unit is held in trust and:

1. One of the occupants of the dwelling or condominium unit is the grantor/settlor of the trust;
2. The residence held in trust is used exclusively for residential purposes, except as provided in Paragraph **F.**; and
3. No trustee of the trust is:
  - a. A partnership or joint venture;
  - b. A corporation;
  - c. A limited liability company;

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**RULE 104.  
ELIGIBILITY (Cont'd)**

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- d. An organization other than a partnership or joint venture, a corporation or a limited liability company; or
- e. A licensed professional who provides ongoing professional services with respect to the profession for which that individual is licensed, in connection with the administration of the trust. However, this Paragraph e. does not apply to an individual who is a relative of the grantor/settlor of the trust.

Refer to Rule 526. for the rule of application.

---

**RULE 105.  
SECONDARY RESIDENCE PREMISES**

---

**A. Application**

Homeowners coverage on a secondary residence premises shall be provided under a separate policy. The rules of this Manual apply except that Section II Coverage is not mandatory for the secondary residence policy when the same company insures the initial and secondary residence.

**B. Premium Adjustment**

When coverage is provided on the initial and secondary residence premises under separate policies in the same company, the following premium adjustments should be made:

1. Reduce the Base Premium for the policy covering the secondary residence by the company credit;
2. Refer to state company rates for credit; and
3. Add the charge for Other Insured Location Occupied by Insured, developed from Rule 602., to the policy covering the initial residence.

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**RULE 106.  
PROTECTION CLASSIFICATION INFORMATION**

---

Determine the ISO Public Protection classification; refer to ISO's Community Mitigation Classifications (CMC) Manual, applicable to the municipality or classified area where the insured property is located.

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**RULE 107.  
CONSTRUCTION DEFINITIONS**

---

**A. Frame**

Exterior wall of wood or other combustible construction, including wood iron-clad, stucco on wood or plaster on combustible supports, or aluminum or plastic siding over frame.

**B. Masonry Veneer**

Exterior walls of combustible construction veneered with brick or stone.

**C. Masonry**

Exterior walls constructed of masonry materials such as adobe, brick, concrete, gypsum block, hollow concrete block, stone, tile or similar materials and floors and roof of combustible construction (Disregarding floors resting directly on the ground).

**D. Superior Construction**

**1. Non-Combustible**

Exterior walls and floors and roof constructed of, and supported by metal, asbestos, gypsum, or other non-combustible materials.

**2. Masonry Non-Combustible**

Exterior walls constructed of masonry materials (as described in Paragraph C.) and floors and roof of metal or other non-combustible materials.

**3. Fire Resistive**

Exterior walls and floors and roof constructed of masonry or other fire resistive materials.

**E. Mixed (Masonry/Frame)**

A combination of both frame and masonry construction shall be classed as frame when the exterior walls of frame construction (including gables) exceed 33 1/3% of the total exterior wall area; otherwise class as masonry.

---

**RULE 108.  
SEASONAL DWELLING DEFINITION**

---

A seasonal dwelling is a dwelling with continuous unoccupancy of three or more consecutive months during any one year period.

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**RULE 109.  
SINGLE AND SEPARATE BUILDINGS DEFINITION**

---

**A. Single Building**

All buildings or sections of buildings which are accessible through unprotected openings shall be considered as a single building.

**B. Separate Building**

1. Buildings which are separated by space shall be considered separate buildings.
2. Buildings or sections of buildings which are separated by:
  - a. A 6 inch reinforced concrete or an 8 inch masonry party wall; or
  - b. A documented minimum two hour non-combustible wall which has been laboratory tested for independent structural integrity under fire conditions;

which pierces or rises to the underside of the roof and which pierces or extends to the innerside of the exterior wall shall be considered separate buildings. Accessibility between buildings with independent walls or through masonry, party walls as described shall be protected by at least a Class A Fire Door installed in a masonry wall section.

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**RULES 110. – 200.  
RESERVED FOR FUTURE USE**

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**HOMEOWNERS POLICY PROGRAM MANUAL  
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**PART II  
SERVICING TYPE RULES**

---

**RULE 201.  
POLICY PERIOD**

---

The policy may be written for a period of:

- A.** One year and may be extended for successive policy periods by extension certificate based upon the premiums, forms and endorsements then in effect for the company.
- B.** Three years prepaid at three times the annual premium.
- C.** Three years in annual installments. Each annual installment shall be the annual premium then in effect for the company. Use Deferred Premium Payment Endorsement **HO 04 18**.
- D.** Less than one year or less than three years on a pro rata basis and may be extended for successive policy periods based upon the premiums, forms and endorsements then in effect for the company.

---

**RULE 202.  
CHANGES OR CANCELLATIONS**

---

- A.** It shall not be permissible to cancel any of the mandatory coverages in the policy unless the entire policy is cancelled.
- B.** If insurance is increased, cancelled or reduced, the additional or return premium shall be computed on a pro rata basis, subject to the minimum premium requirement.

---

**RULE 203.  
MANUAL PREMIUM REVISION**

---

A manual premium revision shall be made in accordance with the following procedures:

- A.** The effective date of such revision shall be as announced.
- B.** The revision shall apply to any policy or endorsement in the manner outlined in the announcement of the revision.
- C.** Unless otherwise provided at the time of the announcement of the premium revision, the revision shall not affect
  - 1.** In-force policy forms, endorsements or premiums, until the policy is renewed, or
  - 2.** In the case of a Deferred Premium Payment Plan, in-force policy premiums, until the anniversary following the effective date of the revision.

---

**RULE 204.  
MULTIPLE COMPANY INSURANCE**

---

**A. Application**

**1. Section I Property**

- a.** When the companies agree to do so, insurance under Section I may be divided among two or more companies on a percentage basis.
- b.** The same form, Section I endorsements and deductibles, must apply to all policies.
- c.** All Section I Coverages must be divided.
- d.** Scheduled Personal Property Coverages may be divided.

**2. Section II Liability**

Insurance under Section II shall not be divided among two or more companies.

**B. Endorsement**

Use Multiple Company Insurance Endorsement **HO 04 78**.

**C. Premium**

- 1.** Compute the premium for the Total Coverage **A** limit of liability and additional Section I Coverages, if any, from the manual of each company.
- 2.** Each company subtracts the credit for deleting Section II Coverage from the premium computed as instructed in Paragraph 1.
- 3.** Refer to state company rates for the Section II credit.
- 4.** Allocate to each company their percentage participation of the net total premium under Paragraph 2.
- 5.** The company retaining the Section II Coverages receives, in addition to the percentage share of its premium under Paragraph 4., the amount subtracted from its premium under Paragraph 2. plus any premium for additional Section II limits and exposures.

**D. Example**

- 1.** The example following Paragraph 4. illustrates two companies equally sharing the Section I Property Coverages and Limits, with one company, Company B, retaining all the Section II Liability Coverages and Limits.
- 2.** Company A and B each enter:
  - a.** On their respective policy Declarations, the actual limits for Section I Coverages **A, B, C** and **D** for which they are responsible; and
  - b.** On Multiple Company Insurance Endorsement **HO 04 78**, the total limits that apply to each of the Section I Coverages.

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**RULE 204.  
MULTIPLE COMPANY INSURANCE (Cont'd)**

---

3. Company B also enters, on its policy Declarations, the total limits that apply to Section II Coverages E and F.
4. Premiums shown are for illustration only and are not actual premiums.

Each Company's:	Company A	Company B
Percentage share	50%	50%
Premium for \$100,000 Cov. A	\$ 620	\$ 606
Section II Credit	18	18
Net Premium for \$100,000 Cov. A	602	588
Net Premium for \$50,000 Cov. A	301	294
Premium for:		
Section II Coverage	-	18
Watercraft Option	-	36
Each Company's Policy Premium	301	348

**Table 204.D.4. Example**

---

**RULE 205.  
MINIMUM PREMIUM**

---

- A. For prepaid policies a minimum **annual** premium shall be charged for each policy.
- B. When policies are written under a premium payment plan, no payment shall be less than the minimum premium for each annual period.
- C. The minimum premium may include all chargeable endorsements or coverages if written at inception of the policy.
- D. Refer to state company rates for the minimum premium.

---

**RULE 206.  
TRANSFER OR ASSIGNMENT**

---

Subject to the consent of the company, all the rules of this Manual and any necessary adjustment of premium, a policy may be endorsed to effect:

- A. Transfer to another location within the same state; or
- B. Assignment from one insured to another in the event of transfer of title of the dwelling.

---

**RULE 207.  
WAIVER OF PREMIUM**

---

- A. When a policy is endorsed after the inception date, an amount of additional or return premium may be waived.
- B. Refer to state company rates for premium.

---

**RULE 208.  
WHOLE DOLLAR PREMIUM RULE**

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Each premium shown on the policy and endorsements shall be rounded to the nearest whole dollar. A premium of fifty cents (\$.50) or more shall be rounded to the next higher whole dollar.

In the event of cancellation by the company, the return premium may be carried to the next higher whole dollar.

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**RULE 209.  
RESTRICTION OF INDIVIDUAL POLICIES**

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If a policy would not be issued because of unusual circumstances or exposures, the named insured may request a restriction of the policy provided no reduction in the premium is allowed. Such requests shall be referred to the company.

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**RULE 210.  
REFER TO COMPANY**

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Refer to company for:

- A. Rating or classifying any risk for which there is no manual rate.
- B. Situations where a portion of the property and/or liability coverage is reinsured on a facultative basis.

The following rating procedure is available for the determination of the applicable premium:

1. Manual rules and rates shall apply to the portion of the property and/or liability limit(s) of liability retained by the company.
2. For any portion of the limit(s) of liability obtained by means of facultative reinsurance, the premium shall be the facultative cost for such insurance increased by a charge up to but not exceeding 50% of the facultative cost.

With respect to premium developed in accordance with this Paragraph 2., the company is responsible for maintaining complete files, including all details relating to selection of the premium charge.

Whenever a risk is rated on a refer-to-company basis, each company is responsible for complying with regulatory or statutory rate filing or disclosure requirements.

**Note**

Rates shall not be inadequate, excessive or unfairly discriminatory.

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**RULE 211.  
ADDITIONAL INTEREST**

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- A.** In addition to the mortgagee(s) shown in the Declarations or elsewhere in the policy, other persons or organizations may have an insurable interest in the residence premises. When coverage is **not** provided to such persons or organizations under Additional Insured Endorsement **HO 04 41** or its equivalent, their interest in the residence premises may be acknowledged by naming them in the endorsement referenced in Paragraph **D**.
- B.** Such persons or organizations are entitled to receive notification if the policy is canceled or nonrenewed by the insurer.
- C.** No additional charge is made for use of this endorsement.
- D.** Use Additional Interest Residence Premises Endorsement **HO 04 10**.

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**RULES 212. – 300.  
RESERVED FOR FUTURE USE**

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**PART III  
BASE PREMIUM COMPUTATION RULES**

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**RULE 301.  
BASE PREMIUM COMPUTATION**

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The Base Premium is developed by multiplying a Key Premium by a Key Factor and rounding to the nearest whole dollar (\$0.50 or more rounded to the next higher whole dollar).

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

**1. One And Two Family Dwelling**

- a. From the company Base Class Premium Table, select the **HO 00 03** premium for the territory that applies.
- b. From the Classification Tables in this Manual, select the Form and Protection – Construction Classification Factors that apply.
- c. Multiply the company Base Class Premium by the Form Factor and round to the nearest whole dollar.
- d. Multiply this result by the Protection – Construction Classification Factor and round, again, to the nearest whole dollar to arrive at the Key Premium.
- e. From the Key Factor Table in this Manual, select the Key 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 this rule.
- f. Multiply the Key Premium from Paragraph d. by the Key Factor and round to the nearest whole dollar to arrive at the Base Premium.

**2. Three And Four Family Dwelling**

Multiply the One and Two Family Dwelling Base Premium by the three and four family factor from the Classification Tables in this Manual to arrive at the Base Premium.

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

1. From the company Base Class Premium Table, select the **HO 00 04** or **HO 00 06** premium for the territory that applies.
2. From the Form **HO 00 04** or **HO 00 06** Classification Table in this Manual, select the Protection – Construction Classification Factor that applies.
3. Multiply the company Base Class Premium by the Protection – Construction Classification Factor and round to the nearest whole dollar to arrive at the Key Premium.
4. From the Form **HO 00 04** or **HO 00 06** Key Factor Table in this Manual, select the Key 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 this rule.
5. Multiply the Key Premium from Paragraph 3. by the Key Factor and round to the nearest whole dollar to arrive at the Base Premium.

**C. Interpolation Example**

1. When the desired limit of liability is **less** than the highest limit shown, interpolate the Key Factors using the nearest limit above and below the desired limit, for example:

- a. \$203,000 desired limit; the nearest limits are \$200,000 and \$205,000.
- b. For \$200,000 the Key Factor is 2.837; for \$205,000 the Key Factor is 2.937. Figure the difference between the two Key Factors and divide by 5. This provides a factor per \$1,000.

$$\begin{array}{r} 2.937 \\ - 2.837 \\ \hline .100 \div 5 = .02 \end{array}$$

- c. Multiply the factor per \$1,000 times 3, and add 2.837; the Key Factor for \$200,000.

$$\begin{array}{r} .02 \\ \times 3 \\ \hline .06 + 2.837 = 2.897 \end{array}$$

- d. The result, 2.897, is the Key Factor for this example.
2. The factors shown in the above interpolation example are for illustration only and are not necessarily the factors shown in the Key Factor Table of this Manual.

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**RULE 302.  
LOSS SETTLEMENT OPTIONS**

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**A. Functional Replacement Cost Loss Settlement – HO 00 02, HO 00 03 And HO 00 05 Only**

**1. Introduction**

The policy provides building loss settlement on a replacement cost basis if, at the time of loss, the amount of insurance on the damaged building represents at least 80% of the full replacement cost of the building immediately before the loss.

**2. Coverage Description**

The policy may be endorsed to provide building loss settlement exclusively on a functional replacement cost basis if, at the time of loss, the amount of insurance on the damaged building is 80% or more of the functional replacement cost of the building immediately before the loss. Functional Replacement Cost means the amount which it would cost to repair or replace the damaged building with less costly common construction materials and methods which are functionally equivalent to obsolete, antique or custom construction materials and methods.

**3. Premium Computation**

Develop the Base Premium in accordance with Rule 301. for the amount of insurance selected for this option.

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**RULE 302.  
LOSS SETTLEMENT OPTIONS (Cont'd)**

**4. Endorsement**

Use Functional Replacement Cost Loss Settlement Endorsement **HO 05 30**.

**B. Actual Cash Value Loss Settlement – HO 00 02, HO 00 03 And HO 00 05 Only**

**1. Introduction**

The policy provides building loss settlement on a replacement cost basis if, at the time of loss, the amount of insurance on the damaged building represents at least 80% of the full replacement cost of the building immediately before the loss.

**2. Coverage Description**

The policy may be endorsed to provide building loss settlement exclusively on an actual cash value basis if, on the inception date of the policy, the Coverage **A** limit of liability selected by the insured is less than 80% of the full replacement cost of the dwelling.

**3. Premium Computation**

The premium is computed by multiplying the Base Premium by the appropriate factor from the following table:

Coverage A Limit Of Liability Equals Less Than ____% Of Replacement Value	Factor
80%, but not less than 50%	1.05
Less than 50%	1.10

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

**4. Endorsement**

Use Actual Cash Value Loss Settlement Endorsement **HO 04 81**.

**C. Special Loss Settlement – HO 00 02, HO 00 03 And HO 00 05 Only**

**1. Introduction**

The policy provides building loss settlement on a replacement cost basis if, at the time of loss, the amount of insurance on the damaged building represents at least 80% of the full replacement cost of the building immediately before the loss.

**2. Coverage Description**

This percentage amount may be modified to 50%, 60% or 70% of replacement value without affecting the loss settlement provisions. If this option is selected, the Coverage **A** limit of liability representing 50%, 60% or 70% of replacement value is to be shown in the policy declarations.

**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
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 preceding Paragraph **a**.

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

% Of Replacement Value	Factor
50%	.96
60%	.97
70%	.98

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

**4. Endorsement**

Use Special Loss Settlement Endorsement **HO 04 56**.

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

**A. Basic Limit**

The policy automatically provides up to 10% of the Coverage **A** limit of liability (or for Form **HO 00 04**, the Building Additions and Alterations limit) to pay for the increased costs necessary to comply with the enforcement of an ordinance or law.

**B. Increased Amount Of Coverage**

**1. Description**

The policy may be endorsed to increase the basic Ordinance or Law Coverage amount, as noted in Paragraph **2**. to accommodate the increased costs known or estimated by the insured for materials and labor to repair or replace the damaged property and to demolish the undamaged portion of damaged property and clear the site of resulting debris according to the ordinance or law.

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**RULE 303.  
ORDINANCE OR LAW COVERAGE – ALL FORMS  
EXCEPT HO 00 08 (Cont'd)**

**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:

Percentage Of Coverage A		Factors
Increase In Amount	Total Amount	
15%	25%	1.03
40%	50%	1.07
65%	75%	1.11
90%	100%	1.15
For each add'l 25% increment, add:		.04

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

**b. Forms HO 00 04 And HO 00 06**

See Rule 513. for rating instructions.

**3. Endorsement**

Use Ordinance Or Law – Increased Amount Of Coverage Endorsement **HO 04 77**.

**RULE 304.  
SPECIAL PERSONAL PROPERTY COVERAGE HO 00 04  
AND HO 00 06**

**A Coverage Description**

1. Coverage **C** – Personal Property under Forms **HO 00 04** and **HO 00 06** is insured against perils named in the form. The policy may be endorsed to insure Coverage **C** against additional risks of physical loss subject to certain exclusions.
2. This option may only be used when:
  - a. For Form **HO 00 04**, the apartment, dwelling or cooperative unit rented to the insured is not rented or sublet to another; or
  - b. For Form **HO 00 06**, the condominium or cooperative unit is owner occupied and not rented to others.

**B. Premium Computation**

Multiply the Form **HO 00 04** or **HO 00 06** Base Premium developed in accordance with Rule 301. by 1.40.

**C. Endorsement**

1. Use Special Personal Property Coverage Endorsement **HO 05 24** for use with **HO 00 04** only.
2. Use Unit-Owners – Coverage **C** – Special Coverage Endorsement **HO 17 31** for use with **HO 00 06** only.

**RULE 305.  
LOSS HISTORY RATING PLAN**

**A. Introduction**

The Loss History Rating Plan recognizes the loss history of an insured or applicant, for both property and liability coverages, in determining the appropriate premium for a new or renewal policy.

**B. Eligibility**

A loss shall be considered eligible for rating under this Plan if:

1. The loss occurred during the three years immediately preceding the date of application for a new policy or the preparation of the renewal policy;
2. The loss occurred with respect to a risk eligible for coverage under the Homeowners Policy Program or Mobilehome Supplement to the Homeowners Policy Program;
3. The loss was sustained with respect to the property or liability of an insured under the policy being rated; and
4. The combined claim payments generated for the loss equal or exceed \$500.

**C. Exceptions**

The following shall not be considered eligible for rating under the Plan:

1. A loss resulting from windstorm or hail.
2. A loss resulting from earthquake, mine subsidence or sinkhole collapse.
3. A loss for which payment occurred only with respect to Medical Payments To Others or similar coverage.
4. A loss to a dwelling currently owned by an insured or applicant which occurred prior to ownership.

**D. Refund Of Increased Premium**

If, after an increased premium is generated based on the requirements of this Plan, it is determined that a loss does not meet the requirements of this Plan, the insurer shall refund the increased portion of the premium attributable to such loss as generated by the Plan.

**E. Administration Of Loss History Rating Plan**

Information necessary to determine the loss history of the named insured or applicant shall be obtained from any one or combination of the following:

1. An application signed by the applicant.
2. A loss history or claims history database.
3. A company's internal records.

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**RULE 305.  
LOSS HISTORY RATING PLAN (Cont'd)**

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**F. Premium Computation**

Multiply the Base Premium by the appropriate factor from the following table:

<b>Number Of Eligible Losses</b>	<b>Factor</b>
0	1.000
1	1.200
2	1.300
3	1.400
4 or More	1.500

**Table 305.F. Premium Computation**

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**RULES 306. – 400.  
RESERVED FOR FUTURE USE**

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**PART IV  
ADJUSTED BASE PREMIUM COMPUTATION RULES**

**RULE 401.  
SUPERIOR CONSTRUCTION**

The premium for a dwelling or apartment unit in a building of superior construction is computed by multiplying the masonry Base Premium for a comparable dwelling or apartment unit by a factor of .85.

**RULE 402.  
TOWNHOUSE OR ROW HOUSE – ALL FORMS EXCEPT  
HO 00 04 And HO 00 06**

The premium for an eligible 1, 2, 3 or 4 family dwelling in a town or row house structure is computed by multiplying the Base Premium by the appropriate factor selected from the following table:

**Townhouse And Row House Factors**

Total No. Of Individual Family Units Within The Fire Division*	Protection Class	
	1–8	9 & Over
<b>1 Or 2 Family Dwelling</b>		
1 & 2	1.00	1.00
3 & 4	1.10	1.15
5 – 8	1.25	1.30
9 & Over	Refer to company	
<b>3 Or 4 Family Dwelling</b>		
5 – 8	1.15	1.20
9 & Over	Refer to company	

\* An eligible two family owner-occupied dwelling attached to a one family dwelling but not separated by a fire wall would be considered 3 individual family units within a fire division. An eligible four family dwelling attached to a three family dwelling but not separated by a fire wall would be considered 7 individual family units within a fire division. Four 2 family dwellings not separated by a fire wall would be considered 8 individual family units.

**Table 402. Townhouse And Row House Factors**

**RULE 403.  
PERSONAL PROPERTY (COVERAGE C)  
REPLACEMENT COST LOSS SETTLEMENT**

**A. Introduction**

The policy provides loss settlement on an Actual Cash Value basis for certain types of property.

**B. Loss Settlement Option**

The policy may be endorsed to provide loss settlement on a Replacement Cost basis for such property whether insured on a blanket or scheduled basis.

**C. Endorsement**

Use Personal Property Replacement Cost Endorsement **HO 04 90**.

**D. Scheduled Personal Property**

1. When the Scheduled Personal Property Endorsement **HO 04 61** is attached to a policy with Endorsement **HO 04 90**, the following property, if scheduled, will also be subject to repair or replacement cost loss settlement up to the scheduled limit of liability:

- a. Jewelry;
- b. Furs and garments trimmed with fur or consisting principally of fur;
- c. Cameras, projection machines, films and related articles of equipment;
- d. Musical equipment and related articles of equipment;
- e. Silverware, silver-plated ware, goldware, gold-plated ware and pewterware, but excluding pens, pencils, flasks, smoking implements or jewelry; and
- f. Golfer's equipment meaning golf clubs, golf clothing and golf equipment.

2. Since the loss settlement condition in Endorsement **HO 04 61** will pay the insured the least of the:

- a. Actual cash value of the property sustaining loss;
- b. The amount for which the property could be repaired or replaced; or
- c. The amount of insurance of the property sustaining loss;

the limit of liability that applies to each scheduled item should be carefully evaluated to ensure that the limit selected by the insured represents the cost to replace the item if lost or damaged beyond repair.

**E. Scheduled Personal Property (With Agreed Value Loss Settlement)**

When Scheduled Personal Property (With Agreed Value Loss Settlement) Endorsement **HO 04 60** is attached to a policy with Endorsement **HO 04 90**, the property subject to agreed value loss settlement will **not** be subject to repair or replacement cost loss settlement.

**F. Premium Determination**

Multiply the Base Premium including any premium adjustment for Coverage **C** limits by a factor of:

1. 1.15 for all forms except **HO 00 04** and **HO 00 06**.
2. 1.35 for Forms **HO 00 04** or **HO 00 06**.

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**RULE 404.  
PROTECTIVE DEVICES**

A. Approved and properly maintained installations of burglar alarms, fire alarms and automatic sprinklers in the dwelling may be recognized for a reduced premium – computed by multiplying the Base Premium by the selected factors from the following table:

**Protective Devices Factors**

Type Of Installation*	Factor
Central Station Reporting Burglar Alarm	.95 to 1.00
Central Station Reporting Fire Alarm	.95 to 1.00
Police Station Reporting Burglar Alarm	.97 to 1.00
Fire Department Reporting Fire Alarm	.97 to 1.00
Local Burglar and/or Fire Alarm	.98
Automatic Sprinklers in all areas including attics, bathrooms, closets, attached structures	.87 to 1.00
Automatic Sprinklers in all areas except attic, bathroom, closet and attached structure areas that are protected by a fire detector	.92 to 1.00
* Refer to company for eligibility, types of systems and devices, installations, and available credits.	

**Table 404.A. Protective Devices Factors**

B. Use Premises Alarm Or Fire Protection System Endorsement **HO 04 16**.

**RULE 405.  
INFLATION GUARD – ALL FORMS EXCEPT HO 00 04  
AND HO 00 06**

**A. Coverage Description**

The policy may be endorsed to provide annual increases of the Section I Limits of Liability as selected by the insured.

**B. Premium Computation**

1. The premium is computed by multiplying the Base Premium by the appropriate factor selected from the following table:

Amount Of Annual Increase	Factor
4%	1.02
6%	1.03
8%	1.04
Each Add'l 4% over 8% add:	.02

**Table 405.B.1. Inflation Guard Factors**

2. The premium for a 3 year policy is 3.2 times the annual policy premium.

**C. Endorsement**

Use Inflation Guard Endorsement **HO 04 46**.

**RULE 406.  
DEDUCTIBLES**

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**

\$500 Deductible.

**B. Optional Lower Deductibles**

**1. Additional Premium Charge**

- a. The options in Paragraphs **2.** and **3.** are subject to a minimum and maximum additional premium charge.
- b. Refer to the state company rates for these charges.

**2. \$100 And \$250 All Perils Deductibles**

To compute the premium for these options, multiply the Base Premium by the factor selected from the state exception pages.

**3. \$100 All Perils/\$250 Theft Deductible**

This option applies to all forms except **HO 00 05**, **HO 00 04** with Special Personal Property Coverage Endorsement and **HO 00 06** with Unit-owners Coverage **C** (Special Coverage) Endorsement.

- a. The \$250 Theft Deductible applies to Coverage **C** – Personal Property and is available only when:
  - (1) A \$100 deductible applies to All Other Perils; or
  - (2) A higher deductible applies to the peril of Windstorm or Hail and a \$100 deductible applies to All Other Perils.

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**RULE 406.  
DEDUCTIBLES (Cont'd)**

- b. When the \$100 deductible applies to All Other Perils, compute the premium by multiplying the Base Premium by the factor selected from the state exception pages.
  
- c. When a higher Windstorm or Hail and \$100 All Other Perils deductible applies, subtract a factor of .01 from the factors in the state exception pages for the Windstorm or Hail Deductibles.

**C. Optional Higher Deductibles**

**1. All Perils Deductible**

To compute the premium for this deductible type, multiply the Base Premium by the factor selected from the state exception pages.

**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 Form HO 00 04 and Form 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 state exception pages.

**(2) City And Other Than City Territories (Form HO 00 04 Only)**

Refer to state Territory Pages, Paragraph 2.A. for a listing of City Territories and 2.B. for Other Than City Territories.

**(3) Form HO 00 06**

To compute the premium for the deductible amounts selected, multiply the Base Premium by the factor selected from the state exception pages.

**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%, 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:

**(a)** Deductible – Windstorm or Hail 1% of Coverage A limit and \$500 for All Other Perils.

**(b)** Deductible – Windstorm or Hail 2% of the Coverage A limit, \$500 for Theft of Personal Property and \$100 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.

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**RULE 406.  
DEDUCTIBLES (Cont'd)**

**(5) Use Of Factors**

The factors for the Windstorm or Hail Deductibles incorporate the factors for the All Peril 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**

To compute the premium for this provision, multiply the Base Premium by the factor selected from the state exception pages.

**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 Instructions**

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 \$500 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 for the Windstorm or Hail 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 Windstorm or Hail deductible.

**(6) Deductible Factors**

To compute the premium for this provision, multiply the Base Premium by the factor selected from the state exception pages.

**RULE 407.  
ADDITIONAL AMOUNTS OF INSURANCE – FORMS  
HO 00 02, HO 00 03 AND HO 00 05**

**A. Introduction**

The policy provides loss settlement for buildings insured under Coverage **A** or **B** on a replacement cost basis without deduction for depreciation, if, at the time of loss, the amount of insurance on the damaged building is 80% or more of the replacement cost of the building immediately before the loss.

**B. Coverage Description**

The policy may be endorsed to provide additional insurance for Coverage **A** only or for Coverages **A**, **B**, **C**, and **D** when loss, to property insured under Coverage **A** – Dwelling, exceeds the limit of liability shown in the policy Declarations.

**C. Options Available**

When either of the following options is selected, the Coverage **A** limit of liability shall be at least 100% of the full replacement cost of the property insured under Coverage **A** at policy inception or at the time the endorsement is added to the policy:

**1. Specified Additional Amount Of Insurance For Coverage A Only**

- a. An additional amount of insurance equal to 25% or 50% of the Coverage **A** limit of liability may be selected. This additional amount is available when loss to property insured under Coverage **A** – Dwelling exceeds the Coverage **A** limit of liability shown in the Declarations.

The additional amount **cannot** be applied to any other coverage nor does it increase the Coverage **A** limit.

- b. The premium for this option is computed by multiplying the Base Premium by the appropriate factor selected from the following table:

<b>Additional Amount Options</b>	<b>Factor</b>
25%	1.03
50%	1.06

**Table 407.C.1.b. Additional Amounts Of Insurance Factors**

- c. Use Specified Additional Amount Of Insurance For Coverage **A** Endorsement **HO 04 20**.

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**RULE 407.  
ADDITIONAL AMOUNTS OF INSURANCE – FORMS  
HO 00 02, HO 00 03 AND HO 00 05 (Cont'd)**

**2. Additional Limits Of Liability For Coverages  
A, B, C, And D**

a. This option differs from Paragraph C.1., in that the Coverage A limit of liability is increased, after a loss, to the amount necessary to repair or replace the damaged or destroyed property. The limits of liability for Coverages B, C, and D will also be increased by the same percentage applied to the Coverage A limit.

When the loss to such property, exceeds the Coverage A limit, the policy is endorsed, retroactive to the date of loss, to the limit needed to settle the loss.

b. The premium is computed by multiplying the Base Premium by a factor of 1.15.

c. Use Additional Limits of Liability for Coverages A, B, C, and D Endorsement HO 04 11.

**D. Endorsement Exception**

Do not use either endorsement when the Special Loss Settlement Endorsement or any other endorsement which modifies the required percentage of replacement value is attached to the policy.

**RULE 408.  
ACTUAL CASH VALUE LOSS SETTLEMENT  
WINDSTORM OR HAIL LOSSES TO ROOF SURFACING  
– ALL FORMS EXCEPT HO 00 04**

**A. Introduction**

The policy provides settlement for building losses on a repair or replacement cost basis, subject to certain conditions.

**B. 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.

**C. Premium Determination**

To develop a premium for this option, multiply the Base Premium by a factor of .99.

**D. Endorsement**

Use Actual Cash Value Loss Settlement Windstorm Or Hail Losses To Roof Surfacing (All Forms Except HO 00 04) Endorsement HO 04 93.

**RULE 409.  
REPLACEMENT COST LOSS SETTLEMENT FOR  
CERTAIN NON-BUILDING STRUCTURES – FORMS  
HO 00 02, HO 00 03 AND HO 00 05**

**A. Introduction**

The policy provides actual cash value loss settlement for non-building structures covered under Coverage B, or specifically scheduled under this policy.

**B. Coverage Description**

The policy may be endorsed to provide repair or replacement cost loss settlement for the following types of non-building structures only if they are located on the residence premises:

1. Reinforced masonry walls;
2. Metal or fiberglass fences;
3. Fences made of plastic/resin materials such as polyvinylchloride;
4. Patios, walks (not made of wood or wood products);
5. Driveways; or
6. Inground or semi-inground:
  - a. Swimming pools;
  - b. Therapeutic baths; or
  - c. Hot tubs;

with walls and floors made of reinforced masonry, cement, metal or fiberglass. However, replacement cost loss settlement does not apply to equipment and accessories attached to or made to be attached to the superstructure of the pool, therapeutic bath or hot tub.

**C. Premium Computation**

The premium is computed by multiplying the Base Premium by a factor from the following table:

Types Of Non-building Structures	Factors
Inground or semi-inground swimming pools, therapeutic baths or hot tubs	1.05
All Other	1.02

**Table 409.C. Types Of Non-building Structures**

**D. Endorsement**

Use Replacement Cost Loss Settlement For Certain Non-building Structures On The Residence Premises Endorsement HO 04 43.

**E. Endorsement Exception**

This loss settlement condition does not apply to covered property insured under Coverage B – Other Structures Away From The Residence Premises Endorsement HO 04 91 and Specific Structures Away From The Residence Premises Endorsement HO 04 92.

## HOMEOWNERS POLICY PROGRAM MANUAL GENERAL RULES

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### **RULE 410. BUILDING CODE EFFECTIVENESS GRADING**

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This rule does not apply to Mobile or Trailer homes.

#### **A. General Information**

1. The Building Code Effectiveness Grading Schedule (BCEGS) develops a grade of 1 to 10 for a community based on the adequacy of its building code and the effectiveness of its enforcement of that code. Policies which cover the perils of Windstorm or Hail or Earthquake may be eligible for special rating treatment, subject to the criteria in the following paragraphs. The BCEGS factor applies, where applicable, in addition to the Public Protection Classification factors.
2. In some communities, two BCEGS classifications may be assigned. One classification for personal lines indicated next to "PERS" will apply to personal lines properties. The other classification indicated next to "COML" will apply to commercial lines properties. The ISO Community Mitigation Classifications will indicate the application of each classification.
3. Refer to the ISO Community Mitigation Classifications (CMC) Manual for the BCEGS classifications for a community, and their effective dates.

#### **B. Community Grading**

1. The BCEGS classification applies to any building that has an original certificate of occupancy dated the year of the effective date of the community grading, or later. A rating factor has been developed for each community classification.
2. If a community is regraded subsequent to its initial grading, the factor for the revised grade applies to buildings that have an original certificate of occupancy dated the year of the effective date of the revised grading, or later.
3. Where certificates of occupancy are not issued, equivalent documentation acceptable to the company may be used.
4. If, due to an addition or alteration, the original building is changed to comply with the latest building code, the factor for the community classification applicable at the time the reconstruction is completed will apply to such building.
5. The BCEGS classification may apply to Windstorm Or Hail or Earthquake, or to both. Specific information is provided in the ISO Community Mitigation Classifications (CMC) Manual. If the grade in the manual does not apply to one of the perils, the factor should not be applied for that peril.

#### **C. Individual Grading**

Where buildings have been built in full conformance with the natural hazard mitigation elements of one of the nationally recognized building codes even though the community grade is greater than 1, exception rating procedures may apply.

1. Any building may be classified as a 1 for Windstorm/Hail upon certification by a registered or licensed design professional, based on an on-site inspection, that such building is in compliance with one of the three nationally recognized building codes with respect to mitigation of the windstorm or hail hazard. This classification is effective only from the date of the certification.
2. Any building may be classified as a 1 for Earthquake upon certification by a registered or licensed design professional, based on an on-site inspection, that such building is in compliance with the earthquake mitigation elements of one of the three nationally recognized building codes. This classification is effective only from the date of the certification.

#### **D. Ungraded Risks**

Buildings which do **not** meet the criteria in Paragraph **B.** or **C.** for classification assignment are rated and coded as ungraded risks. Do **not** classify as a 10.

#### **E. Premium Credit Computation**

##### **1. Community Grading**

###### **a. Windstorm Or Hail**

Compute the premium credit as follows:

- (1) Multiply the Base Class Premium by the appropriate factor in Paragraph **E.1.c.(1)** located in the state exceptions; and
- (2) Multiply the result from preceding Paragraph (1) by the Key Factor for the desired amount of insurance.

###### **b. Earthquake**

When Earthquake Endorsement **HO 04 54** is attached to the policy, multiply the Earthquake Base Premium by the appropriate factor in Paragraph **E.1.c.(2)** located in the state exceptions.

###### **c. Credit Factors**

Refer to state exceptions for state-specific factors.

##### **2. Individual Grading**

For any building classified as a 1 based upon certification as set forth in Paragraph **C.**, use the appropriate factor listed under Paragraph **E.1.c.** located in the state exceptions.

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**RULES 411. – 500.  
RESERVED FOR FUTURE USE**

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**HOMEOWNERS POLICY PROGRAM MANUAL  
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**PART V  
SECTION I – PROPERTY – ADDITIONAL COVERAGES  
AND INCREASED LIMITS RULES**

---

**RULE 501.  
BUILDING ADDITIONS AND ALTERATIONS AT OTHER  
RESIDENCES**

---

**A. Coverage Description**

The policy may be endorsed to provide this coverage at residences, other than the residence premises, rented to an insured.

**B. Premium Computation**

To develop the premium per \$1,000 of insurance, multiply the **HO 00 04** Key Factor for "Each Add'l \$1,000" by the **HO 00 04** Key Premium.

**C. Endorsement**

Use Building Additions And Alterations Other Residence Endorsement **HO 04 49**.

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**RULE 502.  
BUILDING ADDITIONS AND ALTERATIONS –  
INCREASED LIMIT – HO 00 04**

---

**A. Coverage C Increase**

The limit of liability of 10% of Coverage **C** may be increased.

**B. Premium Computation**

To develop the premium per \$1,000 of insurance, multiply the **HO 00 04** Key Factor for "Each Add'l \$1,000" by the **HO 00 04** Key Premium.

**C. Endorsement**

Use Building Additions And Alterations Increased Limit Form **HO 00 04** Endorsement **HO 04 51**.

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**RULE 503.  
BUSINESS PROPERTY – INCREASED LIMIT**

---

**A. On-premises**

1. The \$2,500 limit of liability for business property on the residence premises may be increased to \$10,000 in increments of \$2,500.
2. Refer to state company rates for each \$2,500 increase.
3. The limit of liability in excess of \$2,500 does not apply to:
  - a. Business property in storage or held as a sample or for sale or delivery after sale;
  - b. Business property pertaining to a business actually conducted on the residence premises.

4. The property described in Paragraphs **3.a.** and **3.b.** are covered under the following optional endorsements:

- a. Permitted Incidental Occupancies;
- b. Home Day Care; or
- c. Home Business Insurance Coverage.

**B. Off-premises**

When the on-premises limit is increased, the off-premises limit of \$1,500 is automatically increased, at no additional charge, to an amount that is 60% of the total on-premises limit of liability.

**C. Endorsement**

Use Increased Limits On Business Property Endorsement **HO 04 12**.

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**RULE 504.  
CREDIT CARD, ELECTRONIC FUND TRANSFER CARD  
OR ACCESS DEVICE, FORGERY AND COUNTERFEIT  
MONEY**

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**A. Coverage Increase**

The limit of \$500 may be increased. An additional rate is to be charged.

**B. Premium**

Refer to state company rates for an additional charge.

**C. Endorsement**

Use Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money Coverage Increased Limit Endorsement **HO 04 53**.

---

**RULE 505.  
EARTHQUAKE COVERAGE**

---

**A. Coverage Description**

The policy may be endorsed to provide coverage against a loss resulting from the peril of Earthquake. This peril shall apply to all Section **I** Coverages for the same limits provided in the policy. Use Earthquake Endorsement **HO 04 54**.

**B. Deductible**

Deductible percentage amounts of 5%, 10%, 15%, 20% and 25% of the limit of liability are included in this rule.

In the event of an Earthquake loss to covered property, the dollar amount is deducted from the total of the loss for Coverages **A**, **B**, and **C**.

Earthquake rates are displayed for the 5% and 10% deductible in the state company rates. Credit factors for deductible percentage amounts of 15%, 20% and 25% are provided in Paragraph **E**. Premium for Higher Deductibles of this rule.

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**RULE 505.  
EARTHQUAKE COVERAGE (Cont'd)**

**C. Loss Assessment Coverage**

The policy may also be endorsed to cover loss assessment resulting from loss by this peril. The limit of liability shall be based on the insured's proportionate interest in the total value of all collectively owned buildings and structures of the corporation or association of property owners. Refer to company for rates. Use Loss Assessment Coverage For Earthquake Endorsement **HO 04 36** for all forms.

**D. Base Premium**

Develop the base premium as follows:

1. From the state company rates determine whether Construction Table **A**, **B**, and/or **C** applies for the appropriate deductible.
2. Determine the Earthquake territory according to the ZIP code of the residence premises from the State Territory Definitions pages in this manual.
3. For Forms **HO 00 02**, **HO 00 03** and **HO 00 05**, add the results of the following three steps:
  - a. Multiply the Coverage **A** limit by the rate found in Column A of the table;
  - b. If the Coverage **C** limit is increased, multiply the rate found in Column D by the amount of the increase; and
  - c. If the Coverage **D** limit is increased, multiply the rate found in Column F by the amount of the increase.
4. For Form **HO 00 04**, add the results of the following two steps;
  - a. Multiply the Coverage **C** limit by the rate found in Column B of the table; and
  - b. If the Coverage **D** limit is increased, multiply the rate found in Column F by the amount of the increase.
5. For Form **HO 00 06**, add the results of the following three steps:
  - a. Multiply the Coverage **C** limit by the rate found in Column C of the table;
  - b. Multiply the Coverage **A** limit by the rate found in Column E of the table; and
  - c. If the Coverage **D** limit is increased, multiply the rate found in Column F by the amount of the increase.

6. Building Or Non-building Structure Items – All Forms:

Multiply the rate in Column G of the table by the appropriate limit of liability for the following Building or Non-building Structure items, as applicable, and add to the applicable premium determined in Paragraph **3.**, **4.** or **5.**:

- a. Other Structures – Structures Rented To Others Residence Premises;
  - b. Other Structures On The Residence Premises – Increased Limits;
  - c. Specific Structures Away From The Residence Premises;
  - d. Building Additions And Alterations – Other Residence; and
  - e. Building Additions And Alterations Increased Limit Form **HO 00 04**.
7. Ordinance Or Law – Basic And Increased Limit – All Forms:

When the basic Ordinance or Law Coverage limit is increased the earthquake premium is developed based on the increased limit of insurance.

- a. For Forms **HO 00 02**, **HO 00 03** and **HO 00 05**, multiply the rate determined in Paragraph **3.a.** by the appropriate factor selected from Rule **303.B.2.a.**
- b. For Forms **HO 00 04** and **HO 00 06**, the premium for this additional coverage is determined based on the dollar amount of increase, represented by the increased percentage amount selected above the basic limit. The rate for each additional \$1,000 of insurance is determined as follows:
  - (1) For Form **HO 00 04**, multiply the rate in Column G of the table by .30.
  - (2) For Form **HO 00 06**, multiply the rate in Column E of the table by .30.and add to the applicable premium determined in Paragraph **4.** or **5.**

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**RULE 505.  
EARTHQUAKE COVERAGE (Cont'd)**

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**E. Premium For Higher Deductibles**

Multiply the Earthquake base premium determined in Paragraph **D.** for the 10% deductible by the appropriate factor from the following table:

Deductible Percentage	Factor		
	Frame	Masonry	Superior
15%	.80	.85	.75
20%	.65	.70	.60
25%	.50	.60	.45

**Table 505.E. Higher Deductibles Factor**

**F. Building Code Effectiveness Grading**

Refer to Rule **410.** for information which may affect Earthquake rating.

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**RULE 506.  
FIRE DEPARTMENT SERVICE CHARGE**

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The limit of \$500 may be increased subject to the rules and rates of the company.

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**RULE 507.  
FORM HO 00 06 COVERAGE A DWELLING BASIC AND INCREASED LIMITS AND SPECIAL COVERAGE – HO 00 06**

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**A. Basic Limits**

The policy automatically provides a basic Coverage **A** limit of \$5,000 on a named perils basis. If increased limits are not desired, enter "\$5,000" under Coverage **A** – Dwelling in the Policy Declarations.

**B. Increased Limits**

The basic limit may be increased. The premium is developed based on the additional limit of insurance. To develop the premium for each additional \$1,000 of insurance, multiply the **HO 00 06** Key Factor for "Each Add'l \$1,000" by the **HO 00 06** Key Premium.

**C. Special Coverage**

The Section **I** Perils Insured Against may be broadened to cover additional risks of loss. The additional premium is developed as shown in the state company rates.

**D. Endorsement**

Use Unit-Owners Coverage **A** – Special Coverage Endorsement **HO 17 32.**

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**RULE 508.  
FORM HO 00 06 UNITS REGULARLY RENTED TO OTHERS**

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**A. Coverage C And Section II Liability**

1. There is no coverage for Coverage **C** – Personal Property and Section **II** Liability when the residence premises is regularly rented or held for rental to others. The policy may be endorsed, however, to provide such coverage, including Theft.
2. The Coverage **C** minimum limit of liability may be waived when the value of the insured's personal property in the rented unit is less than \$10,000.

**B. Premium Computation**

Multiply the Coverage **C** Base Premium (reflecting the credit or surcharge for optional deductibles) by a factor of .25.

**C. Endorsement**

Use Unit-Owners Rental To Others Endorsement **HO 17 33.**

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**RULE 509.  
HOME DAY CARE COVERAGE**

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**A. Coverage Description**

Coverage for a home day care business is limited under Section **I** and excluded under Section **II.** The policy may be endorsed to provide expanded Section **I** Coverage and Section **II** Coverage on a home day care business in the dwelling or in an other structure on the residence premises. Use Home Day Care Coverage Endorsement **HO 04 97** for Sections **I** and **II** Coverage.

**B. Other Structures**

If the home day care business is located in an other structure, Coverage **B** does not apply to that structure. See Paragraph **D.** for charge for specific insurance on the structure.

**C. Personal Property**

The home day care endorsement also covers personal property pertaining to this business within the Coverage **C** limits stated in the declarations. If increased Coverage **C** limits are desired, see Rule **515.A.**

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**RULE 509.  
HOME DAY CARE COVERAGE (Cont'd)**

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**D. Premium Computation**

**1. Section I**

- a. If the home day care business is located in the dwelling, no additional charge is made.
- b. If the business is located in an other structure, charge the amount per \$1,000 of specific insurance on the structure.
- c. Refer to state company rates for rate to be charged.

**2. Section II**

Refer to Rule **607**. in the state company rates to develop the premium for the increased Coverages **E** and **F** exposure.

---

**RULE 510.  
PERMITTED INCIDENTAL OCCUPANCIES RESIDENCE PREMISES**

---

**A. Coverage Description**

Coverage for a permitted incidental occupancy is limited under Section **I** and excluded under Section **II**. The policy may be endorsed to provide expanded Section **I** Coverage and Section **II** Coverage on a permitted incidental occupancy in the dwelling or in an other structure on the residence premises. Use Permitted Incidental Occupancies (Residence Premises) Endorsement **HO 04 42** for Sections **I** and **II** Coverage.

**B. Permitted Incidental Occupancies**

Examples of such occupancies are Offices, Schools or Studios meaning offices for business or professional purposes, and private schools or studios for music, dance, photography and other instructional purposes.

**C. Other Structures**

If the permitted incidental occupancy is located in an other structure, Coverage **B** does not apply to that structure. See Paragraph **E**. for charge for specific insurance on the structure.

**D. Personal Property**

The permitted incidental occupancies endorsement also covers personal property pertaining to the permitted incidental occupancy within the Coverage **C** limits stated in the declarations. If increased Coverage **C** limits are desired, see Rule **515.A**.

**E. Premium Computation**

**1. Section I**

- a. If the permitted incidental occupancy is located in the dwelling, no additional charge is made.

- b. If the permitted incidental occupancy is located in an other structure, charge the amount per \$1,000 of specific insurance on the structure.

- c. Refer to state company rates for rate to be charged.

**2. Section II**

Refer to Rule **608**. in the state company rates to develop the premium for the increased Coverages **E** and **F** exposure.

---

**RULE 511.  
SUPPLEMENTAL LOSS ASSESSMENT COVERAGE**

---

**A. Residence Premises**

**1. Coverage Description**

The policy automatically provides, under Section **I** Additional Coverage and Section **II** Additional Coverage, a limit of \$1,000 each for assessments relating to the residence premises, excluding assessments resulting from the peril of earthquake. (Refer to Rule **505**. Earthquake Coverage for the Earthquake rule of application.)

**2. Higher Limits**

The policy may be endorsed to provide a single additional amount of insurance to be applied to one or more assessments arising out of a single loss covered under:

- a. Either Section **I** Additional Coverage or Section **II** Additional Coverage; or
- b. Both Section **I** and Section **II** Additional Coverages.

**3. Premium**

Refer to the state company rates for the additional charge.

**B. Additional Locations**

**1. Coverage Description**

- a. The policy may be endorsed to provide loss assessment coverage pertaining to additional locations for the insured's share of loss assessments arising out of a single loss covered as noted in Paragraph **A.2**.

- b. No more than two additional locations can be written in addition to the residence premises.

**2. Premium**

Refer to the state company rates for the additional rates which apply to each location covered.

**C. Endorsement**

Use Supplemental Loss Assessment Coverage Endorsement **HO 04 35**.

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**RULE 512.  
LOSS OF USE – INCREASED LIMIT**

---

- A. When the limit of liability for Coverage **D** is increased, charge the rate per \$1,000 of additional insurance.
- B. Refer to state company rates for rate to be charged.

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**RULE 513.  
ORDINANCE OR LAW INCREASED AMOUNT OF  
COVERAGE – HO 00 04 AND HO 00 06**

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**A. Coverage Increase**

- 1. The basic amount of coverage may be initially increased to 100% of the Form **HO 00 04** Building Additions and Alterations limit or 50% of the Form **HO 00 06** Coverage **A** limit.
- 2. The amount may be further increased in 25% increments above those listed in Paragraph 1.

**B. Premium Determination**

- 1. The premium for this additional coverage is determined based on the dollar amount of increase, represented by the increased percentage amount selected above the basic limit.
- 2. The premium for each additional \$1,000 of insurance is developed by multiplying the **HO 00 04** or **HO 00 06**, whichever is appropriate, Key Factor for "Each Add'l \$1,000" by .30 and then multiplying that amount by the appropriate Key Premium.

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**RULE 514.  
OTHER STRUCTURES**

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**A. On-Premises Structures**

When insurance is written on a specific structure on the residence premises the rates per \$1,000 of insurance shall apply separately to each structure.

**1. Specific Structure – Increased Limits**

**a. Premium**

Refer to state company rates.

**b. Endorsement**

Use Other Structures On The Residence Premises – Increased Limits Endorsement **HO 04 48**.

**2. Structure On The Residence Premises Rented To Others**

**a. Premium**

Use the sum of:

- (1) The rate per \$1,000 of insurance shown in the state company rates, and
- (2) The premium for the increased Coverages **E** and **F** exposure, as developed from the Section **II** rules of this Manual.

- b. Use Structures Rented to Others – Residence Premises Endorsement **HO 04 40**.

**B. Structures Off The Residence Premises**

**1. Forms HO 00 02, HO 00 03 And HO 00 05**

**a. Coverage Description**

- (1) The policy automatically provides Coverage **B** – Other Structures on a blanket basis to structures located on the residence premises.
- (2) This blanket coverage may be endorsed to expand coverage to include structures located away from the residence premises if used in connection with the residence premises.

**b. Premium**

Refer to state company rates for rate to be charged.

**c. Endorsement**

Use Other Structures Away From The Residence Premises **HO 04 91**.

**2. All Forms**

**a. Premium**

- (1) When insurance is written on a specific structure located away from the residence premises, the rate per \$1,000 of insurance shall apply separately to each location.
- (2) Refer to state company rates for rate to be charged.

**b. Endorsement**

Use Specific Structures Away From Residence Premises Endorsement **HO 04 92**.

---

**RULE 515.  
PERSONAL PROPERTY**

---

**A. Increased Limit**

- 1. The limit of liability for Coverage **C** may be increased.
- 2. Charge the additional company rate per \$1,000 of insurance.
- 3. Refer to state company rates for additional charge.

**B. Increased Limits – Other Residences**

- 1. Coverage for personal property usually located at other residences is limited in the policy form to 10% of Coverage **C** or \$1,000, whichever is greater. This limit may be increased.

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**RULE 515.  
PERSONAL PROPERTY (Cont'd)**

2. Charge the additional company rate per \$1,000.
3. Refer to state company rates for additional charge.
4. Use Increased Limits On Personal Property In Other Residences Endorsement **HO 04 50**.

**C. Increased Limit – Self-storage Facilities**

1. Coverage for personal property located in self-storage facilities is limited in the policy form to 10% of Coverage **C**, or \$1,000, whichever is greater. This limit may be increased.
2. Charge the additional company rate per \$1,000.
3. Refer to state company rates for the additional charge.
4. Use Increased Amount Of Insurance For Personal Property Located In A Self-storage Facility Endorsement **HO 06 14**.

**D. Reduction In Limit**

1. The limit of liability for Coverage **C** may be reduced in accordance with Rule **101.C**.
2. Refer to state company rates for credit.

**E. Increased Special Limits Of Liability**

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	\$ 1,500	\$ 6,500*
2. Money	200	1,000
3. Securities	1,500	3,000
4. Silverware, Goldware and Pewterware	2,500	10,000**
5. Firearms	2,500	6,500***
6. Portable Electronic Equipment in or upon a motor vehicle	1,500	6,000**
* Not exceeding \$1,000 for any one article		
** Increase must be in increments of \$500		
*** Increase must be in increments of \$100		

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

2. Refer to state company rates for additional charges.
3. Use Coverage **C** Increased Special Limits Of Liability Endorsement **HO 04 65** – for all forms except as noted in Paragraph 4.
4. Use Coverage **C** Increased Special Limits Of Liability Endorsement **HO 04 66** for Form **HO 00 05**, Form **HO 00 04** with Endorsement **HO 05 24** and Form **HO 00 06** with Endorsement **HO 17 31**.

**F. Refrigerated Personal Property**

1. The policy may be endorsed to provide \$500 of coverage for covered property stored in freezers or refrigerators on the residence premises for loss caused by power service interruption or mechanical failure.
2. A deductible of \$100 applies.
3. Refer to state company rates for the additional charge.
4. Use Refrigerated Property Coverage Endorsement **HO 04 98**.

**G. Theft Coverage Increase – HO 00 08**

**1. On-premises**

The \$1,000 limit for On-premises Theft Coverage may be increased to an aggregate limit of \$3,000 or \$5,000.

**2. Off-premises**

When On-premises Theft Coverage is increased, a limit of \$1,000 may be provided for Off-premises Theft Coverage.

**3. Premium**

Refer to state company rates for additional charge.

**4. Endorsement**

Use Theft Coverage Increase Endorsement **HO 04 30**.

**RULE 516.  
PERSONAL PROPERTY – SCHEDULED**

**A. Introduction**

Coverage may be provided on scheduled personal property subject to the rules and rates of the Company.

**B. Loss Settlement**

1. Endorsement **HO 04 61** provides for standard loss settlement for all classes of property except Fine Arts; and agreed value loss settlement for Fine Arts.
2. Endorsement **HO 04 60** provides for agreed value loss settlement for the following classes:
  - a. Cameras
  - b. Furs
  - c. Golfer's Equipment
  - d. Jewelry
  - e. Musical Instruments
  - f. Silverware
  - g. Stamps and Rare Coins

This endorsement may also be used for scheduled articles of Fine Arts.

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**RULE 516.  
PERSONAL PROPERTY – SCHEDULED (Cont'd)**

---

**C. Endorsements**

1. Use Scheduled Personal Property Endorsement **HO 04 61** for standard loss settlement or agreed value loss settlement for fine arts.
2. Use Scheduled Personal Property (with Agreed Value Loss Settlement) Endorsement **HO 04 60** for agreed value loss settlement.

---

**RULE 517.  
RENTAL TO OTHERS - EXTENDED THEFT COVERAGE  
ALL FORMS EXCEPT HO 00 05, HO 00 04 WITH  
HO 05 24 OR HO 00 06 WITH HO 17 31**

---

**A. Coverage Description**

The policy may be endorsed to insure against loss by theft to covered property when all or part of the residence premises usually occupied by the insured is occasionally rented, in whole or in part, to others, or is regularly or occasionally rented to roomers or boarders.

**B. Premium**

Refer to the state company rates for additional charge.

**C. Endorsement**

Use Extended Theft Coverage For Residence Premises Occasionally Rented To Others Endorsement **HO 05 41**.

---

**RULE 518.  
SINKHOLE COLLAPSE COVERAGE – ALL FORMS  
EXCEPT HO 00 04 AND HO 00 06**

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**A. Coverage Description**

The policy may be endorsed to provide Sinkhole Collapse Coverage.

**B. Premium Determination**

1. Refer to state company rates; and
2. Multiply the rate per \$1,000 by:
  - a. Coverage **A** amount of insurance;
  - b. Increased Limits for Coverages **C** and **D**;
  - c. Loss Assessment Coverage, increased limits and additional locations;
  - d. Ordinance Or Law Coverage, basic amount and, if applicable, increased amount of coverage; or
  - e. Other Building or Structure options, for example: Other Structures Rented To Others (Residence Premises) Endorsement **HO 04 40**; Other Structures (Increased Limits) Endorsement **HO 04 48**; Specific Structures Away From The Residence Premises Endorsement **HO 04 92**; and Building Additions And Alterations (Other Residence) Endorsement **HO 04 49**.

**C. Endorsement**

Use Sinkhole Collapse Endorsement **HO 04 99**.

---

**RULE 519.  
SPECIAL COMPUTER COVERAGE ALL FORMS  
EXCEPT HO 00 05, HO 00 04 WITH HO 05 24 OR  
HO 00 06 WITH HO 17 31**

---

**A. Coverage Description**

The policy may be endorsed to insure computers and related equipment against additional risks of physical loss subject to certain exclusions.

**B. Premium**

Refer to state company rates for additional charge.

**C. Endorsement**

Use Special Computer Coverage Endorsement **HO 04 14**.

---

**RULE 520.  
LIVESTOCK COLLISION COVERAGE**

---

**A. Coverage Description**

When the policy is endorsed with either Incidental Farming Personal Liability Endorsement **HO 24 72** or Farmers Personal Liability Endorsement **HO 24 73**, the policy may also be endorsed to cover loss resulting in death of covered livestock resulting from:

1. Collision or overturn of a vehicle on which the livestock are being transported; or
2. Livestock running into or being struck by a vehicle.

**B. Coverage Exclusion**

Coverage is excluded if a vehicle owned or operated by an insured or an insured's employee:

1. Collides with the vehicle on which the livestock are being transported; or
2. Strikes the livestock.

**C. Premium**

1. Each horse, mule or head of cattle under one year of age at the time of loss will be counted as 1/2 head.
2. No deductible applies to this coverage.
3. The limit per head of livestock is \$400.
4. Refer to state company rates for charge.

**D. Endorsement**

Use Livestock Collision Coverage Endorsement **HO 04 52**.

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**RULE 521.  
LIMITED WATER BACK-UP AND SUMP DISCHARGE OR  
OVERFLOW COVERAGE**

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**A. Coverage Description**

The policy forms exclude coverage for loss resulting from water or waterborne material which backs up through sewers or drains or which overflows or is discharged from a sump, sump pump or related equipment.

When the optional Limited Water Back-up And Sump Discharge Or Overflow Coverage endorsement is attached to the policy, coverage is provided with respect to direct physical loss, not caused by the negligence of an "insured", to property covered under Section I, caused by water or waterborne material which originates from within the dwelling where the named insured resides and backs up through sewers or drains or which overflows or is discharged from a sump, sump pump or related equipment. The basic limit is \$5,000. Unless increased limits are selected, the basic limit must be entered on the coverage endorsement or the policy Declarations.

**B. Increased Limits**

The limit may be increased to \$10,000, \$15,000, \$20,000 or \$25,000. The limit selected is entered on the coverage endorsement or the policy Declarations.

**C. Premium**

Refer to state company rates for the additional charge.

**D. Endorsement**

Use Limited Water Back-up And Sump Discharge Or Overflow Coverage Endorsement **HO 04 95**.

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**RULE 522.  
LANDLORDS FURNISHINGS**

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**A. Basic Limit**

Forms **HO 00 02**, **HO 00 03** and **HO 00 05** automatically cover, on a named perils basis (except Theft), landlord furnishings in an apartment on the residence premises regularly rented or held for rental. The basic limit per apartment unit is \$2,500.

**B. Increased Limits**

The basic limit of \$2,500 may be increased in increments of \$500 up to a total of \$10,000 per apartment. The increased limit applies to the same perils that apply to the basic limit and may vary by rented unit.

**C. Premium**

Refer to state company rates for additional charge.

**D. Endorsement**

Use Landlord's Furnishings Endorsement **HO 05 46**.

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**RULE 523.  
ASSISTED LIVING CARE COVERAGE**

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**A. Introduction**

The policy provides coverage to named insureds and resident relatives who are members of the insured's household.

**B. Coverage Description**

1. The policy may be endorsed to provide personal property, additional living expense and personal liability coverage to a person regularly residing in an Assisted Living Care facility, provided such person:
  - a. Is related to an insured by blood, marriage or adoption; and
  - b. Is not a member of that insured's household.
2. An assisted living care facility is a facility that provides assisted living services such as dining, therapy, medical supervision, housekeeping and social activities. It is **not** a hospice, prison or rehabilitation facility.
3. The endorsement provides the following basic limits of coverage:
  - a. \$10,000 for Coverage **C** – Personal Property with limitations ranging from \$100 to \$500 for certain items of property;
  - b. \$6,000, at \$500 per month, for Additional Living Expenses; and
  - c. \$100,000 for Coverage **E** – Personal Liability.

**C. Premium**

Refer to state company rates for additional charge.

**D. Endorsement**

Use Assisted Living Care Coverage Endorsement **HO 04 59**.

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**RULE 524.  
OTHER MEMBERS OF A NAMED INSURED'S  
HOUSEHOLD**

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**A. Introduction**

The policy provides coverage to named insureds, resident relatives who are members of the insured's household and persons under the age of 21 who are in the care of an insured.

**B. Coverage Description**

1. The policy may be endorsed to provide coverage to a person who is a member of the named insured's household but does not fall under the definition of insured in the policy. It does not cover a guest, residence employee, roomer, boarder or tenant. Coverage extends to the person named in the endorsement, and a person under the age of 21 who is in the legal custody of that person.
2. All coverages and provisions under Sections I and II of the policy that apply to insureds also apply to the persons described in Paragraph 1. except Coverages A, B and D (Fair Rental Value only).

**C. Premium**

Refer to state company rates for additional charge.

**D. Endorsement**

Use Other Members Of Your Household Endorsement **HO 04 58**.

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**RULE 525.  
MOTORIZED GOLF CART – PHYSICAL LOSS  
COVERAGE**

---

**A. Coverage Description**

The policy may be endorsed to provide coverage for physical loss to a motorized golf cart, including permanently installed accessories, equipment and parts, owned by an insured.

Also covered, for an amount equal to 10% of the limit of the highest scheduled cart, are accessories, equipment or parts designed or made solely for the cart that are **not** permanently installed provided such property is at an insured's residence or in or upon the cart off the insured's residence at the time of loss.

Coverage for loss caused by collision is optional and only applies if declared on the schedule of the endorsement.

**B. Eligibility**

To be eligible for coverage, the motorized golf cart shall be of the type designed to carry up to four people on a golf course for the purpose of playing golf and shall not have been built, or modified after manufacture, to exceed a speed of 25 m.p.h. on level ground.

Read the endorsement for all conditions of coverage.

**C. Limit Of Liability**

The limit of liability shall be selected by the insured. However, that limit should be representative of the actual cash value of the motorized golf cart including any permanently installed accessories, etc.

**D. Deductible**

A deductible amount of \$500 applies separately to each involved golf cart and, separately to Section I Property Coverages if not in or upon a golf cart at the time of loss.

The \$500 deductible replaces any other deductible in the policy with respect to property covered under the endorsement.

**E. Premium**

Rate each cart separately using the premium per \$500 of insurance. Refer to the state company rates for additional charge.

**F. Endorsement**

Use Owned Motorized Golf Cart – Physical Loss Coverage Endorsement **HO 05 28**.

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**RULE 526.  
RESIDENCE HELD IN TRUST – ALL FORMS EXCEPT  
HO 00 04**

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**A. Coverage**

A Homeowners Policy may be endorsed to insure a trustee, and if applicable, a trust:

1. Under Section I – Property Coverages, for any insurable interest in the dwelling or other structure held in trust; and
2. Under Section II – Liability Coverages, for bodily injury or property damage liability arising out of the ownership, maintenance or use of an insured location held in trust.

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**RULE 526.  
RESIDENCE HELD IN TRUST – ALL FORMS EXCEPT  
HO 00 04 (Cont'd)**

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**B. Endorsement**

1. Use Trust Endorsement **HO 06 15**.
2. The following must be shown in the endorsement:
  - a. The name and address of the Trust; and
  - b. The name and address of the trustee(s).
3. The Trust may also be listed as an Insured if the Trust can be recognized under applicable state law as a legal entity with the capacity to sue or be sued in a court having jurisdiction.

**C. Premium**

Refer to state company rates for the additional charge.

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**RULE 527.  
STUDENT AWAY FROM HOME**

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**A. Introduction**

The policy provides coverage for a full-time student, who was a resident of the named insured's household before moving out to attend school and is under the age of:

1. 24 and a relative of the named insured; or
2. 21 and in the care of the named insured or a resident relative.

**B. Coverage Description**

The policy may be endorsed to provide coverage for other types of students who were residents of the named insured's household before moving out to attend school. For example, part-time students or students 24 or older.

**C. Premium Determination**

Refer to state company rates for additional charge.

**D. Endorsement**

Use Additional Insured – Student Living Away From The Residence Premises Endorsement **HO 05 27**.

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**RULE 528.  
HOME BUSINESS INSURANCE COVERAGE**

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**A. Eligibility**

1. The Home Business Insurance Coverage endorsement may be used in conjunction with a Homeowners Policy to cover the Section I and Section II exposures of a permitted business.

2. To be eligible for coverage under this endorsement, a risk must meet at least the following criteria:

**a. The home business:**

- (1) Must be owned by the named insured or by a partnership, joint venture or other organization comprised only of the named insured and resident relatives;
- (2) Must be operated from the residence premises that is declared on the Homeowners Declarations and used principally for residential purposes;
- (3) May be operated from the home and/or other structure on the residence premises;
- (4) May have up to three employees; and
- (5) May not involve the:

- (a) Manufacture, sale or distribution of food products;
- (b) Manufacture of personal care products such as shampoo, hair color, soap, perfume or other like items applied to the body or consumed; or
- (c) Sale or distribution of personal care products **manufactured by the insured** such as shampoo, hair color, soap, perfume or other like items applied to the body or consumed;

- b. For all business classifications described in Paragraph **C**. that follows, the Gross Annual Receipts of the home business may not exceed \$250,000.
3. Certain businesses may be **ineligible** for coverage under this endorsement. Refer to company for its underwriting instructions.
4. When a permitted business that is operated from the residence premises is afforded coverage under either the Permitted Incidental Occupancy or Home Day Care Coverage endorsement, that business may not be afforded coverage under the Home Business endorsement.

**B. Classifications**

The four principal classifications of business accommodated in this rule follow. Refer to company for the businesses that are eligible within each of these classifications and name and describe the business in the Schedule that is part of the endorsement:

**1. Office**

Use this classification when the business involves professional or administrative activities for its customers. It could apply to businesses like accounting, resume writing, telephone answering, etc.

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**RULE 528.  
HOME BUSINESS INSURANCE COVERAGE (Cont'd)**

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**2. Service**

Use this classification when the business provides repair or other services for its customers. It could apply to businesses like bicycle repair, clock/jewelry repair, housecleaning, videotaping, etc.

**3. Sales**

Use this classification when the business involves product sales, other than crafts made in the home or other structure and sold from the home or other locations. It could apply to businesses involving the sale of books and magazines, costume jewelry, plants and flowers, stationery/other paper products, etc.

**4. Crafts**

Use this classification when the business involves selling, from the home, other structure or other locations, crafts made in the home or other structure. It could apply to crafts like ceramics, dolls, flower arrangements, quilts, etc.

**C. Coverages**

**1. Section I – Property**

The Home Business endorsement:

- a. Provides coverage for the property of the described business and for property of others in the care of the business up to the Coverage C limit of liability entered on the Homeowners Declarations. Therefore, the Coverage C limit should reflect the values of the personal and business property to be insured;
- b. Provides coverage for:
  - (1) Accounts receivable (\$5,000 limit);
  - (2) Loss of business income/extra expense (actual cost for a maximum of 12 months); and
  - (3) Valuable papers (\$2,500 limit); and
- c. Increases the Coverage C Special Limits of Liability on:
  - (1) Money to \$1,000;
  - (2) Credit Cards to \$1,000; and
  - (3) Business property away from the residence premises to \$5,000.

**2. Section II – Business Liability**

- a. The Home Business endorsement provides coverage for such business liability exposures as premises operations, products-completed operations, advertising injury, and personal injury. The limits of liability for these coverages are on an annual aggregate basis and are determined in the following manner:

- (1) For Products-completed Operations Hazard Liability, the limit is the **same as** the Coverage E limit shown in the Homeowners Declarations;

- (2) For All Other Business Liability, the limit is **twice the sum** of the combined Coverage E and Coverage F limits shown in the Homeowners Declarations; and

- (3) For the Coverage F Sublimit of Liability, the limit is the **same as** the Coverage F limit shown in the Homeowners Declarations.

- b. The limit of liability for Additional Coverage C Damage To Property Of Others is increased to \$2,500.

**3. Professional Liability**

No professional liability coverage is provided in the Home Business endorsement.

**4. Computer-related Damage Or Injury Exclusion And Coverage Options**

**a. Exclusions**

- (1) Coverage for loss or damage caused by, resulting from, or arising out of the failure of computers and electronic componentry to properly recognize a particular date or time may be excluded. Under Section I, the exclusion applies to any date or time, including the Year 2000 and beyond. Under Section II, the exclusion applies only to the Year 2000 and beyond, but does not apply to bodily injury that occurs on the covered premises from which the business is conducted.

- (2) Use Sections I and II Exclusions for Computer-related Damage Or Injury Endorsement **HO 07 58**.

**b. Sections I And II Limited Coverage**

When Endorsement **HO 07 58** is attached to the policy, the policy may be further endorsed to provide:

- (1) Section I coverage for Business Income and Extra Expense when computer system, appliances, equipment, or protective devices used for business fail to operate because of the Year 2000 and renders the business structure unfit for habitation; or renders an off-premises computer used in the business operations at the structure deficient and inoperative; and

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**RULE 528.  
HOME BUSINESS INSURANCE COVERAGE (Cont'd)**

(2) Section II coverage for claims or suits alleging bodily injury away from the residence premises and property damage, personal injury, or advertising injury arising out of a computer failure as defined in the endorsement. Such coverage is subject to the Coverage E and F limits of liability stated in the schedule of the Home Business Insurance Coverage endorsement.

(3) Use Sections I and II – Limited Coverage For Year 2000 Computer-related And Other Electronic Problems Endorsement HO 07 59.

**c. Premium**

Refer to company.

**D. Home Business Premium Computation**

**1. Development Of The Home Business Premium**

Add the Section I and Section II premium components developed according to Paragraphs 2. and 3. that follow, to arrive at the Home Business premium.

**2. Section I – Property**

a. From the state company rates, select the Base Class Premium that applies to the residence premises with the home business and multiply it by the appropriate factor in the following table:

Gross Annual Receipts*	HO 00 02, 3, 5 & 8	HO 00 04	HO 00 06
Up to \$50,000	Refer to state exceptions for State-specific factors.		
\$ 50,001 to \$100,000			
100,001 to 175,000			
175,001 to 250,000			
* New business, use \$50,001 to \$100,000 classification			

**Table 528.D.2.a. Factors**

b. Multiply the result computed in Paragraph a. by the rating factors in the Homeowners manual for the following risk categories:

- (1) Protection-construction (Rule 301. Classification Table) – apply the factor that applies to HO 00 04 regardless of the Homeowners form attached to the policy; and
- (2) Superior Construction (Rule 401.) and Protection Devices (Rule 404.) – apply these factors only if they are applied to the dwelling building or other structure for the residential exposure; and

(3) Townhouse or Row House Construction (Rule 402.) in the following manner:

(a) For All Forms except HO 00 04 and HO 00 06, apply the same factor used for the residential exposure; or

(b) For Forms HO 00 04 and HO 00 06:

(i) Apply the factor for the number of individual family units within a fire division that best describes the building that contains the residential and business property; or

(ii) If such building has nine or more individual family units within a fire division, apply the factor for the five through eight units' classification.

c. When a home business is operated from one or more other structures on the residence premises and declared in the Schedule, multiply the limit of liability for each structure by the "premium per \$1,000" shown in Rule 514. Paragraph A.1.a. in the Homeowners state company rates.

**3. Section II – Business Liability**

**a. Basic Limits Premium**

Select the company basic limits premium that applies to the Office, Service, Sales or Crafts classification from the Home Business state company rates,

**b. Coverage E – Increased Limits**

(1) When the Coverage E limit is increased for Homeowners Insurance, the Home Business limits shall also be increased as illustrated in following Paragraph (2).

(2) Multiply the company's basic limits premium determined in Paragraph a. by the appropriate factor from the following table:

Increased Limits Of Liability				
Homeowners		Home Business		
Coverage E Personal Liability	Coverage F Med. Pay'ts To Others	Products-Completed Operations	All Other Liability	In-creased Limit Factor
\$ 200,000	\$ 1,000	\$ 200,000	\$ 402,000	1.15
300,000	1,000	300,000	602,000	1.24
400,000	1,000	400,000	802,000	1.30
500,000	1,000	500,000	1,002,000	1.35

**Table 528.D.3.b.(2) Factors**

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**RULE 528.  
HOME BUSINESS INSURANCE COVERAGE (Cont'd)**

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**c. Coverage F – Increased Limits**

- (1) When the Coverage F limit is increased for Homeowners Insurance, the Home Business Coverage F limit shall also be increased.
- (2) Select the premium for the desired increased limit from the Home Business state company rates.
- (3) Add the premium determined in Paragraph (2) to the premium developed in Paragraph a. or b. to compute the Section II premium component.

**E. Endorsement**

Use Home Business Insurance Coverage Endorsement **HO 07 01**.

**F. Options**

The following options may only be used when the Home Business Coverage endorsement is attached to the policy:

**1. Additional Insured**

**a. Managers Or Lessors Of Premises Leased To An Insured**

**(1) Coverage**

Covers persons or organizations designated on the endorsement for their liability as owners of designated premises leased to the named insured.

**(2) Premium**

Refer to state company rates.

**(3) Endorsement**

Use Additional Insured – Managers Or Lessors Of Premises Leased To An Insured Endorsement **HO 07 50**.

**b. Vendors**

**(1) Coverage**

Provides coverage for liability arising out of the vendor's sale or distribution of the named insured's products.

**(2) Premium**

Refer to company.

**(3) Endorsement**

Use Additional Insured – Vendors Endorsement **HO 07 51**.

**2. Loss Payable Condition**

**a. Coverage**

Enables the naming of a loss payee, lender's loss payee, or loss payable under a contract-of-sale arrangement.

**b. Premium**

No charge is made for this endorsement.

**c. Endorsement**

Use Loss Payable Provisions Endorsement **HO 07 52**.

**3. Personal And Advertising Injury Exclusion**

**a. Coverage**

Excludes all Personal and Advertising Injury Coverage.

**b. Premium**

Refer to company.

**c. Endorsement**

Use Exclusion – Personal And Advertising Injury Endorsement **HO 07 53**.

**4. Liquor Liability Exclusion And Exception For Scheduled Activities**

**a. Coverage**

This endorsement excludes liability coverage for:

- (1) Manufacturing, selling or distributing alcoholic beverages or;
- (2) Serving or furnishing alcoholic beverages with a charge whether or not such activity requires a license and;
- (3) Serving or furnishing of alcoholic beverages without a charge, if a license is required for such activity.

This exclusion does not apply to bodily injury or property damage arising out of the selling, serving or furnishing of alcoholic beverages for an activity or function described in the Schedule of this endorsement.

**b. Premium**

Refer to company.

**c. Endorsement**

Use Liquor Liability Exclusion And Exception For Scheduled Activities Endorsement **HO 07 54**.

**5. Special Coverage – Spoilage Of Perishable Stock**

**a. Coverage**

Provides special coverage for the perishable stock specifically listed in the Schedule of Endorsement **HO 07 55**. The limit of liability is also listed in the endorsement.

**b. Premium**

Refer to state company rates.

**c. Endorsement**

Use Special Coverage – Spoilage Of Perishable Stock Endorsement **HO 07 55**.

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**RULE 528.  
HOME BUSINESS INSURANCE COVERAGE (Cont'd)**

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**6. Valuable Papers And Records Endorsements**

**a. Increased Limits**

**(1) Coverage**

The Home Business Insurance Coverage endorsement provides a basic limit of \$2,500 for Valuable Papers and Records Coverage. This limit may be increased. The amount is specified in the Schedule of Endorsement **HO 07 56**.

**(2) Premium**

Refer to state company rates.

**(3) Endorsement**

Use Valuable Papers And Records Coverage Increased Limits Endorsement **HO 07 56**.

**b. Special Coverage**

**(1) Coverage**

Extends the basic \$2,500 limit of liability for Valuable Papers and Records Coverage from:

**(a)** Named-perils in Forms **HO 00 02, HO 00 03, HO 00 04** and **HO 00 06**; and

**(b)** Special Coverage in Forms **HO 00 05, HO 00 04** with **HO 05 24** and **HO 00 06** with **HO 17 31**;

to expanded special coverage. Increased Limits for expanded special coverage are also available.

**(2) Premium**

Refer to state company rates.

**(3) Endorsement**

Use Special Coverage Valuable Papers And Records Endorsement **HO 07 57**.

**7. Off-premises Property Coverage – Increased Limits**

**a. Endorsement**

Coverage for business property, other than money and securities, that is away from the residence premises at the time of loss may be increased from \$5,000 to \$10,000. Check the appropriate box in the schedule of the Home Business endorsement.

**b. Premium**

Refer to state company rates.

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**RULE 529.  
LIMITED FUNGI, WET OR DRY ROT, OR BACTERIA  
COVERAGE**

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**A. Coverage Description – Basic Limits**

When the optional Limited Fungi, Wet Or Dry Rot, Or Bacteria Coverage endorsement is attached to the policy, limited amounts of insurance are automatically provided as follows:

**1. Section I – Fungi, Wet Or Dry Rot, Or Bacteria**

\$10,000, on an aggregate basis, to pay for loss and associated costs to covered real or personal property, owned by an insured, that is damaged by fungi or wet or dry rot, or bacteria on the "residence premises" as defined in the coverage endorsements. If the basic limit is selected, it is entered on the coverage endorsements or the policy Declarations.

This coverage applies only to the policy period in which the loss or costs occur.

**2. Section II – Fungi, Wet Or Dry Rot, Or Bacteria**

\$50,000, on an aggregate basis, to pay for damages because of bodily injury or property damage involving the inhalation of, ingestion of, contact with, exposure to, existence of, or presence of any fungi, wet or dry rot, or bacteria. If the basic limit is selected, it is entered on the coverage endorsements or the policy Declarations.

**B. Increased Limits**

**1. Section I – Fungi, Wet Or Dry Rot, Or Bacteria**

**a.** Limits may be increased to \$25,000 or \$50,000. The limit selected is entered on the coverage endorsements or the policy Declarations.

**b.** Refer to Paragraph **C.** for premium computation instructions.

**2. Section II – Fungi, Wet Or Dry Rot, Or Bacteria**

**a.** Limits may be increased to \$100,000. The limit selected is entered on the coverage endorsements or the policy Declarations.

**b.** Refer to Paragraph **C.** for premium computation instructions.

**C. Premium Computation**

**1. Basic Limits**

There is no premium adjustment.

**2. Increased Limits**

Refer to state company rates for an additional charge.

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**RULE 529.  
LIMITED FUNGI, WET OR DRY ROT, OR BACTERIA  
COVERAGE (Cont'd)**

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**D. Endorsements**

Use Limited Fungi, Wet Or Dry Rot, Or Bacteria Coverage Endorsement:

1. **HO 04 26** – For use with Forms **HO 00 02**, **HO 00 04** and **HO 00 06**.
2. **HO 04 27** – For use with Forms **HO 00 03** and **HO 00 05**.
3. **HO 04 28** – For use with Form **HO 00 04** with Special Personal Property Endorsement and Form **HO 00 06** with Unit-owners Coverage **C** Special Coverage Endorsement or Unit-owners Coverage **A** Special Coverage Endorsement.

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**RULE 530.  
IDENTITY FRAUD EXPENSE COVERAGE**

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**A. Coverage Description**

When the optional Identity Fraud Expense Coverage endorsement is attached to the policy, \$15,000 of coverage is available to pay for expenses incurred by an insured as a direct result of any one identity fraud first discovered or learned of during the policy period. Such expenses include the costs for notarizing fraud affidavits or similar documents; certified mail sent to law enforcement, financial institutions and credit agencies; lost income resulting from time taken off work to meet with or talk to law enforcement or credit agencies; loan application fees for reapplying for a loan when the application is rejected solely because the lender received incorrect credit information and reasonable attorney's fees incurred to defend lawsuits brought against the insured and to remove criminal or civil judgments.

**B. Limits Of Liability**

Up to \$15,000 coverage will be provided for the identity fraud of an insured discovered or first learned of during the policy period.

**C. Premium Computation**

Refer to state company rates for additional charge.

**D. Endorsement**

Use Identity Fraud Expense Coverage Endorsement **HO 04 55**.

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**RULE 531.  
LIMITED COVERAGE FOR THEFT OF PERSONAL  
PROPERTY LOCATED IN A DWELLING UNDER  
CONSTRUCTION**

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**A. Introduction**

The policy does not cover theft of personal property in or to a dwelling under construction, or of materials and supplies for use in the construction, until the dwelling is finished and occupied.

**B. Coverage Description**

The policy may be endorsed to provide theft coverage for personal property in a dwelling that is under construction but not occupied provided the dwelling is fully enclosed with windows and doors and has operational locks.

The time period for which coverage will be provided should be specified in the endorsement.

**C. Premium Computation**

Refer to state company rates for the charge applicable per 30-day period of coverage. The premium for this coverage shall be fully earned.

**D. Endorsement**

Use Limited Coverage For Theft Of Personal Property Located In A Dwelling Under Construction Endorsement **HO 06 07**.

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**RULES 532. – 600.  
RESERVED FOR FUTURE USE**

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**PART VI  
SECTION II – LIABILITY – ADDITIONAL COVERAGES  
AND INCREASED LIMITS RULES**

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

---

**A. Residence Premises**

1. Minimum limits of liability for Coverage E (Personal Liability) and Coverage F (Medical Payments to Others) are shown in Rule 301. in the state classification section. The premium for these limits is included in the Base Premium.
2. Refer to the state company rates Rule 601. for increased limits rates.
3. If increased limits are written, then the same limits must apply to any Other Exposures covered under the policy, unless otherwise stated.

**B. Other Exposures**

1. There is an additional charge for Other Exposures listed in the following rules.
2. The minimum limits for Other Exposures are the same as the limits for the Residence Premises, unless otherwise stated.
3. For increased limits for Other Exposures, refer to Rules 701. and 702.
4. If increased limits are written, then the same limits must apply to the Residence Premises, unless otherwise stated.

**C. Rates And Factors Not Shown**

1. Rates and factors for limits between the lowest and highest limits shown in this Manual may be developed by interpolation.
2. For rates and factors for limits above the highest shown, refer to company.

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**RULE 602.  
OTHER INSURED LOCATION OCCUPIED BY INSURED**

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**A. Introduction**

1. Section II Coverage may be provided on locations, other than the residence premises, where an insured resides, but which are insured for Section I Coverage under another insurance program or by another company.
2. Make the appropriate charge for each other insured location shown in the Declarations of this policy. If the insured location is in another state, refer to the Manual for that state.

**B. Premium**

Refer to the state company rates.

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**RULE 603.  
RESIDENCE EMPLOYEES**

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- A. There is no additional charge for up to two residence employees.
- B. Refer to the state company rates to determine the premium when there are more than two residence employees.
- C. Charges do not apply to employees working less than half of the customary full time or to whom workers' compensation exclusion applies as stated in Section II of the policy.

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**RULE 604.  
ADDITIONAL RESIDENCE RENTED TO OTHERS**

---

**A. Introduction**

1. The policy may be endorsed to provide coverage when an additional residence is rented to others.
2. If the additional residence rented to others is in another state, refer to the Manual for that state.

**B. Premium**

Refer to state company rates.

**C. Endorsement**

Use Additional Residence Rented To Others Endorsement **HO 24 70**.

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**RULE 605.  
OTHER STRUCTURES RENTED TO OTHERS –  
RESIDENCE PREMISES**

---

**A. Coverage Description**

1. The policy may be endorsed to provide coverage when a structure on the residence premises is rented to others for dwelling purposes.
2. Refer to Rule 514.A.2. for rating Section I Coverage.

**B. Premium**

Refer to state company rates.

**C. Endorsement**

Use Structures Rented To Others – Residence Premises Endorsement **HO 04 40**.

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**RULE 606.  
COMPUTER-RELATED DAMAGE OR INJURY  
EXCLUSION AND COVERAGE OPTIONS**

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**A. Exclusions**

1. When the policy covers an insured's business pursuits, home day care or other permitted business occupancies, coverage for loss caused by, resulting from or arising out of the failure of computers and electronic componentry to properly recognize a particular date or time may be excluded. Under Section I, the exclusion applies to any date or time, including the Year 2000 and beyond. Under Section II, the exclusion applies only to the Year 2000 and beyond, but does not apply to bodily injury that occurs on the covered premises from which the business is conducted.
2. Use Sections I and II Exclusions for Computer-Related Damage Or Injury Endorsement **HO 04 13**.

**B. Section II Liability Limited Coverage**

1. When **HO 04 13** is attached to the policy, the policy may be further endorsed to provide liability coverage for claims or suits alleging bodily injury away from the covered premises and property damage on or away from the covered premises arising out of a computer failure as defined in the endorsement. Such coverage is subject to the Coverages E and F limits of liability stated in the declarations or, if applicable, the schedule of the Home Day Care endorsement.
2. Use Section II – Limited Coverage for Year 2000 Computer-Related And Other Electronic Problems Endorsement **HO 04 15**.

**C. Premium**

Refer to company.

3. The annual aggregate limit of liability (Coverages E and F combined) for this endorsement is the same as the dollar amount of Coverage E shown in the Declarations. The Coverage F sub-limit for this endorsement is the same as the dollar amount of Coverage F shown in the Declaration.

**C. Premium**

1. Refer to state company rates.
2. This premium is for an annual aggregate limit of \$100,000 with a Coverage F sub-limit of \$1,000 per-person/per-accident. If other Section II exposures are written for higher dollar limits, use the Coverage E increased limit factors to raise the aggregate limit, and the Coverage F charges to raise the Coverage F sub-limit.
3. This premium is for 1 through 3 persons, other than insureds, receiving day care services. If the day care business involves the care of more than 3 persons, other than insureds, refer to company.
4. If the business is located in an other structure on the residence premises, also refer to Rule 509. for rating the property exposure.

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**RULE 608.  
PERMITTED INCIDENTAL OCCUPANCIES –  
RESIDENCE PREMISES AND OTHER RESIDENCES**

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**A. Coverage Description**

The policy may be endorsed to provide coverage for the increased exposure arising from a permitted incidental occupancy on the residence premises or in an other residence occupied by the insured.

**1. Residence Premises**

Use Permitted Incidental Occupancies – Residence Premises Endorsement **HO 04 42**.

**2. Other Residence**

Use Permitted Incidental Occupancies – Other Residence Endorsement **HO 24 43**.

**B. Premium**

Refer to state company rates.

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**RULE 607.  
HOME DAY CARE COVERAGE**

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**A. Coverage Description**

The policy may be endorsed to provide coverage for the increased exposure arising from a home day care business on the residence premises.

**B. Endorsement**

1. Use Home Day Care Coverage Endorsement **HO 04 97** for Sections I and II Coverage.
2. This endorsement provides for an annual aggregate limit of liability for Coverages E and F combined. Coverage F is subject to a sub-limit of liability which applies per-person/per-accident and does not increase the aggregate limit of liability.

---

**RULE 609.  
BUSINESS PURSUITS**

---

**A. Coverage Description**

The policy may be endorsed to provide coverage for the liability of the insured arising out of business activities. Coverage is excluded if the insured owns the business, is a partner or maintains financial control in the business.

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**RULE 609.  
BUSINESS PURSUITS (Cont'd)**

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**B. Premium**

1. Refer to the state company rates for eligible business activities and rates.
2. Refer to company for eligibility and rates for business activities not listed.

**C. Endorsement**

Use Business Pursuits Endorsement **HO 24 71**.

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**RULE 610.  
PERSONAL INJURY COVERAGE**

---

**A. Introduction**

Liability coverage for personal injury arising out of specified offenses, such as false arrest, malicious prosecution, wrongful eviction, slander or libel may be added to the policy. The limit of liability for this coverage may be provided on either an "any one offense" basis or on an annual aggregate limit basis.

**B. Premium**

Refer to state company rates.

**C. Endorsement**

Use Personal Injury Coverage Endorsement **HO 24 82** for providing coverage with the limit of liability on an "any one offense" basis.

Use Personal Injury Coverage (Aggregate Limit Of Liability) Endorsement **HO 24 10** for providing coverage with the limit of liability on an annual aggregate limit basis.

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**RULE 611.  
INCIDENTAL LOW POWER RECREATIONAL MOTOR VEHICLES**

---

**A. Coverage Description**

1. The policy may be endorsed to provide liability coverage with respect to certain types of recreational motor vehicles.
2. Coverage does not apply with respect to the following vehicles owned by a named insured if the occurrence takes place off the insured location:
  - a. Motorized bicycles;
  - b. Motorized golf carts;
  - c. Mopeds; or
  - d. Motorized scooters.

**B. Premium**

Refer to state company rates.

**C. Endorsement**

Use Incidental Low Power Recreational Motor Vehicle Liability Coverage Endorsement **HO 24 13**.

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**RULE 612.  
OUTBOARD MOTORS AND WATERCRAFT**

---

**A. Introduction**

Coverage is included in the policy form, at no additional charge, for certain watercraft powered by an outboard engine or motor or combination of outboard engines or motors of up to 25 horsepower, and sailboats less than 26 feet in overall length with or without auxiliary power. Coverage is also included for watercraft powered by inboard or inboard-outdrive engines or motors, including those that power a water jet pump, of 50 horse power or less when not owned by an insured or more than 50 horse power when not owned by or rented to an insured.

**B. Coverage Description**

1. The policy may be endorsed to provide coverage for the following types of craft:
  - a. Watercraft, up to 26 feet in length powered by outboard engines or motors exceeding 25 horsepower; or powered by inboard or inboard-outdrive engines or motors, including those that power a water jet pump.

Accumulate total horsepower if two or more engines or motors are regularly used together with any single watercraft owned by insured.
  - b. Sailboats 26 feet or more in overall length, with or without auxiliary power.
2. Coverage must be written to expiration of the policy. It is permissible, however, to stipulate for all watercraft eligible in this rule, the navigational period of each year. Premium shall be adjusted on a pro rata basis.
3. For watercraft not described in preceding Paragraphs **A.** and **B.1.**, coverage is not permitted under the Homeowners Policy.
4. The premium in the state where the Insured's residence premises is located shall apply. However, if the insured owns another residence premises in a different state and principally operates the watercraft from that residence, apply the premium for that state.

**C. Premium**

Refer to the state company rates.

**D. Endorsement**

Use Watercraft Endorsement **HO 24 75**.

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**RULE 613.  
OWNED SNOWMOBILE**

---

**A. Coverage Description**

1. The policy may be endorsed to provide coverage when a snowmobile is used off of the insured location.
2. Rate each snowmobile owned by the named insured or any other insured separately. This charge is the minimum annual premium for each snowmobile for any period within a policy year.

**B. Premium**

Refer to state company rates.

**C. Endorsement**

Use Owned Snowmobile Endorsement **HO 24 64**.

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**RULE 614.  
FARMERS PERSONAL LIABILITY**

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**A. Eligibility**

1. The policy may be endorsed to provide coverage when the insured has a farm away from the residence premises and farming is not the insured's primary occupation.
2. This coverage may be extended to include employer's liability including medical payments, for farm employees of any insured.
3. The following may not be covered:
  - a. Farms where the principal purpose of the farm is:
    - (1) To supply commodities for manufacturing or processing by the insured for sale to others, such as creameries and dairies (but not dairy farms).
    - (2) To operate freezing or dehydrating plants, and poultry factories.

The word "processing" does not apply to the slaughtering and dressing of livestock, or to such operations as bunching vegetables or crating berries.

- b. Farms where the principal purpose of the farm is the raising and using of horses for racing purposes.
- c. Incorporated farms.

**B. Endorsement**

Use Farmers Personal Liability Endorsement **HO 24 73**.

**C. Premium And Rating Instructions**

**1. Farms Owned By Insured And Operated By Insured Or Insured's Employees**

Refer to the state company rates for rates for the following exposures:

- a. Initial Farm Premises with or without buildings, including all additional farm acreage (with or without buildings).
- b. For **each** additional farm premises with buildings, an additional rate applies.

**2. Farms Owned By Insured And Rented To Others**

Refer to the state company rates for rates for the following exposures:

- a. All Farm Premises **without** buildings.
- b. **Each** farm premises **with** buildings.

**3. Farm Employees**

Refer to the state company rates for rates for the following exposures:

- a. Part time employees working 40 days or fewer per year. Total the number of days worked by all employees in this category and apply the rate to that total.
- b. Part time employees working over 40 days but not more than 180 days per year.
- c. Full time employees (over 180 days per year).

Farm employees employed in violation of law may be excluded subject to the rules and rates filed by or on behalf of the Company. Use Exclusion Of Farm Employees Illegally Employed Endorsement **HO 24 96**.

---

**RULE 615.  
INCIDENTAL FARMING PERSONAL LIABILITY**

---

**A. On The Residence Premises**

**1. Coverage Description**

- a. The policy may be endorsed to provide coverage for the liability of the insured when farming is conducted on the residence premises and is incidental to the use of the premises as a dwelling, and the income derived from the farming operations is not the insured's primary source of income. However, coverage is not available if the location specified in the endorsement is used for racing purposes.

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**RULE 615.  
INCIDENTAL FARMING PERSONAL LIABILITY (Cont'd)**

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- b. The policy may also be endorsed to provide coverage when the residence premises is used for the sheltering and grazing of animals. However, coverage is not available if the residence premises is used for racing purposes.

**2. Premium**

Refer to state company rates.

**B. Away From The Residence Premises**

**1. Coverage Description**

The policy may be endorsed to provide coverage for the liability of the insured whose incidental farming activities are conducted at the locations specified in the endorsement which are away from the residence premises. Such incidental farming activities may include the boarding or grazing of the insured's animals, or use of the land as garden space if the income derived from such activities is not the insured's primary source of income. However, coverage is not available if the locations specified in the endorsement are used for racing purposes.

**2. Premium**

Refer to state company rates.

**C. Endorsement**

Use Incidental Farming Personal Liability Endorsement **HO 24 72**.

---

**RULE 616.  
OPTIONAL PROPERTY REMEDIATION FOR ESCAPED LIQUID FUEL AND LIMITED LEAD AND ESCAPED LIQUID FUEL LIABILITY COVERAGES**

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**A. Coverage Outline**

**1. Basic Limits**

When the optional Property Remediation For Escaped Liquid Fuel And Limited Lead And Escaped Liquid Fuel Liability Coverages endorsement is attached to the policy, limited amounts of insurance are automatically provided as follows:

**a. Section I – Property Remediation For Escaped Liquid Fuel Coverage**

\$10,000 to pay for loss to covered real or personal property, owned by an insured, that is damaged by liquid fuel that escapes from a fuel system on the residence premises as defined in the coverage endorsements. Covered real property includes land, other than farm land, owned by an insured, on which a building or structure is located.

In addition to the primary residence identified in the policy Declarations, the defined term "residence premises" also includes other locations owned by an insured but only if such locations have a fuel system, is specifically insured under Section II of the policy and is declared on the schedule in the aforementioned coverage endorsements. Enter the address of such locations on these endorsements or the policy Declarations. The other locations may be owner-occupied or rented to others.

This Property Remediation Coverage applies only for the policy period in which the insured first discovers or first learns of the escaped fuel, even if the escape began before that policy period.

**b. Section II – Limited Lead And Escaped Liquid Fuel Liability Coverages**

\$50,000 to pay for damages because of bodily injury or property damage involving fuel that escapes from a fuel system or involving the contamination or exposure of lead from any location insured under the policy.

**2. Premium Credit**

- a. Refer to state company rates for the premium credit.
- b. Subtract the premium credit from the total policy premium.

**3. Fuel System**

- a. "Fuel System" is defined in the coverage endorsements. Briefly, it includes one or more fuel storage containers, tanks, or vessels with a total combined capacity of 100 or more U.S. gallons at any one location and any related equipment such as a furnace, a water heater, fittings and pipes connecting a furnace or water heater to the fuel storage tank, and filler pipes and flues connected to a fuel storage tank.
- b. When the total combined storage capacity of liquid fuel at any insured location is less than 100 U.S. gallons, the:
  - (1) Property Remediation Coverage does not apply to that location; and
  - (2) Policy limits and provisions apply for Escaped Liquid Fuel Liability to that location.

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**RULE 616.**

**OPTIONAL PROPERTY REMEDIATION FOR ESCAPED LIQUID FUEL AND LIMITED LEAD AND ESCAPED LIQUID FUEL LIABILITY COVERAGES (Cont'd)**

**4. Endorsements**

a. Use Property Remediation For Escaped Liquid Fuel And Limited Lead And Escaped Liquid Fuel Liability Coverages Endorsement:

(1) **HO 05 80** – For all forms other than **HO 00 04** and **HO 00 06**.

(2) **HO 05 81** – For Form **HO 00 04**.

(3) **HO 05 82** – For Form **HO 00 06**.

b. These endorsements provide complete details on coverages, limitations, definitions and additional policy conditions applicable to this coverage. Enter the limits of liability that apply to the Property Remediation Coverage and the Limited Liability Coverage on the endorsement. Also enter, on this endorsement, the address of any other location, other than the primary residence, to be insured for Property Remediation Coverage.

c. Do not use these endorsements when Farmers Personal Liability Endorsement **HO 24 73** is part of the policy.

**B. Higher Limits**

**1. Section I – Property Remediation Coverage**

a. Limits may be increased to \$25,000, \$50,000 or \$100,000. The limit selected is entered on the coverage endorsements or the policy Declarations.

b. Refer to Paragraph **D. Rating Basis**, for premium computation instructions.

**2. Section II – Escaped Fuel And Lead Liability Coverage**

a. Limits may be increased to \$100,000 or \$300,000. The limit selected is entered on the coverage endorsements or the policy Declarations.

b. Refer to Paragraph **D. Rating Basis**, for premium computation instructions.

**C. Application Of Limits Of Liability**

1. For Property Remediation Coverage, the limit selected is the most coverage that will be provided during the policy period regardless of the number of locations insured for Property Remediation Coverage, the number of escapes of liquid fuel from a fuel system an insured first discovers or learns of during the policy period, or the number of claims made.

2. For Limited Lead And Escaped Liquid Fuel Liability Coverage, the limit selected is an aggregate limit and is the most coverage that will be provided during the policy period regardless of the number of persons injured, the number of persons whose property is damaged, the number of insureds, the number of locations insured under this policy or the number of bodily injury or property damage claims made.

**D. Rating Basis**

**1. Property Remediation For Escaped Liquid Fuel Coverage**

a. From the Liquid Fuel Risk Selection Table located in Paragraph **4.**, select:

(1) The liquid fuel risk description that best describes each location, **with or without** a dwelling building, insured for Property Remediation Coverage; and

(2) The corresponding Risk Class Number for each description identified.

b. Use the lowest Risk Class Number selected for all such locations.

**2. Limited Lead And Escaped Liquid Fuel Liability Coverages**

**a. Liquid Fuel Hazard**

(1) From the Liquid Fuel Risk Selection Table located in Paragraph **4.**, select:

(a) The liquid fuel risk description that best describes each location, **with or without** a dwelling building, insured under Section **II** of the policy; and

(b) The corresponding Risk Class Number for each description identified.

(2) Use the lowest Risk Class Number selected for all such locations.

**b. Lead Hazard**

(1) From the Lead Risk Selection Table in Paragraph **5.**, select:

(a) The lead risk description that best describes each location **with a dwelling building**, insured under Section **II** of the policy; and

(b) The corresponding Risk Class Number for each description identified.

(2) Use the lowest Risk Class Number selected for all such locations.

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**RULE 616.  
OPTIONAL PROPERTY REMEDIATION FOR ESCAPED  
LIQUID FUEL AND LIMITED LEAD AND ESCAPED  
LIQUID FUEL LIABILITY COVERAGES (Cont'd)**

**3. Premium Selection**

From the state company rates, select the appropriate additional premium charges that correspond to the lowest Risk Class Numbers determined in Paragraphs 1. and 2.

**4. Liquid Fuel Risk Selection Table**

Description	Risk Class No.
(1) Liquid fuel storage containers, tanks, or vessels with a total combined storage capacity, at any one location, of 100 U.S. gallons or more are on covered real property, the location of the residence premises, or on any other insured location; and (a) <b>One or more</b> fuel storage containers, tanks, or vessels are partially or completely buried <b>below ground</b> (inside or outside of a building or structure); (b) Are all completely <b>above ground</b> (inside or outside of a building or structure); or	100
(2) No single location insured under this policy has an escaped fuel hazard described in preceding Items (1)(a) or (b).	*300
* This risk class number is only used when lead and escaped fuel liability increased limits is selected.	

**Table 616.D.4. Liquid Fuel Risk Selection**

**5. Lead Risk Selection Table**

Location Has A Dwelling Built	All Such Locations Are Certified Lead Safe+	Risk Class Number
Before 1980	No or Unknown	500
Before 1980	Yes	600
In 1980 or later	Not Applicable	700
+ See Paragraph 6. for Lead Safe description.		

**Table 616.D.5. Lead Risk Selection**

**6. Lead Safe**

**a. Description**

For the purpose of using the Lead Risk Selection Table, a location certified lead safe means that an authorized person has conducted a risk assessment in all insured locations with dwellings to determine the amount of lead, if any, in paint, dust, bare soil and drinking water and has certified that such locations meet the criteria noted in Paragraph b. Standards, that follows. The insurer may require a copy of the inspection report including laboratory results.

**b. Standards**

- (1) The lead content of exterior and interior paint or other surface coating applied to dwelling buildings, other structures and fixtures is less than:
  - (a) 1.0 milligram per square centimeter based on testing by XRF analysis; or
  - (b) .5% of lead by weight based on testing by atomic absorption lab analysis.
- (2) The amount of lead in interior dust particles in the dwelling building is less than:
  - (a) 40 micrograms per square foot on floors;
  - (b) 250 micrograms per square foot on interior window sills; or
  - (c) 400 micrograms per square foot on window troughs (wells).
- (3) The lead concentration in bare soil is less than 400 parts per million in any area expected to be used by children.
- (4) The lead concentration in drinking water is less than 0.015 milligrams per liter.

**c. Authorized Person**

For the purposes of this rule, an authorized person means:

- (1) A lead inspector, lead technician, lead risk assessor or another similarly titled person who is trained under an accredited training program and certified by an approving authority; or
- (2) A person otherwise found acceptable to the insurer;  
to perform lead risk assessments in residential buildings.

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**RULE 617.  
CANINE LIABILITY EXCLUSION**

---

**A. Introduction**

The policy may be endorsed, subject to written agreement between the named insured and the insurer, to exclude Coverage E (Personal Liability) and Coverage F (Medical Payments To Others) on a policy with respect to liability arising out of direct physical contact with a specifically described canine, that is owned by or in the care, custody or control of an insured.

**B. Application Of Exclusion**

1. The named insured must acknowledge, in writing, the Canine Liability Exclusion endorsement.
2. The Canine Liability Exclusion endorsement shall remain in effect:
  - a. For the term of the policy; and
  - b. For each renewal, reinstatement, substitute, modified, replacement or amended policy; until discontinued by the insurer.

**C. Endorsement**

Use Canine Liability Exclusion Endorsement HO 24 77.

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**RULES 618. – 700.  
RESERVED FOR FUTURE USE**

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**PART VII  
SECTION II – LIABILITY – OTHER EXPOSURES  
INCREASED LIMITS**

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**RULE 701.  
OTHER EXPOSURES – PERSONAL LIABILITY  
INCREASED LIMITS**

---

Apply the appropriate factor shown in the following table to the basic limits premium for each exposure.

<b>Limit</b>	<b>Factor</b>
\$200,000	1.15
300,000	1.24
400,000	1.30
500,000	1.35

**Table 701. Personal Liability Increased Limits**

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**RULE 702.  
OTHER EXPOSURES – MEDICAL PAYMENTS TO  
OTHERS INCREASED LIMITS**

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Refer to the state company rates for increased limit rates.

**RULE 301.  
BASE PREMIUM COMPUTATION**

**Base Class Premium Table**

<b>TERRITORY</b>	<b>HO 00 03</b>	<b>HO 00 04</b>	<b>HO 00 06</b>
110	1468	114	97
120	1721	132	118
130	898	71	74
140	1175	89	81
150	775	55	56
160	846	70	60
170	500	53	50
180	545	56	52
190	647	58	55
200	742	60	59
210	505	56	49
220	594	86	50
230	671	56	54
240	497	58	46
250	570	54	46
260	368	59	47
270	410	47	54
280	358	43	38
290	452	49	47
300	547	54	46
310	369	50	41
320	425	48	42
330	357	48	45
340	358	55	45
350	407	52	44
360	351	36	41
370	408	45	46
380	392	44	44
390	384	42	43

**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.

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

**b. Three And Four Family Factor 1.04**

**2. Key Factor Table**

Cov. A Amt. (In 000)	Factor	Cov. 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	1.109
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		
<b>Each Add'l \$1,000</b>			.0070
Minimum Limits Of Liability			
<b>**Section I – Property</b>	<b>HO 00 02, 03 &amp; 05</b>	<b>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		\$ 25,000	
Medical Payments to Others		1,000	

**Table 301.A.2. Key Factors**

**RULE 301.  
BASE PREMIUM COMPUTATION (Cont'd)**

**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.

**Table 301.B.1. Protection Construction Factors**

**2. Key Factor Table**

Cov. C Amt. (In 000)	Factor	Cov. C Amt. (In 000)	Factor
**\$ 1	.37	\$ 21	1.98
** 2	.44	22	2.06
** 3	.51	23	2.14
** 4	.58	24	2.22
** 5	.65	25	2.30
** 6	.72	26	2.38
** 7	.79	27	2.46
** 8	.86	28	2.54
** 9	.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
<b>Each Add'l \$1,000</b>			.08
<b>Minimum Limits Of Liability</b>			
<b>**Section I – Property</b>			
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		\$ 25,000	
Medical Payments to Others		1,000	

**Table 301.B.2. Key Factors**

ADDITIONAL RULE(S)

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**RULE A1.  
SPECIAL STATE REQUIREMENTS**

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**A. Special Provisions Endorsement HO 32 32**

Use this endorsement with all Homeowners policies.

**B. Windstorm Exterior Paint And Waterproofing Exclusion Endorsement HO 32 86**

Use this endorsement with all Homeowners policies in Territories 110 and 120.

**C. Flood, Earthquake, Mudslide, Mudflow, Landslide Or Windstorm Or Hail Insurance Notice**

North Carolina law provides that an insurer selling property insurance that does not provide coverage for the perils of flood, earthquake, mudslide, mudflow, landslide, or windstorm or hail shall provide a specific notice (a "warning" set forth in the related statute) to the policyholder as to which of the listed perils are not covered under the policy.

The required notice must be:

1. Provided upon issuance and renewal of each policy;
2. In Times New Roman 16-point font or another equivalent font; and
3. Included in the policy on a separate page immediately before the Declarations page.

The following warning, citing which peril is not covered, must be furnished with each new policy and upon each renewal:

"WARNING: THIS PROPERTY INSURANCE POLICY DOES NOT PROTECT YOU AGAINST LOSSES FROM [FLOODS], [EARTHQUAKES], [MUDSLIDES], [MUDFLOWS], [LANDSLIDES], [WINDSTORM OR HAIL]. YOU SHOULD CONTACT YOUR INSURANCE COMPANY OR AGENT TO DISCUSS YOUR OPTIONS FOR OBTAINING COVERAGE FOR THESE LOSSES. THIS IS NOT A COMPLETE LISTING OF ALL OF THE CAUSES OF LOSSES NOT COVERED UNDER YOUR POLICY. YOU SHOULD READ YOUR ENTIRE POLICY TO UNDERSTAND WHAT IS COVERED AND WHAT IS NOT COVERED."

**D. North Carolina Joint Underwriting Association**

Section XVI of the Plan of Operation of the Joint Underwriting Association (Fair Plan) sets forth the following as to "Responsibility with Respect to Cancellation or Nonrenewals":

As respects risks eligible under the Plan of Operation, each participating Insurer agrees that with respect to cancellation or nonrenewals initiated by it, it will give to policyholders, except in cases of nonpayment of premium, material misrepresentation, or evidence of incendiarism, 30 days to avail themselves of the Plan of Operation and the Insurer shall, in writing, explain to the policyholder the procedures for making application under the Plan of Operation.

**E. Company Rates/State Rate Pages**

References in the manual to "state company rates" means "state rate pages" in North Carolina.

**F. Insert – North Carolina Endorsement HO 32 46**

Use this endorsement with all Homeowners policies.

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**RULE A2.  
INSTALLMENT PAYMENT PLAN**

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**Annual Policy**

When a policy is issued on an installment basis, the following rules apply:

- A. The first installment shall be due on the effective date of the policy and the due date of the last installment shall be no later than one month prior to the policy anniversary date.
- B. The premium calculated for the first installment payment, exclusive of installment charges, shall not be less than the pro rata charge for the period from the inception date of the policy to the due date of the next installment.
- C. Refer to the state rate pages for the additional charge that shall be made for each installment.

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

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**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 Underwriting Association; and
2. A Windstorm or Hail Rejection Form is secured and maintained by the company.

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

**B. To compute the Base Premium:**

1. Determine the appropriate Key Premium as described in Rule **301**.
2. Subtract the Windstorm or Hail Exclusion credit shown on the state rate pages from the Key Premium.
3. Multiply the Key Premium excluding Windstorm or Hail Coverage developed in Step 2. by the Key Factor for the desired limit of liability.

**RULE A3.  
WINDSTORM OR HAIL EXCLUSION – TERRITORIES  
110, 120, 130, 140, 150 AND 160 ONLY (Cont'd)**

4. For example:  
 Form **HO 00 02** Key Premium = \$1,310  
 Windstorm or Hail Exclusion Credit = \$1,131  
 Key Factor for \$100,000 = 1.109
- Step 1. Determine the Key Premium  
 Key Premium = \$1,310
- Step 2. Subtract Windstorm or Hail Exclusion Credit from Key Premium  
 \$1,310 – \$1,131 = \$179
- Step 3. Multiply Key Factor for desired limit by amount in Step 2.  $\$179 \times 1.109 = \$198.51$ , round to \$199 = Base Premium

- C. When Endorsement **HO 32 94** is attached to the policy, enter the following on the Declarations page:  
 "This policy does not provide coverage for the peril of Windstorm or Hail".
- D. When coverage for other specific structures or other structures rented to others is requested, refer to Rules **514.A.1.a.** and **514.A.2.a.(1)** in the state rate pages for the rates excluding windstorm or hail coverage.

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

- A. Coverage Description**  
 The policy may be endorsed to provide coverage for property damage caused by waterbeds to non-owned property on the residence premises.
- B. Premium**  
 Charge the rate shown on the state rate pages.
- C. Endorsement**  
 Use Waterbed Liability Endorsement **HO 32 40**.

**RULE A5.  
YEAR OF CONSTRUCTION – NEWLY CONSTRUCTED  
DWELLINGS – ALL FORMS EXCEPT HO 00 04  
AND HO 00 06**

- A. A Dwelling is eligible for a discount depending on the calendar year that the dwelling was completed and first occupied. If the year first occupied is different than the year completed, the later year would apply.

- B. To compute the premium for this provision, multiply the Base Premium by the appropriate credit factor selected from the following table:

Age Of Dwelling (In Years)	Credit
up to 1	.82
1 up to 2	.85
2 up to 3	.88
3 up to 4	.91
4 up to 5	.94
5 up to 6	.97
6 and over	No Credit Applies

Note: A dwelling under construction shall be considered to be completed and occupied during the current calendar year.

**Table A5.B. Age Of Dwelling Credits**

- C. To develop a premium for this option, multiply the Base Premium by the appropriate credit factor.

**RULE A6.  
OPTIONAL INFLATION GUARD ENDORSEMENTS**

Subject to the provisions noted in Paragraphs **B.** and **C.**, the inflation guard endorsements referenced in this rule may be used instead of the endorsement noted in General Rule **405**.

**A. Eligible Forms**

The limits of liability for the following forms and coverages may be adjusted, automatically, to respond to inflation as recognized by the indexes named in Paragraph **B.:**

- Forms **HO 00 02**, **HO 00 03** and **HO 00 05** – Coverages **A**, **B**, **C** and **D**; and
- Forms **HO 00 04** and **HO 00 06** – Coverages **C** and **D**.

These limits will be adjusted at the same rate as the change in the Index shown on the Declarations, billing notice or named on the form.

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**RULE A6.**  
**OPTIONAL INFLATION GUARD ENDORSEMENTS**  
(Cont'd)

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**B. Approved Inflation Cost Indexes**

The following Indexes have been approved by the Department of Insurance and may be used with the Inflation Guard Endorsements listed in Paragraph C.

A Company that elects to use one of these indexes must use it exclusively and notify the Rate Bureau of its election.

1. Marshall and Swift Boeckh Residential Cost Index published by the American Appraisal Company, Inc.
2. Composite Construction Cost Index published by the U.S. Department of Commerce.
3. Consumer Price Index published by the U.S. Department of Labor.
4. Marshall and Swift Boeckh Construction Cost Index published by Marshall and Swift Boeckh.
5. RSMMeans CostWorks Valuator published by RSMMeans.
6. Xactware Inflation Index published by Xactware Solutions, Inc.

**C. Endorsements**

A Company that elects to use one or both of the following endorsements must use it exclusively and notify the Rate Bureau of its election.

1. **Inflation Guard Endorsement HO 32 18**  
Use this endorsement with Forms **HO 00 02**, **HO 00 03** and **HO 00 05**.
2. **Inflation Guard Endorsement HO 32 19**  
Use this endorsement with Forms **HO 00 04** and **HO 00 06**.

**D. Premium**

There is **no** additional charge for these optional endorsements.

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**RULE A7.**  
**OPTIONAL RATING CHARACTERISTICS**

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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.

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**RULE A8.**  
**PRIMARY INSURANCE COVERAGE**

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**A. Endorsement HO 32 02 – HO 00 02 And HO 00 03**

Use the Primary Insurance Endorsement, specified above, only with a North Carolina Insurance Underwriting Association (NCIUA) policy.

This endorsement replaces the Other Insurance Condition in the policy form and makes the NCIUA policy primary insurance for the insured property. When a Primary Insurance Endorsement is not attached to the policy, the Other Insurance Condition in the policy form is unchanged.

**B. Rating**

**1. Primary Insurance**

- a. For **HO 00 02** or **HO 00 03** when the Coverage Limit of Liability is less than 100% of actual cash value or replacement value, divide the selected limit by the ACV or replacement value, whichever applies. The result is the "Percent of Total Value".
- b. Go to the First Loss Table below provided and select the factor in Column **2** that corresponds to the "Percent of Total Value" computed in Paragraph **a**.
- c. Multiply the total value of the dwelling or personal property (actual or replacement) by the factor selected in Paragraph **b**.
- d. Use the resulting product as the limit for computing the premium.

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**RULE A8.**  
**PRIMARY INSURANCE COVERAGE (Cont'd)**

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**2. Coverage A Example**

Replacement Value of Dwelling: \$5,000,000

Primary Policy – Coverage A Limit: \$1,000,000

- a. Divide Coverage A Limit by Replacement Value limit ( $\$1,000,000/\$5,000,000 = 20\%$  or 20.00 Percent of Total Value).
- b. Find Factor that corresponds to Percent of Total Value.
- c. Multiply Replacement Value by Factor from Column 2 ( $\$5,000,000 (65.5) = \$3,275,000$ ).
- d. Use resulting product to compute Coverage A premium (Rate the policy as if \$3,275,000 is the Coverage A limit to be insured).

**Note: This procedure is used to determine the appropriate exposure basis for primary insurance. It does not increase the amount of coverage available.**

**RULE A8.  
PRIMARY INSURANCE COVERAGE (Cont'd)**

**FIRST LOSS TABLE**

(Used When Primary Coverage Provided)

<b>% Of Total Value</b>	<b>Factor</b>
1.00	22.4
1.10	22.9
1.20	23.5
1.30	24.1
1.40	24.7
1.50	25.2
1.60	25.8
1.70	26.4
1.80	27.0
1.90	27.5
2.00	28.1
2.10	28.4
2.20	28.7
2.30	29.0
2.40	29.3
2.50	29.6
2.60	29.8
2.70	30.1
2.80	30.4
2.90	30.7
3.00	31.0
3.10	31.6
3.20	32.1
3.30	32.7
3.40	33.3
3.50	33.9
3.60	34.4
3.70	35.0
3.80	35.6
3.90	36.2
4.00	36.7
4.10	37.3
4.20	37.9
4.30	38.5
4.40	39.0
4.50	39.6
4.60	40.2
4.70	40.8
4.80	41.3
4.90	41.9
5.00	42.5
6.00	44.8
7.00	47.1
7.50	48.2
8.00	49.4
9.00	51.7

<b>% Of Total Value</b>	<b>Factor</b>
10.00	54.0
11.00	55.1
12.00	56.3
13.00	57.4
14.00	58.6
15.00	59.7
16.00	60.9
17.00	62.0
18.00	63.2
19.00	64.3
20.00	65.5
21.00	66.0
22.00	67.8
23.00	68.9
24.00	70.1
25.00	71.2
26.00	72.0
27.00	72.1
28.00	73.4
29.00	74.1
30.00	74.8
31.00	75.6
32.00	76.3
33.00	77.0
34.00	77.3
35.00	77.6
36.00	78.0
37.00	78.4
38.00	78.8
39.00	79.2
40.00	79.5
41.00	79.9
42.00	80.2
43.00	80.4
44.00	80.8
45.00	81.1
46.00	81.5
47.00	81.8
48.00	82.1
49.00	82.4
50.00	82.7
51.00	83.0
52.00	83.2
53.00	83.4
54.00	83.7
55.00	83.9

<b>% Of Total Value</b>	<b>Factor</b>
56.00	84.1
57.00	84.4
58.00	84.6
59.00	84.8
60.00	85.0
61.00	85.3
62.00	85.5
63.00	85.7
64.00	86.0
65.00	86.2
66.00	86.4
67.00	86.7
68.00	86.9
69.00	87.1
70.00	87.3
71.00	87.6
72.00	87.8
73.00	88.0
74.00	88.3
75.00	88.5
76.00	89.0
77.00	89.4
78.00	89.9
79.00	90.3
80.00	90.8
81.00	91.3
82.00	91.7
83.00	92.2
84.00	92.6
85.00	93.1
86.00	93.6
87.00	94.0
88.00	94.5
89.00	94.9
90.00	95.4
91.00	95.9
92.00	96.3
93.00	96.8
94.00	97.2
95.00	97.7
96.00	98.2
97.00	98.6
98.00	99.1
99.00	99.5
100.00	100.0

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


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**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);
  - 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;
  - c. The dwelling contains Opening Protection in accordance with the qualification requirements set forth in Paragraph **D.1.b.**; or
  - d. The dwelling contains a Total Hip Roof.
2. The provisions of 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.
  - d. To mobile homes.
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 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 Hurricane Fortified Homes**

- 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 tested and/or certified as having met standards of the American Society for Testing and Materials ASTM E 1886 (standard test method) and ASTM E 1996 (standard specification). Such opening protective features shall be considered qualified.

**RULE A9.  
WINDSTORM MITIGATION PROGRAM – ALL FORMS  
EXCEPT HO 00 04 AND HO 00 06 (Cont'd)**

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.1.b.(1)**:

- (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 Key Premium as described in Rule **301**.
- b. Subtract the Windstorm Loss Mitigation credit shown on the state rate pages from the Key Premium.
- c. Multiply the Key Premium excluding the Windstorm Loss Mitigation credit developed in Paragraph **1.b.** by the Key Factor for the desired limit of liability.

**d. For Example:**

Form **HO 00 03** Key Premium = \$1379

Windstorm Loss Mitigation Credit = \$78

Key Factor for \$100,000 = 1.109

Step 1. Determine the Key Premium

Step 2. Key Premium = \$1379

Subtract Windstorm Loss Mitigation Credit from Key Premium  
\$1379 – \$78 = \$1301

Step 3. Multiply Key Factor for desired limit by amount in Step 2.

\$1301 x 1.109 = \$1442.81, round to \$1443 = 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.

**PART I  
COVERAGE AND DEFINITION TYPE RULES**

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

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 Damage**

<b>Coverage A – Dwelling</b>	
<b>HO 00 02, HO 00 03, HO 00 05 or HO 00 08 HO 00 04 or HO 00 06</b>	Refer to Rule <b>301.</b> in the state classification pages. 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 dwelling) 5% of <b>A</b> (Three- and four-family dwelling)
<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 dwelling) 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. Property Damage Limits**

The following is added to Paragraph **E.:**

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.

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

**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.

**RULE 104.  
ELIGIBILITY**

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

**G. Farm Property**

1. A Homeowners Policy shall not be issued to cover any property to which farm forms or rates apply under the rules of the company. In no event shall a policy be issued to provide Section **I** property damage coverage to any property situated on premises used for farming purposes.
2. Optional Section **II** liability coverage is available for certain farm liability exposures as specified in Rule **615.**

**PART II  
SERVICING TYPE RULES**

**RULE 201.  
POLICY PERIOD**

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

- D.** Less than three years on a pro rata basis and may be extended for successive policy periods based upon the premiums, forms and endorsements then in effect for the company.

**RULE 204.  
MULTIPLE COMPANY INSURANCE**

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

**B. Endorsement**

Use Multiple Company Insurance – North Carolina Endorsement **HO 32 78.**

**RULE 209.  
RESTRICTION OF INDIVIDUAL POLICIES**

Rule **209.** is replaced by the following:

If a policy would not be issued because of unusual circumstances or exposures, the named insured may request a restriction of the policy provided no reduction in the premium is allowed. Such requests shall be referred to the company.

Use Restriction Of Individual Policies – North Carolina Endorsement **HO 32 29.**

**RULE 210.  
REFER TO COMPANY**

Rule **210.** is replaced by the following:

Whenever a risk is rated on a refer-to-company basis, each company is responsible for complying with regulatory or statutory rate filing requirements.

**PART III  
BASE PREMIUM COMPUTATION RULES**

**RULE 302.  
LOSS SETTLEMENT OPTIONS**

Rule 302. is replaced by the following:

**A. Functional Replacement Cost Loss Settlement – HO 00 02, HO 00 03 And HO 00 05 Only**

**1. Introduction**

The policy provides building loss settlement on a replacement cost basis if, at the time of loss, the amount of insurance on the damaged building represents at least 80% of the full replacement cost of the building immediately before the loss.

**2. Coverage Description**

The policy may be endorsed to provide building loss settlement exclusively on a functional replacement cost basis if, at the time of loss, the amount of insurance on the damaged building is 80% or more of the functional replacement cost of the building immediately before the loss. Functional Replacement Cost means the amount which it would cost to repair or replace the damaged building with less costly common construction materials and methods which are functionally equivalent to obsolete, antique or custom construction materials and methods.

**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 Endorsement **HO 32 94** is also made a part of the policy then develop the Base Premium in accordance with Additional Rule **A3. Windstorm Or Hail Exclusion – Territories 110, 120, 130, 140, 150 And 160 Only.**

**4. Endorsement**

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

**B. Actual Cash Value Loss Settlement – HO 00 02, HO 00 03 And HO 00 05 Only**

**1. Introduction**

The policy provides building loss settlement on a replacement cost basis if, at the time of loss, the amount of insurance on the damaged building represents at least 80% of the full replacement cost of the building immediately before the loss.

**2. Coverage Description**

The policy may be endorsed to provide building loss settlement exclusively on an actual cash value basis if, on the inception date of the policy, the Coverage **A** limit of liability selected by the insured is less than 80% of the full replacement cost of the dwelling.

**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%	.73
30%	.74
40%	.75
50%	.76
60%	.77
70%	.78
80%	.80

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

- d. If Absolute Windstorm Or Hail Exclusion Endorsement **HO 32 94** is also made a part of the policy then develop the Base Premium in accordance with Additional Rule **A3. Windstorm Or Hail Exclusion – Territories 110, 120, 130, 140, 150 And 160 Only** and multiply that Base Premium by the appropriate factor from Table **302.B.3.c.**

**RULE 302.**  
**LOSS SETTLEMENT OPTIONS (Cont'd)**

**4. Endorsement**

Use Actual Cash Value Loss Settlement Endorsement **HO 04 81**.

**C. Special Loss Settlement – HO 00 02, HO 00 03 And HO 00 05 Only**

**1. Introduction**

The policy provides building loss settlement on a replacement cost basis if, at the time of loss, the amount of insurance on the damaged building represents at least 80% of the full replacement cost of the building immediately before the loss.

**2. Coverage Description**

This percentage amount may be modified to 50%, 60% or 70% of replacement value without affecting the loss settlement provisions. If this option is selected, the Coverage **A** limit of liability representing 50%, 60% or 70% of replacement value is to be shown in the policy declarations.

**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
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 preceding Paragraph **a**. However, if Absolute Windstorm Or Hail Exclusion Endorsement **HO 32 94** is also made a part of the policy then develop the Base Premium in accordance with Additional Rule **A3**. Windstorm Or Hail Exclusion – Territories 110, 120, 130, 140, 150 And 160 Only for the amount of insurance computed in Paragraph **a**.

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

% Of Replacement Value	Factor
50%	.96
60%	.97
70%	.98

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

**4. Endorsement**

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

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

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:

- (i) If Absolute Windstorm Or Hail Exclusion 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 add'l 25% increment, add		.16	.07

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

- (ii) If Absolute Windstorm Or Hail Exclusion Endorsement **HO 32 94** applies, multiply the premium computed in accordance with Additional Rule **A3**. Windstorm Or Hail Exclusion – Territories 110, 120, 130, 140, 150 And 160 Only, 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 add'l 25% increment, add		.16	.07

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

**RULE 304.  
SPECIAL PERSONAL PROPERTY COVERAGE HO 00 04  
AND HO 00 06**

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

**C. Endorsement**

1. Use Special Personal Property Coverage Endorsement **HO 32 95** for use with Form **HO 00 04** only.
2. Use Unit-Owners Coverage **C** Special Coverage Endorsement **HO 32 35** for use with Form **HO 00 06** only.

**RULE 305.  
LOSS HISTORY RATING PLAN**

Rule **305**. does not apply.

**PART IV  
ADJUSTED BASE PREMIUM COMPUTATION RULES**

**RULE 402.  
TOWNHOUSE OR ROW HOUSE – ALL FORMS EXCEPT  
HO 00 04 AND HO 00 06**

Rule **402**. is replaced by the following:

The premium for an eligible 1, 2, 3 or 4 family dwelling in a town or row house structure is computed by multiplying the Base Premium by the appropriate factor selected from the following table:

**Townhouse And Row House Factors**

Total No. Of Individual Family Units Within The Fire Division*	Protection Class	
	1-8	9, 9S & Over
<b>1 Or 2 Family Dwelling</b>		
1 & 2	1.00	1.00
3 & 4	1.10	1.15
5 – 8	1.25	1.30
9 & Over	Refer to company	
<b>3 Or 4 Family Dwelling</b>		
5 – 8	1.15	1.20
9 & Over	Refer to company	
* An eligible two family owner-occupied dwelling attached to a one family dwelling but not separated by a fire wall would be considered 3 individual family units within a fire division. An eligible four family dwelling attached to a three family dwelling but not separated by a fire wall would be considered 7 individual family units within a fire division. Four 2 family dwellings not separated by a fire wall would be considered 8 individual family units.		

**Table 402. Townhouse And Row House Factors**

**RULE 403.  
PERSONAL PROPERTY (COVERAGE C)  
REPLACEMENT COST LOSS SETTLEMENT**

Rule **403**. is replaced by the following:

**A. Introduction**

The policy provides loss settlement on an Actual Cash Value basis for certain types of property.

**B. Loss Settlement Option**

The policy may be endorsed to provide loss settlement on a Replacement Cost basis for such property whether insured on a blanket or scheduled basis. If endorsed, the Coverage **C** limit must be at least:

1. 40% of Coverage **A** for all forms except **HO 00 04** and **HO 00 06**.
2. \$12,000 (if policy limit is less than \$12,000 for Forms **HO 00 04** or **HO 00 06**).

**C. Endorsement**

Use Personal Property Replacement Cost Endorsement **HO 04 90**.

**D. Scheduled Personal Property**

1. When the Scheduled Personal Property Endorsement **HO 04 61** is attached to a policy with Endorsement **HO 04 90**, the following property, if scheduled, will also be subject to repair or replacement cost loss settlement up to the scheduled limit of liability:
  - a. Jewelry;
  - b. Furs and garments trimmed with fur or consisting principally of fur;
  - c. Cameras, projection machines, films and related articles of equipment;
  - d. Musical equipment and related articles of equipment;
  - e. Silverware, silver-plated ware, goldware, gold-plated ware and pewterware, but excluding pens, pencils, flasks, smoking implements or jewelry; and
  - f. Golfer's equipment meaning golf clubs, golf clothing and golf equipment.
2. Since the loss settlement condition in Endorsement **HO 04 61** will pay the insured the least of the:
  - a. Actual cash value of the property sustaining loss;
  - b. The amount for which the property could be repaired or replaced; or
  - c. The amount of insurance of the property sustaining loss;

the limit of liability that applies to each scheduled item should be carefully evaluated to ensure that the limit selected by the insured represents the cost to replace the item if lost or damaged beyond repair.

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**RULE 403.**  
**PERSONAL PROPERTY (COVERAGE C)**  
**REPLACEMENT COST LOSS SETTLEMENT (Cont'd)**


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**E. Scheduled Personal Property (With Agreed Value Loss Settlement)**

When Scheduled Personal Property (With Agreed Value Loss Settlement) Endorsement **HO 04 60** is attached to a policy with Endorsement **HO 04 90**, the property subject to agreed value loss settlement will **not** be subject to repair or replacement cost loss settlement.

**F. Premium Determination**

Multiply the Base Premium including any premium adjustment for Coverage **C** limits by a factor of:

1. 1.05 for all forms except **HO 00 04** and **HO 00 06**.
2. 1.40 for Forms **HO 00 04** or **HO 00 06**.
3. The charge for Replacement Cost Coverage should be applied before the credit or charge for optional deductibles.
4. Refer to the state rate pages for the minimum additional premium, including the cost to increase the Coverage **C** limits.

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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 and automatic sprinklers in the dwelling are to be recognized for a reduced premium in accordance with the following:

**A. Definitions****1. Central Station Systems**

- a. A Central Station 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 Central Station 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 System 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. 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 sprinkleheads, that melt with heat and release water to extinguish a fire.

**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.

**RULE 404.  
PROTECTIVE DEVICES (Cont'd)**

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 fourstep 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; or
    - (2) In all areas except attic, bathroom, closet and attached structure areas that are protected by a fire detector.

**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. Central Station Reporting Burglar Alarm	.95
2. Central Station Reporting Fire Alarm	.95
3. Both 1. and 2.	.91
4. Fire Station Connected Fire Alarm	.97
5. Police Station Connected Fire Alarm	.97
6. Both 4. and 5.	.96
7. Local Fire Alarm System	.98
8. Local Burglar Alarm System	.98
9. Both 7. and 8.	.98
10. Automatic Smoke Detectors	.99
11. Automatic Sprinkler System	
a. In all areas including attic, bathroom, closet and attached structure	.87
b. In all areas except attic, bathroom, closet and attached structure areas that are protected by a fire detector	.93
* For Protection Classifications 1-9, 9S	
<b>Note 1</b> Premium credit shall not be afforded on any additional or optional coverage, except Coverage C 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 entire building meets the above requirements.	

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

**D. Endorsement**

Use Premises Alarm Or Fire Protection System Endorsement **HO 04 16**.

**RULE 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**

\$250 Deductible.

**B. Optional Lower Deductibles**

**1. Additional Premium Charge**

- a. The options in Paragraphs 2. and 3. are subject to a minimum and maximum additional premium charge.
- b. Refer to the state company rates for these charges.

**2. \$100 All Perils Deductible**

To compute the premium for this option, multiply the Base Premium by a factor of 1.10.

**3. \$100 All Perils/250 Theft Deductible**

This option applies to all forms except HO 00 05, HO 00 04 with Special Personal Property Coverage – North Carolina Endorsement and HO 00 06 with Unit-owners Coverage C Special Coverage – North Carolina Endorsement.

- a. The \$250 Theft Deductible applies to Coverage C – Personal Property and is available only when:
  - (1) A \$100 deductible applies to All Other Perils; or
  - (2) A higher deductible applies to the peril of Windstorm or Hail and a \$100 deductible applies to All Other Perils.
- b. When the \$100 deductible applies to All Other Perils, compute the premium by multiplying the Base Premium by the factor of:
  - (1) 1.09 for all forms except HO 00 04 and HO 00 06; or
  - (2) 1.05 for Form HO 00 04 or HO 00 06.
- c. When a higher Windstorm or Hail and \$100 All Other Perils deductible applies, subtract a factor of .01 from the factors shown in Paragraph C.3.a.(6) or C.3.b.(6) for policies applicable to a higher Windstorm or Hail deductible.

**C. Optional Higher Deductibles**

**1. All Perils Deductibles**

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							
Coverage A Limit	Deductible Amounts						
	\$500	\$1,000	\$1,500	\$2,500	\$5,000	\$7,500	\$10,000
Up to \$59,999	.91	.79	.73	.62	.57	N/A	N/A
\$60,000 to 99,999	.91	.79	.73	.62	.57	N/A	N/A
100,000 to 200,000	.92	.79	.73	.62	.57	N/A	N/A
200,001 and Over	.96	.89	.84	.75	.65	.60	.56
HO 00 04							
Coverage C Limit	\$500	\$1,000	\$1,500	\$2,500			
Up to \$25,000	.91	.77	N/A	.59			
\$25,001 and Over	.93	.84	N/A	.68			
HO 00 06							
Coverage C Limit	\$500	\$1,000	\$1,500	\$2,500			
Up to \$40,000	.90	.76	N/A	.56			
\$40,001 and Over	.92	.81	N/A	.63			

Table 406.C.1. All Perils Deductibles Factors

**RULE 406.**  
**DEDUCTIBLES (Cont'd)**

**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 Form HO 00 04 and Form 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	.93	.95
	250	.88	.92
	500	.84	.89
2,500	100	.83	.88
	250	.80	.85
	500	.75	.82
	1000	.69	.77

**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	1.01	1.00
	250	.95	.96
	500	.87	.90
2,500	100	.97	.97
	250	.91	.92
	500	.83	.86
	1000	.72	.77

**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%, and 5% 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.

**RULE 406.**  
**DEDUCTIBLES (Cont'd)****(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:

- (a)** Deductible – Windstorm or Hail 1% of Coverage **A** limit and \$250 for All Other Perils.
- (b)** Deductible – Windstorm or Hail 2% of Coverage **A** limit, \$250 for Theft of Personal Property and \$100 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 **(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 to 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 Additional Rule – Windstorm Or Hail Exclusion – Territories 110, 120, 130, 140, 150 And 160 Only Base Credit, by the Key Factor, for the same amount of insurance used to determine the Base Premium.
- Step 2.** Multiply the result determined in Step 1. by .9 to determine the "adjusted deductible credit".
- Step 3.** Select the factor for the desired windstorm or hail deductible option from the following tables and subtract that factor from unity (1.00).
- Step 4.** Multiply the factor determined in Step 3. by the Base Premium. The result is the windstorm or hail deductible credit.
- Step 5.** Compare the results in Steps 2. and 4. If the result in:
  - Step 2. is **less** than the result in Step 4., to compute the premium, subtract the "adjusted deductible credit" from the Base Premium.
  - Step 2. is **greater than or equal to** the result in Step 4., multiply the Base Premium by the factor for the desired windstorm or hail deductible option.

**RULE 406.**  
**DEDUCTIBLES (Cont'd)**

1% Windstorm Or Hail Deductible				
All Other Perils Ded. Amount	Coverage A Limit (Expressed In \$)			
	Up To 59,999	60,000 To 99,999	100,000 To 200,000	200,001 & Over
\$ 100	1.05	1.04	1.04	1.04
250	.96	.96	.96	.96
500	.89	.89	.89	.93
1,000	—	—	.78	.88
1,500	—	—	.73	.84
2,500	—	—	—	.74
5,000	—	—	—	.63
7,500	—	—	—	.58
10,000	—	—	—	.54

**Table 406.C.3.a.(6)(b)#1 1% Windstorm Or Hail Deductible**

2% Windstorm Or Hail Deductible				
All Other Perils Ded. Amount	Coverage A Limit (Expressed In \$)			
	Up To 59,999	60,000 To 99,999	100,000 To 200,000	200,001 & Over
\$ 100	1.02	1.02	1.02	1.02
250	.93	.93	.94	.95
500	.86	.86	.87	.91
1,000	.76	.76	.76	.85
1,500	—	.71	.71	.80
2,500	—	—	.60	.72
5,000	—	—	—	.61
7,500	—	—	—	.56
10,000	—	—	—	.53

**Table 406.C.3.a.(6)(b)#2 2% Windstorm Or Hail Deductible**

All Other Perils Ded. Amount	5% Windstorm Or Hail Deductible Coverage A Limit (Expressed In \$)			
	Up To 59,999	60,000 To 99,999	100,000 To 200,000	200,001 & Over
\$ 100	.97	.97	.99	1.00
250	.89	.89	.91	.93
500	.82	.82	.84	.89
1,000	.72	.72	.73	.83
1,500	.67	.67	.68	.78
2,500	.59	.59	.59	.70
5,000	—	—	.55	.59
7,500	—	—	—	.55
10,000	—	—	—	.51

**Table 406.C.3.a.(6)(b)#3 5% Windstorm Or Hail Deductible**

**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 and \$5,000 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 (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.

**RULE 406.  
DEDUCTIBLES (Cont'd)**

**(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 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 Additional Rule – Windstorm Or Hail Exclusion – Territories 110, 120, 130, 140, 150 And 160 Only Base Credit, by the Key Factor, for the same amount of insurance used to determine the Base Premium.
- Step 2. Multiply the result determined in Step 1. by .9 to determine the "adjusted deductible credit".
- Step 3. Select the factor for the desired windstorm or hail deductible option from the following tables and subtract that factor from unity (1.00).
- Step 4. Multiply the factor determined in Step 3. by the Base Premium. The result is the windstorm or hail deductible credit.

- Step 5. Compare the results in Steps 2. and 4. If the result in:
  - Step 2. is **less** than the result in Step 4., to compute the premium, subtract the "adjusted deductible credit" from the Base Premium.
  - Step 2. is **greater than or equal to** the result in Step 4., multiply the Base Premium by the factor for the desired windstorm or hail deductible option.

<b>\$1,000 Windstorm Or Hail Deductible</b>				
<b>All Other Perils Ded. Amount</b>	<b>Coverage A Limit (Expressed In \$)</b>			
	<b>Up To 59,999</b>	<b>60,000 To 99,999</b>	<b>100,000 To 200,000</b>	<b>200,001 &amp; Over</b>
\$ 100	1.02	1.03	1.05	1.06
250	.95	.95	.97	.98
500	.88	.88	.90	.95

**Table 406.C.3.b.(6)#1 \$1,000 Windstorm Or Hail Deductible**

<b>\$2,000 Windstorm Or Hail Deductible</b>				
<b>All Other Perils Ded. Amount</b>	<b>Coverage A Limit (Expressed In \$)</b>			
	<b>Up To 59,999</b>	<b>60,000 To 99,999</b>	<b>100,000 To 200,000</b>	<b>200,001 &amp; Over</b>
\$ 100	.98	1.00	1.03	1.04
250	.91	.92	.95	.96
500	.85	.85	.88	.93
1,000	.75	.75	.77	.88
1,500	.70	.70	.72	.84

**Table 406.C.3.b.(6)#2 \$2,000 Windstorm Or Hail Deductible**

<b>\$5,000 Windstorm Or Hail Deductible</b>				
<b>All Other Perils Ded. Amount</b>	<b>Coverage A Limit (Expressed In \$)</b>			
	<b>Up To 59,999</b>	<b>60,000 To 99,999</b>	<b>100,000 To 200,000</b>	<b>200,001 &amp; Over</b>
\$ 100	.96	.97	1.01	1.02
250	.88	.89	.92	.94
500	.82	.82	.85	.91
1,000	.72	.72	.75	.86
1,500	.67	.67	.70	.82
2,500	.58	.59	.60	.74

**Table 406.C.3.b.(6)#3 \$5,000 Windstorm Or Hail Deductible**

**RULE 406.**  
**DEDUCTIBLES (Cont'd)**

**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 the 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 below 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 Additional Rule – Windstorm Or Hail Exclusion – Territories 110, 120, 130, 140, 150 And 160 Only Base Credit, by the Key Factor, for the same amount of insurance used to determine the Base Premium.
- Step 2. Multiply the result determined in Step 1. by .9 to determine the "adjusted deductible credit".
- Step 3. Select the factor for the desired named storm deductible option from the following table and subtract that factor from unity (1.00).
- Step 4. Multiply the factor determined in Step 3. by the Base Premium. The result is the named storm deductible credit.
- Step 5. Compare the results in Steps 2. and 4. If the result in:
  - Step 2. is **less** than the result in Step 4., to compute the premium, subtract the "adjusted deductible credit" from the Base Premium.
  - Step 2. is **greater than or equal to** the result in Step 4., multiply the Base Premium by the factor for the desired named storm deductible option.

**RULE 406.**  
**DEDUCTIBLES (Cont'd)**

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	1.06	—	—
	250	.97	—	—
	500	.94	.92	.91
	1,000	.89	.83	.80
	1,500	.85	—	—
	2,500	.75	.67	.62
	5,000	.64	—	—
	7,500	.59	—	—
	10,000	.55	—	—
2%	100	1.03	—	—
	250	.96	—	—
	500	.92	.91	.90
	1,000	.86	.82	.79
	1,500	.81	—	—
	2,500	.73	.66	.61
	5,000	.62	—	—
	7,500	.57	—	—
	10,000	.54	—	—
5%	100	1.01	—	—
	250	.94	—	—
	500	.90	.90	.89
	1,000	.84	.81	.78
	1,500	.79	—	—
	2,500	.71	.65	.60
	5,000	.60	—	—
	7,500	.56	—	—
	10,000	.52	—	—

Table 406.D.5. Named Storm Percentage Deductible

**RULE 407.**  
**ADDITIONAL AMOUNTS OF INSURANCE – FORMS**  
**HO 00 02, HO 00 03 AND HO 00 05**

Paragraphs C.1.b. and C.1.c. are replaced by the following:

**C. Options Available**

**1. Specified Additional Amount Of Insurance For Coverage A Only**

b. The premium for this option is computed by multiplying the Base Premium by the appropriate factor selected from the following table:

Additional Amount Of Insurance Options	Factor
25%	1.02
50%	1.03

Table 407.C.1.b. Additional Amounts Of Insurance Factors

c. Use Specified Additional Amount Of Insurance For Coverage A Endorsement **HO 32 20**.

Paragraphs C.2.b. and C.2.c. are replaced by the following:

**2. Additional Limits Of Liability For Coverages A, B, C, And D**

b. The premium is computed by multiplying the Base Premium by a factor of 1.06.

c. Use Additional Limits Of Liability For Coverages A, B, C And D Endorsement **HO 32 11**.

**RULE 408.  
ACTUAL CASH VALUE LOSS SETTLEMENT  
WINDSTORM OR HAIL LOSSES TO ROOF SURFACING  
– ALL FORMS EXCEPT HO 00 04**

Rule 408. is replaced by the following:

**A. Introduction**

The policy provides settlement for building losses on a repair or replacement cost basis, subject to certain conditions.

**B. 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.

**C. Premium Determination**

To develop a premium for this option, multiply the Base Premium by a factor of .99.

**D. Endorsement**

Use Actual Cash Value Loss Settlement Windstorm Or Hail Losses To Roof Surfacing (All Forms Except **HO 00 04**) Endorsement **HO 04 93**.

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

**RULE 410.  
BUILDING CODE EFFECTIVENESS GRADING**

Rule 410. does not apply.

**PART V  
SECTION I – PROPERTY – ADDITIONAL COVERAGES  
AND INCREASED LIMITS RULES**

**RULE 505.  
EARTHQUAKE COVERAGE**

Rule 505. is replaced by the following:

**A. Earthquake Coverage**

The policy may be endorsed to provide coverage against a loss resulting from the peril of Earthquake. This peril shall apply to all Section I Coverages for the same limits provided in the policy. Use Earthquake Endorsement – North Carolina **HO 32 54**.

**B. Deductible**

The base deductible is 5% of the limit of liability for either Coverage **A** or **C**, whichever is greater and is subject to a \$500 minimum. This deductible may be increased for a premium credit.

In the event of an Earthquake loss to covered property, the dollar amount is deducted from the total of the loss for Coverages **A**, **B** and **C**.

**C. Loss Assessment Coverage**

The policy may also be endorsed to cover loss assessment resulting from loss by this peril. The limit of liability shall be based on the insured's proportionate interest in the total value of all collectively owned buildings and structures of the corporation or association of property owners. Refer to company for rates.

Use Loss Assessment Coverage For Earthquake Endorsement – North Carolina **HO 32 38** for all forms.

**D. Base Premium**

Develop the base premium as follows:

1. From the state rate pages:
  - a. Determine if Rate Table A, B, and/or C applies.
  - b. Determine the Earthquake Zone.
  - c. Select the rate according to construction from the Rate Table; and
2. Multiply the rate determined above by the:
  - a. Coverage **A** limit for Forms **HO 00 02**, **HO 00 03** and **HO 00 05**.
  - b. Coverage **C** limit for Form **HO 00 04**.
  - c. Coverage **A** and **C** limits for Form **HO 00 06**.
  - d. Coverage **C** and **D** increased limits.
  - e. Ordinance or Law total amount of insurance (includes basic and, if applicable, increased amounts).
  - f. Other Building or Structure options (e.g. Other Structures – Structures Rented To Others Residence Premises Endorsement **HO 04 40**, Other Structures On The Residence Premises – Increased Limits Endorsement **HO 04 48** and Specific Structures Away From The Residence Premises Endorsement **HO 04 92**; Building Additions And Alterations – Other Residence Endorsement **HO 04 49** and Building Additions And Alterations **HO 04 51**).

**E. Premium For Higher Deductibles**

Multiply the base premium determined in Paragraph **D**. by the appropriate factor from the following table:

Deductible Percentage	Factor	
	Frame & Superior	Masonry
10%	.89	.95
15%	.78	.89
20%	.67	.84
25%	.56	.79

**Table 505.E. Premium For Higher Deductibles**

**RULE 507.**  
**FORM HO 00 06 COVERAGE A DWELLING BASIC AND INCREASED LIMITS AND SPECIAL COVERAGE – HO 00 06**

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

**A. Basic Limits**

The policy automatically provides a basic Coverage **A** limit of \$1,000 on a named perils basis. If increased limits are not desired, enter "\$1,000" under Coverage **A** – Dwelling on the Declarations pages.

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

**D. Endorsement**

Use Unit-Owners Coverage **A** Special Coverage Endorsement **HO 32 34**.

**RULE 508.**  
**FORM HO 00 06 UNITS REGULARLY RENTED TO OTHERS**

Paragraph **A.2.** is replaced by the following:

**A. Coverage C And Section II Liability**

- The Coverage **C** minimum limit of liability may be waived when the value of the insured's personal property in the rented unit is less than \$6,000.

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

**B. Premium Computation**

Multiply the Coverage **C** Base Premium (less the credit for higher deductibles) by a factor of .25.

**RULE 513.**  
**ORDINANCE OR LAW INCREASED AMOUNT OF COVERAGE – HO 00 04 AND HO 00 06**

Paragraph **B.2.** is replaced by the following:

**B. Premium Determination**

- The premium for each additional \$1,000 of insurance is developed by multiplying the **HO 00 04** or **HO 00 06**, whichever is appropriate, Key Factor for "Each Add'l \$1,000" by the appropriate Key Premium.

**RULE 515.**  
**PERSONAL PROPERTY**

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

**E. Increased Special Limits Of Liability**

- 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	\$ 1,500	\$ 6,500*
2. Money	200	1,000
3. Securities	1,500	3,000
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	1,500	6,000 **
* Not exceeding the \$1,500 sub-limit for any one article. However, the \$1,500 sub-limit for any one article may be increased to \$2,500 in increments of \$500.		
** Increase must be in increments of \$500.		
*** Increase must be in increments of \$100.		

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

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

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**RULE 515.**  
**PERSONAL PROPERTY (Cont'd)**

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The following is added to Rule 515.:

**H. Additional Coverage – Jewelry And Furs**

1. The policy may be endorsed to provide an increased limit of liability (up to \$6,500) and coverage for additional risks of loss on unscheduled jewelry and furs.
2. The sub-limit payable for theft of any one article is \$1,500 and may be increased to \$2,500 in increments of \$500.
3. Refer to the state rate pages for the additional charge.
4. Use Additional Coverages – Unscheduled Jewelry And Furs Endorsement **HO 32 27**.
5. If Coverage **C** Increased Special Limits Of Liability 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 Additional Coverages Endorsement **HO 32 27**.

**I. Rented Personal Property**

**1. Basic Limit**

**a. Landlords 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 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 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 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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**RULE 517.**  
**RENTAL TO OTHERS – EXTENDED THEFT COVERAGE**  
**ALL FORMS EXCEPT HO 00 05, HO 00 04 WITH**  
**HO 32 95 OR HO 00 06 WITH HO 32 35**

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The title of Rule 517. Rental To Others – Extended Theft Coverage All Forms Except **HO 00 05**, **HO 00 04** With **HO 05 24** Or **HO 00 06** With **HO 17 31** is replaced by the preceding title.

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**RULE 519.**  
**SPECIAL COMPUTER COVERAGE ALL FORMS**  
**EXCEPT HO 00 05, HO 00 04 WITH HO 32 95 OR**  
**HO 00 06 WITH HO 32 35**

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The title of Rule 519. Special Computer Coverage All Forms Except **HO 00 05**, **HO 00 04** With **HO 05 24** Or **HO 00 06** With **HO 17 31**, is replaced by the preceding title and the text is replaced by the following:

**A. Coverage Description**

The policy may be endorsed to insure computers and related equipment against additional risks of physical loss subject to certain exclusions.

**B. Premium**

Refer to the state rate pages for additional charge.

**C. Endorsement**

Use Special Computer Coverage Endorsement **HO 32 37**.

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**RULE 520.**  
**LIVESTOCK COLLISION COVERAGE**

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Rule 520. does not apply.

**RULE 521.  
LIMITED WATER BACK-UP AND SUMP DISCHARGE OR  
OVERFLOW COVERAGE**

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

**B. Increased Limits**

The basic limit of liability may be increased to \$10,000, \$15,000 or \$25,000.

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

**D. Endorsement**

Use Limited Water Back-up And Sump Discharge Or Overflow Coverage Endorsement **HO 04 84.**

**RULE 526.  
RESIDENCE HELD IN TRUST – ALL FORMS EXCEPT  
HO 00 04**

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

**B. Endorsement**

Use Trust Endorsement – North Carolina **HO 32 12.**

**RULE 528.  
HOME BUSINESS INSURANCE COVERAGE**

Paragraph **C.4.b.** does not apply.

Table **528.D.2.a.** is replaced by the following:

Gross Annual Receipts*	HO 00 02, 3, 5 & 8	HO 00 04	HO 00 06
Up to \$50,000	.11	.46	.49
\$ 50,001 to \$100,000	.16	.69	.73
100,001 to 175,000	.23	.97	1.04
175,001 to 250,000	.31	1.31	1.40
* New business, use \$50,001 to \$100,000 classification			

**Table 528.D.2.a. Factors**

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

**E. Endorsement**

Use Home Business Insurance Coverage – North Carolina Endorsement **HO 32 90.**

Paragraphs **F.5.a.** and **F.5.c.** are replaced by the following:

**F. Options**

**5. Special Coverage – Spoilage Of Perishable Stock**

**a. Coverage**

Provides special coverage for the perishable stock specifically listed in the Schedule of Endorsement **HO 32 55.** The limit of liability is also listed in the endorsement.

**c. Endorsement**

Use Special Coverage – Spoilage Of Perishable Stock Endorsement **HO 32 55.**

Paragraphs **F.6.b.(1)(b)** and **F.6.b.(3)** are replaced by the following:

**6. Valuable Papers And Records Endorsements**

**b. Special Coverage**

**(1) Coverage**

**(b)** Special Coverage in Forms **HO 00 05** and **HO 00 04** with **HO 32 95** and **HO 00 06** with **HO 32 35;**

**(3) Endorsement**

Use Special Coverage For Valuable Papers And Records Endorsement **HO 32 57.**

**RULE 529.  
LIMITED FUNGI, WET OR DRY ROT, OR BACTERIA  
COVERAGE**

Rule **529.** does not apply.

**RULE 530.  
IDENTITY FRAUD EXPENSE COVERAGE**

Rule **530.** does not apply.

**RULE 531.  
LIMITED THEFT COVERAGE OPTIONS FOR  
DWELLINGS NEWLY CONSTRUCTED OR UNDER  
CONSTRUCTION**

The title of Rule **531.** Limited Coverage For Theft Of Personal Property Located In A Dwelling Under Construction 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 – Newly Constructed Unoccupied Dwelling – North Carolina Endorsement **HO 32 26.**

---

**RULE 531.**  
**LIMITED THEFT COVERAGE OPTIONS FOR DWELLINGS NEWLY CONSTRUCTED OR UNDER CONSTRUCTION (Cont'd)**

---

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

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**PART VI**  
**SECTION II – LIABILITY – ADDITIONAL COVERAGES AND INCREASED LIMITS RULES**

---

**RULE 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 the state rate pages Rule **601.** 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.

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**RULE 606.**  
**COMPUTER-RELATED DAMAGE OR INJURY EXCLUSION AND COVERAGE OPTIONS**

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Rule **606.** does not apply.

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**RULE 607.**  
**HOME DAY CARE COVERAGE**

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Paragraphs **C.2.** and **C.3.** are replaced by the following:

**C. Premium**

2. This premium is for an annual aggregate limit of \$100,000 with a Coverage **F** sub-limit of \$1,000 per-person/per-accident. If other Section **II** exposures are written for higher or lower dollar limits, use the Coverage **E** increased or reduced limits factors to adjust the aggregate limit, and the Coverage **F** charges to raise the Coverage **F** sub-limit.
3. The premium is for 1 through 3 persons or 4 through 5 persons, other than insureds, receiving day care services. If the day care business involves the care of more than 5 persons, other than insureds, refer to company.

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**RULE 610.**  
**PERSONAL INJURY COVERAGE**

---

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

**C. Endorsement**

Use Personal Injury Coverage Endorsement **HO 32 82** for providing coverage with the limit of liability on an "any one offense" basis.

Use Personal Injury Coverage (Aggregate Limit Of Liability) Endorsement **HO 32 10** for providing coverage with the limit of liability on an annual aggregate limit basis.

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**RULE 613.**  
**OWNED SNOWMOBILE**

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Rule **613.** does not apply.

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**RULE 614.**  
**FARMERS PERSONAL LIABILITY**

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Rule **614.** does not apply.

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**RULE 616.**  
**OPTIONAL PROPERTY REMEDIATION FOR ESCAPED LIQUID FUEL AND LIMITED LEAD AND ESCAPED LIQUID FUEL LIABILITY COVERAGES**

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Rule **616.** does not apply.

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**RULE 617.**  
**CANINE LIABILITY EXCLUSION**

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Rule **617.** does not apply.

**PART VII**  
**SECTION II – LIABILITY – OTHER EXPOSURES**  
**INCREASED LIMITS**

---

**RULE 701.**  
**OTHER EXPOSURES – PERSONAL LIABILITY**  
**INCREASED OR REDUCED LIMITS**

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Rule **701.** is replaced by the following:

Apply the appropriate factor shown in the following table to the basic limits premium for each exposure.

<b>Limit</b>	<b>Factor</b>
\$25,000	.67
50,000	.83
200,000	1.15
300,000	1.24
400,000	1.30
500,000	1.35
750,000	1.41
1,000,000	1.47

**Table 701. Personal Liability Increased Limits**

**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	\$ 1485	\$ 801	\$ 949	\$ 551	\$ 615
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	\$ 85	\$ 101	\$ 56	\$ 65	\$ 37	\$ 42
Opening Protection	87	104	56	66	36	43
Total Hip Roof and Opening Protection	172	204	111	131	73	85
IBHS Designation:						
<i>Hurricane Fortified for Safer Living®</i>	278	357	160	217	80	141
<i>Hurricane Fortified for Existing Homes®</i> Bronze Option 1	67	81	44	51	29	33
<i>Hurricane Fortified for Existing Homes®</i> Bronze Option 2	104	127	63	81	36	52
<i>Hurricane Fortified for Existing Homes®</i> Silver Option 1	167	215	90	132	38	85
<i>Hurricane Fortified for Existing Homes®</i> Silver Option 2	200	260	107	162	44	105
<i>Hurricane Fortified for Existing Homes®</i> Gold Option 1	213	274	120	165	57	107
<i>Hurricane Fortified for Existing Homes®</i> Gold Option 2	247	320	137	195	63	126

**Table A9. Windstorm Loss Mitigation Credit**

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**RULE 105.  
SECONDARY RESIDENCE PREMISES**

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- B. Premium Adjustment**  
2. Credit – \$10

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**RULE 204.  
MULTIPLE COMPANY INSURANCE**

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- C. Premium**  
3. Credit – \$10

---

**RULE 205.  
MINIMUM PREMIUM**

---

- D. Minimum Premium – \$50

---

**RULE 207.  
WAIVER OF PREMIUM**

---

- B. Amount that may be waived – \$3 or less

---

**RULE 403.  
PERSONAL PROPERTY (COVERAGE C)  
REPLACEMENT COST LOSS SETTLEMENT**

---

- F. Premium Determination**  
4. Minimum additional charge – \$20

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**RULE 404.  
PROTECTIVE DEVICES**

---

- C. Premium Development**  
Maximum credit allowed – \$75

---

**RULE 406.  
DEDUCTIBLES**

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- B. Optional Deductibles**  
1. **Additional Premium Charge**  
b. Minimum additional charge – \$30  
Maximum additional charge – \$60

---

**RULE 503.  
BUSINESS PROPERTY – INCREASED LIMIT**

---

- A. On-premises**  
2. Rate per \$2,500 – \$50

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**RULE 504.  
CREDIT CARD, ELECTRONIC FUND TRANSFER CARD  
OR ACCESS DEVICE, FORGERY & COUNTERFEIT  
MONEY**

---

**B. Premium**

Limit	
\$ 1,000	\$ 1
2,500	3
5,000	4
7,500	5
10,000+	6

+ For limits in excess of \$10,000, refer to company.

**Table 504.B. Additional Charge**

**RULE 505.  
EARTHQUAKE COVERAGE**

**D. Base Premium**

<b>Base Deductible – Rate Per \$1,000</b>				
	<b>Zone</b>	<b>Frame+</b>	<b>Masonry+</b>	<b>Superior</b>
<b>Table A</b>				
All forms except <b>HO 00 04</b> and <b>HO 00 06</b>	3	\$ .54	\$ 1.24	\$ .86
	4	.35	1.24	.50
	5	.27	.86	.36
<b>Table B</b>				
Form <b>HO 00 04</b> or Form <b>HO 00 06</b> (apply to Coverage <b>C</b> limit) and Higher Coverage <b>C</b> limits for other forms	3	\$ .36	\$ .95	\$ .36
	4	.23	.82	.23
	5	.18	.57	.18
<b>Table C</b>				
Form <b>HO 00 06</b> (apply to Coverage <b>A</b> limit), Higher Coverage <b>D</b> Limits, Endorsement <b>HO 04 48</b> and Other Building Options	3	\$ .36	\$ 1.05	\$ .68
	4	.23	1.05	.39
	5	.18	.57	.27
+If exterior Masonry Veneer is covered, rate as Masonry; if <b>not</b> covered, rate as Frame.				

**Table 505.D.#1 Premium For Base Deductible**

<b>Zone 3</b>			
Anson	Columbus	Mecklenburg	Scotland
Brunswick	Davie	Montgomery	Stanly
Cabarrus	Gaston	Richmond	Union
Catawba	Iredell	Robeson	
Cleveland	Lincoln	Rowan	

**Table 505.D.#2 Earthquake Zone 3**

<b>Zone 4</b>			
Alexander	Clay	Macon	Rutherford
Alleghany	Cumberland	Madison	Surry
Ashe	Davidson	McDowell	Swain
Avery	Forsyth	Mitchell	Transylvania
Bladen	Graham	Moore	Watauga
Buncombe	Haywood	New Hanover	Wilkes
Burke	Henderson	Pender	Yadkin
Caldwell	Hoke	Polk	Yancey
Cherokee	Jackson	Randolph	

**Table 505.D.#3 Earthquake Zone 4**

<b>Zone 5</b>			
Balance of State			

**Table 505.D.#4 Earthquake Zone 5**

**RULE 507.**  
**FORM HO 00 06 COVERAGE A DWELLING BASIC AND INCREASED LIMITS AND SPECIAL COVERAGE HO 00 06**

**C. Special Coverage**

1. Charge per policy for \$1,000 in basic form – \$2
2. Rate for each add'l \$1,000 of Coverage A – \$1

**RULE 509.**  
**HOME DAY CARE COVERAGE**

**D. Premium Computation**

**1. Section I**

- c. Rate per \$1,000 for business in other structure – \$5

**RULE 510.**  
**PERMITTED INCIDENTAL OCCUPANCIES RESIDENCE PREMISES**

**E. Premium Computation**

**1. Section I**

- c. Rate per \$1,000 for business in other structure – \$5

**RULE 511.**  
**SUPPLEMENTAL LOSS ASSESSMENT COVERAGE**

**A. Residence Premises**

**3. Premium**

All forms except **HO 00 03, HO 00 05** or **HO 00 06** with **HO 32 34**

New Amount Of Coverage	
\$ 5,000	\$ 3
10,000	6
Each add'l \$5,000 up to \$50,000	1

**Table 511.A.3.#1 Additional Charge**

**HO 00 03, HO 00 05** or **HO 00 06** with **HO 32 34**

New Amount Of Coverage	
\$ 5,000	\$ 4
10,000	8
Each add'l \$5,000 up to \$50,000	2

**Table 511.A.3.#2 Additional Charge**

**B. Additional Locations**

**2. Premium**

All forms except **HO 00 03, HO 00 05** or **HO 00 06** with **HO 32 34**

New Amount Of Coverage	
\$ 1,000	\$ 6
5,000	9
10,000	11
Each add'l \$5,000 up to \$50,000	1

**Table 511.B.2.#1 Additional Charge**

**HO 00 03, HO 00 05** or **HO 00 06** with **HO 32 34**

New Amount Of Coverage	
\$ 1,000	\$ 7
5,000	11
10,000	13
Each add'l \$5,000 up to \$50,000	2

**Table 511.B.2.#2 Additional Charge**

**RULE 512.**  
**LOSS OF USE – INCREASED LIMIT**

- B. Rate per \$1,000 – \$4

**RULE 514.**  
**OTHER STRUCTURES**

**A. On-premises Structures**

**1. Specific Structure – Increased Limits**

**a. Premium**

Rate per \$1,000 for policies with windstorm or hail coverage – \$4

Territories 110, 120, 130, 140, 150 And 160 Only – Rate per \$1,000 for policies excluding windstorm or hail coverage – \$2

**2. Structure On The Residence Premises Rented To Others**

**a. Premium**

- (1) Rate per \$1,000 for policies with windstorm or hail coverage – \$5

Territories 110, 120, 130, 140, 150 And 160 Only – Rate per \$1,000 for policies excluding windstorm or hail coverage – \$3

**B. Structures Off The Residence Premises**

**1. Forms HO 00 02, HO 00 03 And HO 00 05**

**b. Premium**

Off premises structures charge per policy – \$15

**2. All Forms**

**a. Premium**

- (2) Specific structures – Off-Premises Rate per \$1,000 – \$5

**RULE 515.  
PERSONAL PROPERTY**

**A. Increased Limit**

- 3. Rate Per \$1,000:  
  - HO 00 02 or HO 00 03 – \$2
  - HO 00 05 – \$3

**B. Increased Limit – Other Residences**

- 3. Rate Per \$1,000 – \$7

**C. Increased Limit – Self-storage Facilities**

- 2. Rate per \$1,000 – \$5

**D. Reduction In Limit**

- 2. Credit per \$1,000 – \$1

**E. Increased Special Limits Of Liability**

- 1. Jewelry, Watches and Furs – Rate per \$1,000 – \$18  
 Increased sub-limit per article:  
 Rate for \$2,000 – \$9  
 Rate for \$2,500 – \$18
- 2. Money Rate per \$100 – \$6
- 3. Securities – Rate per \$100 – \$4
- 4. Silverware – Rate per \$500 – \$3.25
- 5. Firearms – Rate per \$100 – \$3
- 6. Portable Electronic Equipment in or upon a motor vehicle – Rate per \$500 – \$10

**F. Refrigerated Personal Property**

- 3. Charge per policy – \$10

**G. Theft Coverage Increase – HO 00 08**

- 3. Premium
  - a. On-Premises  
 Rate per \$2,000 – \$19
  - b. Off-Premises  
 Additional Charge – \$10

**H. Additional Coverage – Jewelry And Furs**

- 3. Charge per policy – \$7  
 Rate per \$1,000 – \$15  
 Increased sub-limit per article:  
 Rate for \$2,000 – \$7.50  
 Rate for \$2,500 – \$15

**I. Rented Personal Property**

- 1. Basic Limit
  - c. Premium  
 Theft (Burglary Peril Added) – Charge per unit – \$3
- 2. Increased Limits
  - c. Rate per \$1,000 per unit:  
 Including Theft – \$3  
 Excluding Theft – \$2

**RULE 517.  
RENTAL TO OTHERS – EXTENDED THEFT COVERAGE  
ALL FORMS EXCEPT HO 00 05, HO 00 04 WITH  
HO 32 95 OR HO 00 06 WITH HO 32 35**

**B. Premium**

Rate per policy – \$30

**RULE 518.  
SINKHOLE COLLAPSE COVERAGE ALL FORMS  
EXCEPT HO 00 04 AND HO 00 06**

**B. Premium Determination**

- 1. Rate per \$1,000 – \$.35

**RULE 519.  
SPECIAL COMPUTER COVERAGE ALL FORMS  
EXCEPT HO 00 05, HO 00 04 WITH HO 32 95 OR  
HO 00 06 WITH HO 32 35**

**B. Premium**

Charge per policy – \$15

**RULE 521.  
LIMITED WATER BACK-UP AND SUMP DISCHARGE OR  
OVERFLOW COVERAGE**

**D. Premium**

- 1. Basic Limit  
 Charge per policy – \$22
- 2. Increased Limits

Limit	
\$ 10,000	\$ 30
15,000	35
25,000	40

**Table 521.D.2. Increased Limits Premium**

**RULE 522.  
LANDLORDS FURNISHINGS**

**C. Premium**

Rate per \$500 per unit  
 Forms HO 00 02, HO 00 03 and HO 00 05 – \$1

**RULE 523.  
ASSISTED LIVING CARE COVERAGE**

**C. Premium**

- 1. Section I and Section II Basic Limits  
 Rate per unit – \$77
- 2. Increased Limits  
 Add to the basic limit Rate in Paragraph 1.:  
  - a. Coverage C – Rate per \$1,000 – \$7

**RULE 523.**  
**ASSISTED LIVING CARE COVERAGE (Cont'd)**

b. Coverage E (Coverage F does not apply to this option.)

Reduced Coverage E Limits (Credit)	
Limit	Rates
\$ 25,000	\$ 6
50,000	3
Basic And Increased Coverage E Limits	
Limit	Rates
\$ 200,000	\$ 3
300,000	4
400,000	5
500,000	6
750,000	7
1,000,000	8

Table 523.C.2.b. Coverage E Limits

**RULE 524.**  
**OTHER MEMBERS OF A NAMED INSURED'S HOUSEHOLD**

**C. Premium**

1. Section I and Section II Basic Limits  
Rate per person named in the Schedule – \$60
2. Section II Increased Limits  
Add to the basic limit Rate in Paragraph 1.:
  - a. For Coverage E:

Reduced Coverage E Limits (Credit)	
Limit	Rates
\$ 25,000	\$ 17
50,000	9
Basic And Increased Coverage E Limits	
Limit	Rates
\$ 200,000	\$ 8
300,000	12
400,000	15
500,000	18
750,000	21
1,000,000	24

Table 524.C.2.a. Coverage E Limits

- b. For Coverage F:  
Refer to Rule 702. for Rates for limits above \$1,000

**RULE 525.**  
**MOTORIZED GOLF CART – PHYSICAL LOSS COVERAGE**

**E. Premium**

The following charge is the minimum annual premium for each motorized golf cart for any period within a policy year:

- Rate per motorized golf cart **without** collision – \$7
- Rate per motorized golf cart **with** collision – \$12

**RULE 526.**  
**RESIDENCE HELD IN TRUST – ALL FORMS EXCEPT HO 00 04**

**C. Premium**

For basic limits rates:  
Trust charge per policy – \$26

For increased limits:  
For Coverage E:  
Refer to Rule 701. for increased limits factors.  
For Coverage F:  
Refer to Rule 702. for increased limits charges.

**RULE 527.**  
**STUDENT AWAY FROM HOME**

**C. Premium Determination**

1. Section I and Section II Basic Limits  
Rate per location – \$68
2. Section II Increased Limits  
Add to the basic limit Rate in Paragraph 1.:
  - a. For Coverage E:

Reduced Coverage E Limits (Credit)	
Limit	Rates
\$ 25,000	\$ 17
50,000	9
Basic And Increased Coverage E Limits	
Limit	Rates
\$ 200,000	\$ 8
300,000	12
400,000	15
500,000	18
750,000	21
1,000,000	24

Table 527.C.2.a. Coverage E Limits

**RULE 527.  
STUDENT AWAY FROM HOME (Cont'd)**

- b.** For Coverage F:  
Refer to Rule **702.** for Rates for limits above \$1,000.

**RULE 528.  
HOME BUSINESS INSURANCE COVERAGE**

**D. Home Business Premium Computation**

**3. Section II – Business Liability**

**a. Basic Limits Premium**

For Coverages E and F:

- (1)** Office (Gross Annual Receipts up to \$250,000)

Business Visitors Per Week*	Under 10	10 Or More
		\$ 2.44

\* New Business, use 10 or more classification

**Table 528.D.3.a.(1) Office Basic Limits Premium**

**(2) Service, Sales and Crafts**

Gross Annual Receipts**	Business Visitors Per Week*					
	Services		Sales		Crafts	
	Under 10	10 Or More	Under 10	10 Or More	Under 10	10 Or More
Up to \$50,000	\$ 14.50	\$ 21.75	\$ 6.50	\$ 9.75	\$ 6.50	\$ 9.75
\$50,001 to \$100,000	43.50	65.25	19.50	29.25	19.50	29.25
\$100,001 to \$175,000	79.75	119.63	35.75	53.63	35.75	53.63
\$175,001 to \$250,000	123.25	184.88	55.25	82.88	55.25	82.88

\* New Business, use 10 or more classification.  
\*\* New Business, use \$50,001 to \$100,000 classification.

**Table 528.D.3.a.(2) Service, Sales And Crafts Basic Limits Premium**

**RULE 528.**  
**HOME BUSINESS INSURANCE COVERAGE (Cont'd)**

**c. Coverage F – Increased Limits**

(2) All home business classifications:

	All Home Business Classifications			
	Homeowners Increased Limit Of Liability			
Business Visitors Per Week	\$2,000	\$3,000	\$4,000	\$5,000
Under 10	\$ 5.00	\$ 10.00	\$ 15.00	\$ 19.00
10 or more	7.00	12.00	18.00	22.00

Table 528.D.3.c.(2) Increased Limit

**F. Options**

**1. Additional Insured**

**a. Managers Or Lessors Of Premises Leased To An Insured**

(2) Premium

Rate per location/per additional insured – \$14

**5. Special Coverage – Spoilage Of Perishable Stock**

**b. Premium**

Rate per \$1,000:

(1) Florists – \$2

(2) Other Classes of Business – Refer to Company

**6. Valuable Papers And Records Endorsements**

Rate per \$1,000:

**a. Increased Limits**

For Endorsement **HO 07 56**:

(2) Premium

(a) Named Perils Coverage (**HO 00 02, HO 00 03, HO 00 04 and HO 00 06**) – \$1

(b) Open Perils Coverage (**HO 00 05, HO 00 04 with HO 32 95 and HO 00 06 with HO 32 35**) – \$2

**b. Special Coverage**

For Endorsements (**HO 07 56 and HO 32 57**):

(2) Premium

(a) First \$2,500:

**HO 00 02, HO 00 03, HO 00 04 and HO 00 06** – \$3

**HO 00 05, HO 00 04 with HO 32 95 and HO 00 06 with HO 32 35** – \$2

(b) Each additional \$1,000 – all forms – \$2

**7. Off-Premises Property Coverage – Increased Limits**

**b. Premium**

Rate per \$2,500:

**HO 00 02, HO 00 03, HO 00 04 and HO 00 06** – \$25

**HO 00 05, HO 00 04 with HO 32 95 and HO 00 06 with HO 32 35** – \$37

**RULE 531.**  
**LIMITED THEFT COVERAGE OPTIONS FOR DWELLINGS NEWLY CONSTRUCTED OR UNDER CONSTRUCTION**

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

**2. Premium**

Charge per policy – \$13

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

**2. Premium**

Rate per \$1,000 of Coverage **A** limit – \$1

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

**A. Residence Premises  
3. Increased Limits**

<b>Coverage E – Liability</b>			
<b>1 and 2 Family Premium</b>		<b>3 or 4 Family Premium</b>	
<b>Reduced Coverage E Limit (Credit)</b>			
<b>Limit</b>	<b>Rate</b>	<b>Limit</b>	<b>Rate</b>
\$ 25,000	\$ 11	\$ 25,000	\$ 22
50,000	6	50,000	11
<b>Basic And Increased Coverage E Limit</b>			
<b>Limit</b>	<b>Rate</b>	<b>Limit</b>	<b>Rate</b>
\$ 100,000	–	100,000	–
200,000	\$ 5	200,000	\$ 10
300,000	8	300,000	16
400,000	10	400,000	20
500,000	12	500,000	23
750,000	14	750,000	28
1,000,000	16	1,000,000	32

**Table 601.A.3.#1 Coverage E – Liability**

<b>Coverage F – Medical Payments</b>	
<b>Limit</b>	<b>Rate</b>
\$ 1,000	–
2,000	\$ 3
3,000	6
4,000	9
5,000	12

**Table 601.A.3.#2 Coverage F – Medical Payments**

**RULE 602.  
OTHER INSURED LOCATION OCCUPIED BY INSURED**

- B. Premium**  
Rate per Residence:  
One Family – \$7  
Two Family – \$14  
Three Family – \$27  
Four Family – \$29

**RULE 603.  
RESIDENCE EMPLOYEES**

- B. Rate per Person in Excess of Two – \$5**

**RULE 604.  
ADDITIONAL RESIDENCE RENTED TO OTHERS**

- B. Premium**  
Rate per Residence:  
One Family – \$32  
Two Family – \$51  
Three Family – \$86  
Four Family – \$93

**RULE 605.  
OTHER STRUCTURES RENTED TO OTHERS –  
RESIDENCE PREMISES**

- B. Premium**  
Rate per Structure – \$32

**RULE 607.  
HOME DAY CARE COVERAGE**

- C. Premium**  
1. Rate per Person:  
1 – 3 Persons – \$114  
4 – 5 Persons – \$199

**RULE 608.  
PERMITTED INCIDENTAL OCCUPANCIES –  
RESIDENCE PREMISES AND OTHER RESIDENCES**

**B. Premium**

Rate per Residence:

1. Residence Premises – \$17
2. Other Residence – \$17

**RULE 609.  
BUSINESS PURSUITS**

**B. Premium**

Rate per Insured Person:

1. Clerical Employees – \$5
2. Sales person, Collector or Messenger – Installation, demonstration or servicing operation:  
Included – \$7  
Excluded – \$5
3. Teachers
  - a. Laboratory, athletic, manual or physical training – \$13
  - b. Not otherwise classified – \$6
  - c. Corporal punishment (add to Paragraph 3.a. or 3.b.) – \$5

**RULE 610.  
PERSONAL INJURY COVERAGE**

**B. Premium**

Rate per Policy (Per Offense) – \$13

Rate per Policy (Aggregate) – \$12

**RULE 611.  
INCIDENTAL LOW POWER RECREATIONAL MOTOR  
VEHICLES**

**B. Premium**

Rate per Policy – \$15

**RULE 612.  
OUTBOARD MOTORS AND WATERCRAFT**

**C. Premium**

1. Outboard, Inboard, or Inboard-Outdrive Engines or Motors:

Horsepower	Length	
	Up To 15 Feet	Over 15 To 26 Feet
	Rate	Rate
Up to 50*	\$ 41	\$ 64
51 to 100	69	92
101 to 150	98	121
151 to 200	Refer to Company	149
Over 200	Refer to Company	Refer to Company

\* Outboard engines or motors of up to 25 horsepower or sailboats less than 26 feet in overall length with or without auxiliary power are covered in the policy form.

**Table 612.C.1. Outboard, Inboard, Or Inboard-Outdrive Engines Or Motors**

2. Sailboats With or Without Auxiliary Power:

Overall Length/Feet	Rate
26 to 40 feet*	\$ 44
Over 40 feet	Refer to Company

\* Outboard engines or motors of up to 25 horsepower or sailboats less than 26 feet in overall length with or without auxiliary power are covered in the policy form.

**Table 612.C.2. Sailboats With Or Without Auxiliary Power**

**RULE 613.  
OWNED SNOWMOBILE**

**B. Premium**

Rate per Snowmobile – Not Applicable

**RULE 615.  
INCIDENTAL FARMING PERSONAL LIABILITY**

**A. On The Residence Premises**

**2. Premium**

Farming done On The Residence Premises – \$40

**B. Away From The Residence Premises**

**2. Premium**

Farming done Away From The Residence Premises – \$60

**RULE 702.  
OTHER EXPOSURES – MEDICAL PAYMENTS TO  
OTHERS INCREASED LIMITS**

<b>Basic Limit Rule #</b>	<b>Coverage F – Medical Payments</b>	<b>\$2,000</b>	<b>\$3,000</b>	<b>\$4,000</b>	<b>\$5,000</b>
524.	Other Members of an Insured's Household	\$ 1	\$ 2	\$ 3	\$ 4
526.	Residence Held in Trust All Forms Except HO 00 04	1	2	3	4
527.	Student Away From Home	1	2	3	4
602.	Other Insured Locations Occupied By Insured	1	2	3	4
603.	Residence Employees	1	2	3	4
604.	Add'l. Residence Rented to Others	1	2	3	4
605.	Other Structures Rented to Others – Residence Premises	1	2	3	4
607.	Home Day Care Coverage	5	10	15	19
608.	Permitted Incidental Occupancies				
	1. Residence Premises	5	10	15	19
	2. Other Residence	3	6	9	11
609.	Business Pursuits				
	1. Clerical Employees	1	2	3	4
	2. Salesperson, Installation, etc. Included or Excluded	1	2	3	4
	3. Teachers				
	a. Lab, etc.	2	4	6	7
	b. Not otherwise classified	1	2	3	4
	c. Corporal Punishment	Medical Payments Not Available			
611.	Incidental Motorized Land Conveyances	1	2	3	4
612.	Outboard Motors and Watercraft				
	1. Outboard, Inboard or Inboard – Outboard engines or Motors				
	a) Up to 15 feet:				
	Up to 50 hp.	3	6	9	11
	51 to 100 hp.	4	8	12	14
	101 to 150 hp.	6	12	18	21
	151 to 200 hp.	Refer to Company			
	Over 200 hp.	Refer to Company			
	b) Over 15 to 26 feet:				
	Up to 50 hp.	4	8	12	14
	51 to 100 hp.	6	12	18	21
	101 to 150 hp.	8	16	24	28
	151 to 200 hp.	12	24	36	42
	Over 200 hp.	Refer to Company			
	2. Sailboats, with or without auxiliary power				
	26 to 40 feet	3	6	9	11
	Over 40 feet	Refer to Company			
613.	Owned Snowmobile	Not Applicable			
615.	Incidental Farming Personal Liability	1	2	3	4

**Table 702. Other Exposures – Medical Payments To Others Increased Limits**

**1. TERRITORY ASSIGNMENTS**

If a territory shown is defined in terms of United States Postal Service (USPS) ZIP code:

- A.** Determine the applicable rating territory based on the location of the dwelling.
- B.** An insured's rates shall not be changed solely because the USPS changed his or her ZIP code and the physical boundaries of a rating territory shall be determined by the ZIP code boundaries in effect at the time of the latest rate filing defining the territory.

Territory boundaries in North Carolina are concurrent with USPS ZIP code boundaries in effect as of **July 1, 2013**. If the USPS introduces a new ZIP code or realigns a ZIP code boundary after **July 1, 2013**, the new ZIP code may not yet be listed in Rule **2.C**. If this is the case, assign the rating territory based on the ZIP code boundary that formerly applied to the dwelling before the USPS changed the ZIP code.

**2. TERRITORY DEFINITIONS – (For all Coverages and Perils Other than Earthquake).**

Assign the applicable territory using the following order of priority:

**A. Counties**

<b>County of</b>	<b>Code</b>
Alamance	310
Alexander	340
Alleghany	360
Anson	300
Ashe	360
Avery	370
Beaufort	150
Bertie	180
Bladen	230
Buncombe	360
Burke	360
Cabarrus	320
Caldwell	360
Camden	150
Caswell	310
Catawba	360
Chatham	280
Cherokee	390
Chowan	150
Clay	390
Cleveland	350
Columbus	200
Craven	150
Cumberland	220
Currituck (other than Beach Areas)	130
Dare (other than Beach Areas)	130
Davidson	320
Davie	310
Duplin	190
Durham	270
Edgecombe	210
Forsyth	310
Franklin	240
Gaston	350

<b>County of</b>	<b>Code</b>
Gates	170
Graham	390
Granville	260
Greene	180
Guilford	310
Halifax	240
Harnett	250
Haywood	380
Henderson	360
Hertford	170
Hoke	250
Hyde (other than Beach Areas)	130
Iredell	340
Jackson	390
Johnston	240
Jones	150
Lee	290
Lenoir	190
Lincoln	350
Macon	390
Madison	380
Martin	180
McDowell	360
Mecklenburg	340
Mitchell	370
Montgomery	300
Moore	290
Nash	240
Northampton	240
Orange	280
Pamlico	130
Pasquotank	150
Perquimans	150
Person	260
Pitt	180
Polk	360
Randolph	320
Richmond	300
Robeson	230
Rockingham	310
Rowan	320
Rutherford	350
Sampson	220
Scotland	250
Stanly	340
Stokes	310
Surry	310
Swain	380
Transylvania	380
Tyrrell	150
Union	340
Vance	260
Wake	270
Warren	260
Washington	150
Watauga	360
Wayne	180
Wilkes	340
Wilson	210
Yadkin	330
Yancey	360

**B. Beach Areas**

Beach Area – Localities south and east of the Inland Waterway from the South Carolina Line to Fort Macon (Beaufort Inlet), thence south and east of Core, Pamlico, Roanoke and Currituck Sounds to the Virginia Line, being those portions of land generally known as the "Outer Banks".

Beach Areas in Currituck, Dare and Hyde Counties: 110

Beach areas in Brunswick, Carteret, New Hanover, Onslow and Pender Counties: 120

**C. Other Than Beach Areas Of Brunswick, Carteret, New Hanover, Onslow And Pender Counties**

For areas of Brunswick, Carteret, New Hanover, Onslow and Pender Counties, other than the Beach Areas, refer to the following ZIP codes. If portions of these ZIP codes fall in Counties other than Brunswick, Carteret, New Hanover, Onslow and Pender Counties use the territory code for those Counties.

**1. Eastern Coastal Territory**

ZIP Code	USPS ZIP Code Name	Code
28403	Wilmington	140
28404	Wilmington	140
28405	Wilmington	140
28406	Wilmington	140
28407	Wilmington	140
28408	Wilmington	140
28409	Wilmington	140
28410	Wilmington	140
28411	Wilmington	140
28412	Wilmington	140
28422	Bolivia	140
28428	Carolina Beach	140
28443	Hampstead	140
28445	Holly Ridge	140
28459	Shalotte	140
28460	Sneads Ferry	140
28461	Southport	140
28462	Supply	140
28467	Calabash	140
28468	Sunset Beach	140
28469	Ocean Isle Beach	140
28470	Shalotte	140
28480	Wrightsville Beach	140
28511	Atlantic	140
28516	Beaufort	140
28520	Cedar Island	140
28524	Davis	140
28528	Gloucester	140

ZIP Code	USPS ZIP Code Name	Code
28531	Harkers Island	140
28532	Havelock	140
28533	Cherry Point	140
28539	Hubert	140
28553	Marshallberg	140
28557	Morehead City	140
28570	Newport	140
28577	Sealevel	140
28579	Smyrna	140
28581	Stacy	140
28584	Swansboro	140
28589	Williston	140

**2. Western Coastal Territory**

ZIP Code	USPS ZIP Code Name	Code
28401	Wilmington	160
28402	Wilmington	160
28420	Ash	160
28421	Atkinson	160
28425	Burgaw	160
28429	Castle Hayne	160
28435	Currie	160
28436	Delco	160
28447	Ivanhoe	160
28448	Kelly	160
28451	Leland	160
28452	Longwood	160
28454	Maple Hill	160
28456	Riegelwood	160
28457	Rocky Point	160
28466	Wallace	160
28478	Willard	160
28479	Winnabow	160
28518	Beulaville	160
28521	Chinquapin	160
28540	Jacksonville	160
28541	Jacksonville	160
28542	Camp Lejeune	160
28543	Tarawa Terrace	160
28544	Midway Park	160
28545	McCutcheon Field	160
28546	Jacksonville	160
28547	Camp Lejeune	160
28555	Maysville	160
28574	Richlands	160
28582	Stella	160

## HOMEOWNERS 2 – BROAD FORM

### AGREEMENT

We will provide the insurance described in this policy in return for the premium and compliance with all applicable provisions of this policy.

### DEFINITIONS

- A.** In this policy, "you" and "your" refer to the "named insured" shown in the Declarations and the spouse if a resident of the same household. "We", "us" and "our" refer to the Company providing this insurance.
- B.** In addition, certain words and phrases are defined as follows:
- 1.** "Aircraft Liability", "Hovercraft Liability", "Motor Vehicle Liability" and "Watercraft Liability", subject to the provisions in **b.** below, mean the following:
    - a.** Liability for "bodily injury" or "property damage" arising out of the:
      - (1)** Ownership of such vehicle or craft by an "insured";
      - (2)** Maintenance, occupancy, operation, use, loading or unloading of such vehicle or craft by any person;
      - (3)** Entrustment of such vehicle or craft by an "insured" to any person;
      - (4)** Failure to supervise or negligent supervision of any person involving such vehicle or craft by an "insured"; or
      - (5)** Vicarious liability, whether or not imposed by law, for the actions of a child or minor involving such vehicle or craft.
    - b.** For the purpose of this definition:
      - (1)** Aircraft means any contrivance used or designed for flight, except model or hobby aircraft not used or designed to carry people or cargo;
      - (2)** Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;
      - (3)** Watercraft means a craft principally designed to be propelled on or in water by wind, engine power or electric motor; and
      - (4)** Motor vehicle means a "motor vehicle" as defined in **7.** below.
  - 2.** "Bodily injury" means bodily harm, sickness or disease, including required care, loss of services and death that results.
  - 3.** "Business" means:
    - a.** A trade, profession or occupation engaged in on a full-time, part-time or occasional basis; or
    - b.** Any other activity engaged in for money or other compensation, except the following:
      - (1)** One or more activities, not described in **(2)** through **(4)** below, for which no "insured" receives more than \$2,000 in total compensation for the 12 months before the beginning of the policy period;
      - (2)** Volunteer activities for which no money is received other than payment for expenses incurred to perform the activity;
      - (3)** Providing home day care services for which no compensation is received, other than the mutual exchange of such services; or
      - (4)** The rendering of home day care services to a relative of an "insured".
  - 4.** "Employee" means an employee of an "insured", or an employee leased to an "insured" by a labor leasing firm under an agreement between an "insured" and the labor leasing firm, whose duties are other than those performed by a "residence employee".
  - 5.** "Insured" means:
    - a.** You and residents of your household who are:
      - (1)** Your relatives; or
      - (2)** Other persons under the age of 21 and in your care or the care of a resident of your household who is your relative;
    - b.** A student enrolled in school full-time, as defined by the school, who was a resident of your household before moving out to attend school, provided the student is under the age of:
      - (1)** 24 and your relative; or
      - (2)** 21 and in your care or the care of a resident of your household who is your relative; or

**c. Under Section II:**

- (1)** With respect to animals or watercraft to which this policy applies, any person or organization legally responsible for these animals or watercraft which are owned by you or any person described in **5.a.** or **b.** "Insured" does not mean a person or organization using or having custody of these animals or watercraft in the course of any "business" or without consent of the owner; or
- (2)** With respect to a "motor vehicle" to which this policy applies:
  - (a)** Persons while engaged in your employ or that of any person described in **5.a.** or **b.**; or
  - (b)** Other persons using the vehicle on an "insured location" with your consent.

Under both Sections I and II, when the word an immediately precedes the word "insured", the words an "insured" together mean one or more "insureds".

**6. "Insured location" means:**

- a.** The "residence premises";
- b.** The part of other premises, other structures and grounds used by you as a residence; and
  - (1)** Which is shown in the Declarations; or
  - (2)** Which is acquired by you during the policy period for your use as a residence;
- c.** Any premises used by you in connection with a premises described in **a.** and **b.** above;
- d.** Any part of a premises:
  - (1)** Not owned by an "insured"; and
  - (2)** Where an "insured" is temporarily residing;
- e.** Vacant land, other than farm land, owned by or rented to an "insured";
- f.** Land owned by or rented to an "insured" on which a one-, two-, three- or four-family dwelling is being built as a residence for an "insured";
- g.** Individual or family cemetery plots or burial vaults of an "insured"; or
- h.** Any part of a premises occasionally rented to an "insured" for other than "business" use.

**7. "Motor vehicle" means:**

- a.** A self-propelled land or amphibious vehicle; or
  - b.** Any trailer or semitrailer which is being carried on, towed by or hitched for towing by a vehicle described in **a.** above.
- 8. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions, which results, during the policy period, in:**
- a.** "Bodily injury"; or
  - b.** "Property damage".
- 9. "Property damage" means physical injury to, destruction of, or loss of use of tangible property.**
- 10. "Residence employee" means:**
- a.** An employee of an "insured", or an employee leased to an "insured" by a labor leasing firm, under an agreement between an "insured" and the labor leasing firm, whose duties are related to the maintenance or use of the "residence premises", including household or domestic services; or
  - b.** One who performs similar duties elsewhere not related to the "business" of an "insured".

A "residence employee" does not include a temporary employee who is furnished to an "insured" to substitute for a permanent "residence employee" on leave or to meet seasonal or short-term workload conditions.

**11. "Residence premises" means:**

- a.** The one-family dwelling where you reside;
- b.** The two-, three- or four-family dwelling where you reside in at least one of the family units; or
- c.** That part of any other building where you reside;

and which is shown as the "residence premises" in the Declarations.

"Residence premises" also includes other structures and grounds at that location.

**SECTION I – PROPERTY COVERAGES**

**A. Coverage A – Dwelling**

**1. We cover:**

- a.** The dwelling on the "residence premises" shown in the Declarations, including structures attached to the dwelling; and

- b. Materials and supplies located on or next to the "residence premises" used to construct, alter or repair the dwelling or other structures on the "residence premises".

- 2. We do not cover land, including land on which the dwelling is located.

## **B. Coverage B – Other Structures**

- 1. We cover other structures on the "residence premises" set apart from the dwelling by clear space. This includes structures connected to the dwelling by only a fence, utility line, or similar connection.
- 2. We do not cover:
  - a. Land, including land on which the other structures are located;
  - b. Other structures rented or held for rental to any person not a tenant of the dwelling, unless used solely as a private garage;
  - c. Other structures from which any "business" is conducted; or
  - d. Other structures used to store "business" property. However, we do cover a structure that contains "business" property solely owned by an "insured" or a tenant of the dwelling, provided that "business" property does not include gaseous or liquid fuel, other than fuel in a permanently installed fuel tank of a vehicle or craft parked or stored in the structure.
- 3. The limit of liability for this coverage will not be more than 10% of the limit of liability that applies to Coverage A. Use of this coverage does not reduce the Coverage A limit of liability.

## **C. Coverage C – Personal Property**

### **1. Covered Property**

We cover personal property owned or used by an "insured" while it is anywhere in the world. After a loss and at your request, we will cover personal property owned by:

- a. Others while the property is on the part of the "residence premises" occupied by an "insured"; or
- b. A guest or a "residence employee", while the property is in any residence occupied by an "insured".

## **2. Limit For Property At Other Locations**

### **a. Other Residences**

Our limit of liability for personal property usually located at an "insured's" residence, other than the "residence premises", is 10% of the limit of liability for Coverage C, or \$1,000, whichever is greater. However, this limitation does not apply to personal property:

- (1) Moved from the "residence premises" because it is:
  - (a) Being repaired, renovated or rebuilt; and
  - (b) Not fit to live in or store property in; or
- (2) In a newly acquired principal residence for 30 days from the time you begin to move the property there.

### **b. Self-storage Facilities**

Our limit of liability for personal property owned or used by an "insured" and located in a self-storage facility is 10% of the limit of liability for Coverage C, or \$1,000, whichever is greater. However, this limitation does not apply to personal property:

- (1) Moved from the "residence premises" because it is:
  - (a) Being repaired, renovated or rebuilt; and
  - (b) Not fit to live in or store property in; or
- (2) Usually located in an "insured's" residence, other than the "residence premises".

### **3. Special Limits Of Liability**

The special limit for each category shown below is the total limit for each loss for all property in that category. These special limits do not increase the Coverage C limit of liability.

- a. \$200 on money, bank notes, bullion, gold other than goldware, silver other than silverware, platinum other than platinumware, coins, medals, scrip, stored value cards and smart cards.

- b. \$1,500 on securities, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, personal records, passports, tickets and stamps. This dollar limit applies to these categories regardless of the medium (such as paper or computer software) on which the material exists.

This limit includes the cost to research, replace or restore the information from the lost or damaged material.

- c. \$1,500 on watercraft of all types, including their trailers, furnishings, equipment and outboard engines or motors.
- d. \$1,500 on trailers or semitrailers not used with watercraft of all types.
- e. \$1,500 for loss by theft of jewelry, watches, furs, precious and semiprecious stones.
- f. \$2,500 for loss by theft of firearms and related equipment.
- g. \$2,500 for loss by theft of silverware, silver-plated ware, goldware, gold-plated ware, platinumware, platinum-plated ware and pewterware. This includes flatware, hollowware, tea sets, trays and trophies made of or including silver, gold or pewter.
- h. \$2,500 on property, on the "residence premises", used primarily for "business" purposes.
- i. \$1,500 on property, away from the "residence premises", used primarily for "business" purposes. However, this limit does not apply to antennas, tapes, wires, records, disks or other media that are:
  - (1) Used with electronic equipment that reproduces, receives or transmits audio, visual or data signals; and
  - (2) In or upon a "motor vehicle".
- j. \$1,500 on portable electronic equipment that:
  - (1) Reproduces, receives or transmits audio, visual or data signals;
  - (2) Is designed to be operated by more than one power source, one of which is a "motor vehicle's" electrical system; and
  - (3) Is in or upon a "motor vehicle".
- k. \$250 on antennas, tapes, wires, records, disks or other media that are:
  - (1) Used with electronic equipment that reproduces, receives or transmits audio, visual or data signals; and
  - (2) In or upon a "motor vehicle".

#### 4. Property Not Covered

We do not cover:

- a. Articles separately described and specifically insured, regardless of the limit for which they are insured, in this or other insurance;
- b. Animals, birds or fish;
- c. "Motor vehicles".

This includes a "motor vehicle's" equipment and parts.

However, this Paragraph 4.c. does not apply to:

- (1) Portable electronic equipment that:
  - (a) Reproduces, receives or transmits audio, visual or data signals; and
  - (b) Is designed so that it may be operated from a power source other than a "motor vehicle's" electrical system.
- (2) "Motor vehicles" not required to be registered for use on public roads or property which are:
  - (a) Used solely to service a residence; or
  - (b) Designed to assist the handicapped;
- d. Aircraft, meaning any contrivance used or designed for flight, including any parts whether or not attached to the aircraft.

We do cover model or hobby aircraft not used or designed to carry people or cargo;
- e. Hovercraft and parts. Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;
- f. Property of roomers, boarders and other tenants, except property of roomers and boarders related to an "insured";
- g. Property in an apartment regularly rented or held for rental to others by an "insured", except as provided under E.10. Landlord's Furnishings under Section I – Property Coverages;
- h. Property rented or held for rental to others off the "residence premises";
- i. "Business" data, including such data stored in:
  - (1) Books of account, drawings or other paper records; or
  - (2) Computers and related equipment.

We do cover the cost of blank recording or storage media and of prerecorded computer programs available on the retail market;

- j. Credit cards, electronic fund transfer cards or access devices used solely for deposit, withdrawal or transfer of funds except as provided in **E.6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money** under **Section I – Property Coverages**; or
- k. Water or steam.

#### **D. Coverage D – Loss Of Use**

The limit of liability for Coverage **D** is the total limit for the coverages in **1. Additional Living Expense**, **2. Fair Rental Value** and **3. Civil Authority Prohibits Use** below.

##### **1. Additional Living Expense**

If a loss covered under **Section I** makes that part of the "residence premises" where you reside not fit to live in, we cover any necessary increase in living expenses incurred by you so that your household can maintain its normal standard of living.

Payment will be for the shortest time required to repair or replace the damage or, if you permanently relocate, the shortest time required for your household to settle elsewhere.

##### **2. Fair Rental Value**

If a loss covered under **Section I** makes that part of the "residence premises" rented to others or held for rental by you not fit to live in, we cover the fair rental value of such premises less any expenses that do not continue while it is not fit to live in.

Payment will be for the shortest time required to repair or replace such premises.

##### **3. Civil Authority Prohibits Use**

If a civil authority prohibits you from use of the "residence premises" as a result of direct damage to neighboring premises by a Peril Insured Against, we cover the loss as provided in **1. Additional Living Expense** and **2. Fair Rental Value** above for no more than two weeks.

##### **4. Loss Or Expense Not Covered**

We do not cover loss or expense due to cancellation of a lease or agreement.

The periods of time under **1. Additional Living Expense**, **2. Fair Rental Value** and **3. Civil Authority Prohibits Use** above are not limited by expiration of this policy.

#### **E. Additional Coverages**

##### **1. Debris Removal**

- a. We will pay your reasonable expense for the removal of:
  - (1) Debris of covered property if a Peril Insured Against that applies to the damaged property causes the loss; or
  - (2) Ash, dust or particles from a volcanic eruption that has caused direct loss to a building or property contained in a building.

This expense is included in the limit of liability that applies to the damaged property. If the amount to be paid for the actual damage to the property plus the debris removal expense is more than the limit of liability for the damaged property, an additional 5% of that limit is available for such expense.

- b. We will also pay your reasonable expense, up to \$1,000, for the removal from the "residence premises" of:
  - (1) Your trees felled by the peril of Windstorm or Hail or Weight of Ice, Snow or Sleet; or
  - (2) A neighbor's trees felled by a Peril Insured Against under Coverage **C**;  
provided the trees:
    - (3) Damage a covered structure; or
    - (4) Do not damage a covered structure, but:
      - (a) Block a driveway on the "residence premises" which prevents a "motor vehicle", that is registered for use on public roads or property, from entering or leaving the "residence premises"; or
      - (b) Block a ramp or other fixture designed to assist a handicapped person to enter or leave the dwelling building.

The \$1,000 limit is the most we will pay in any one loss, regardless of the number of fallen trees. No more than \$500 of this limit will be paid for the removal of any one tree.

This coverage is additional insurance.

##### **2. Reasonable Repairs**

- a. We will pay the reasonable cost incurred by you for the necessary measures taken solely to protect covered property that is damaged by a Peril Insured Against from further damage.

- b. If the measures taken involve repair to other damaged property, we will only pay if that property is covered under this policy and the damage is caused by a Peril Insured Against. This coverage does not:

- (1) Increase the limit of liability that applies to the covered property; or
- (2) Relieve you of your duties, in case of a loss to covered property, described in **C.4.** under Section I – Conditions.

### 3. Trees, Shrubs And Other Plants

We cover trees, shrubs, plants or lawns, on the "residence premises", for loss caused by the following Perils Insured Against:

- a. Fire or Lightning;
- b. Explosion;
- c. Riot or Civil Commotion;
- d. Aircraft;
- e. Vehicles not owned or operated by a resident of the "residence premises";
- f. Vandalism or Malicious Mischief; or
- g. Theft.

We will pay up to 5% of the limit of liability that applies to the dwelling for all trees, shrubs, plants or lawns. No more than \$500 of this limit will be paid for any one tree, shrub or plant. We do not cover property grown for "business" purposes.

This coverage is additional insurance.

### 4. Fire Department Service Charge

We will pay up to \$500 for your liability assumed by contract or agreement for fire department charges incurred when the fire department is called to save or protect covered property from a Peril Insured Against. We do not cover fire department service charges if the property is located within the limits of the city, municipality or protection district furnishing the fire department response.

This coverage is additional insurance. No deductible applies to this coverage.

### 5. Property Removed

We insure covered property against direct loss from any cause while being removed from a premises endangered by a Peril Insured Against and for no more than 30 days while removed.

This coverage does not change the limit of liability that applies to the property being removed.

### 6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money

- a. We will pay up to \$500 for:

- (1) The legal obligation of an "insured" to pay because of the theft or unauthorized use of credit cards issued to or registered in an "insured's" name;
- (2) Loss resulting from theft or unauthorized use of an electronic fund transfer card or access device used for deposit, withdrawal or transfer of funds, issued to or registered in an "insured's" name;
- (3) Loss to an "insured" caused by forgery or alteration of any check or negotiable instrument; and
- (4) Loss to an "insured" through acceptance in good faith of counterfeit United States or Canadian paper currency.

All loss resulting from a series of acts committed by any one person or in which any one person is concerned or implicated is considered to be one loss.

This coverage is additional insurance. No deductible applies to this coverage.

- b. We do not cover:

- (1) Use of a credit card, electronic fund transfer card or access device:
  - (a) By a resident of your household;
  - (b) By a person who has been entrusted with either type of card or access device; or
  - (c) If an "insured" has not complied with all terms and conditions under which the cards are issued or the devices accessed; or
- (2) Loss arising out of "business" use or dishonesty of an "insured".

- c. If the coverage in **a.** applies, the following defense provisions also apply:

- (1) We may investigate and settle any claim or suit that we decide is appropriate. Our duty to defend a claim or suit ends when the amount we pay for the loss equals our limit of liability.
- (2) If a suit is brought against an "insured" for liability under **a.(1)** or **(2)** above, we will provide a defense at our expense by counsel of our choice.

- (3) We have the option to defend at our expense an "insured" or an "insured's" bank against any suit for the enforcement of payment under a.(3) above.

## 7. Loss Assessment

- a. We will pay up to \$1,000 for your share of loss assessment charged during the policy period against you, as owner or tenant of the "residence premises", by a corporation or association of property owners. The assessment must be made as a result of direct loss to property, owned by all members collectively, of the type that would be covered by this policy if owned by you, caused by a Peril Insured Against under Coverage A, other than:

- (1) Earthquake; or
- (2) Land shock waves or tremors before, during or after a volcanic eruption.

The limit of \$1,000 is the most we will pay with respect to any one loss, regardless of the number of assessments. We will only apply one deductible, per unit, to the total amount of any one loss to the property described above, regardless of the number of assessments.

- b. We do not cover assessments charged against you or a corporation or association of property owners by any governmental body.
- c. Paragraph Q. Policy Period under Section I – Conditions does not apply to this coverage.

This coverage is additional insurance.

## 8. Collapse

- a. The coverage provided under this Additional Coverage – Collapse applies only to an abrupt collapse.
- b. For the purpose of this Additional Coverage – Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.
- c. This Additional Coverage – Collapse does not apply to:
  - (1) A building or any part of a building that is in danger of falling down or caving in;

- (2) A part of a building that is standing, even if it has separated from another part of the building; or

- (3) A building or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

- d. We insure for direct physical loss to covered property involving abrupt collapse of a building or any part of a building if such collapse was caused by one or more of the following:

- (1) The Perils Insured Against;
- (2) Decay, of a building or any part of a building, that is hidden from view, unless the presence of such decay is known to an "insured" prior to collapse;
- (3) Insect or vermin damage, to a building or any part of a building, that is hidden from view, unless the presence of such damage is known to an "insured" prior to collapse;
- (4) Weight of contents, equipment, animals or people;
- (5) Weight of rain which collects on a roof; or
- (6) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.

- e. Loss to an awning, fence, patio, deck, pavement, swimming pool, underground pipe, flue, drain, cesspool, septic tank, foundation, retaining wall, bulkhead, pier, wharf or dock is not included under d.(2) through (6) above, unless the loss is a direct result of the collapse of a building or any part of a building.

- f. This coverage does not increase the limit of liability that applies to the damaged covered property.

## 9. Glass Or Safety Glazing Material

- a. We cover:
  - (1) The breakage of glass or safety glazing material which is part of a covered building, storm door or storm window;
  - (2) The breakage of glass or safety glazing material which is part of a covered building, storm door or storm window when caused directly by earth movement; and

(3) The direct physical loss to covered property caused solely by the pieces, fragments or splinters of broken glass or safety glazing material which is part of a building, storm door or storm window.

b. This coverage does not include loss:

(1) To covered property which results because the glass or safety glazing material has been broken, except as provided in a.(3) above; or

(2) On the "residence premises" if the dwelling has been vacant for more than 60 consecutive days immediately before the loss, except when the breakage results directly from earth movement as provided in a.(2) above. A dwelling being constructed is not considered vacant.

c. This coverage does not increase the limit of liability that applies to the damaged property.

#### 10. Landlord's Furnishings

We will pay up to \$2,500 for your appliances, carpeting and other household furnishings, in each apartment on the "residence premises" regularly rented or held for rental to others by an "insured", for loss caused by a Peril Insured Against other than Theft.

This limit is the most we will pay in any one loss regardless of the number of appliances, carpeting or other household furnishings involved in the loss.

This coverage does not increase the limit of liability applying to the damaged property.

#### 11. Ordinance Or Law

a. You may use up to 10% of the limit of liability that applies to Coverage A for the increased costs you incur due to the enforcement of any ordinance or law which requires or regulates:

(1) The construction, demolition, remodeling, renovation or repair of that part of a covered building or other structure damaged by a Peril Insured Against;

(2) The demolition and reconstruction of the undamaged part of a covered building or other structure, when that building or other structure must be totally demolished because of damage by a Peril Insured Against to another part of that covered building or other structure; or

(3) The remodeling, removal or replacement of the portion of the undamaged part of a covered building or other structure necessary to complete the remodeling, repair or replacement of that part of the covered building or other structure damaged by a Peril Insured Against.

b. You may use all or part of this ordinance or law coverage to pay for the increased costs you incur to remove debris resulting from the construction, demolition, remodeling, renovation, repair or replacement of property as stated in a. above.

c. We do not cover:

(1) The loss in value to any covered building or other structure due to the requirements of any ordinance or law; or

(2) The costs to comply with any ordinance or law which requires any "insured" or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants in or on any covered building or other structure.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

This coverage is additional insurance.

#### 12. Grave Markers

We will pay up to \$5,000 for grave markers, including mausoleums, on or away from the "residence premises" for loss caused by a Peril Insured Against.

This coverage does not increase the limits of liability that apply to the damaged covered property.

### SECTION I – PERILS INSURED AGAINST

We insure for direct physical loss to the property described in Coverages A, B and C caused by any of the following perils unless the loss is excluded under Section I – Exclusions.

#### 1. Fire Or Lightning

#### 2. Windstorm Or Hail

This peril includes loss to watercraft of all types and their trailers, furnishings, equipment, and outboard engines or motors, only while inside a fully enclosed building.

This peril does not include loss to the inside of a building or the property contained in a building caused by rain, snow, sleet, sand or dust unless the direct force of wind or hail damages the building causing an opening in a roof or wall and the rain, snow, sleet, sand or dust enters through this opening.

**3. Explosion**

**4. Riot Or Civil Commotion**

**5. Aircraft**

This peril includes self-propelled missiles and spacecraft.

**6. Vehicles**

This peril does not include loss to a fence, driveway or walk caused by a vehicle owned or operated by a resident of the "residence premises".

**7. Smoke**

This peril means sudden and accidental damage from smoke, including the emission or puffback of smoke, soot, fumes or vapors from a boiler, furnace or related equipment.

This peril does not include loss caused by smoke from agricultural smudging or industrial operations.

**8. Vandalism Or Malicious Mischief**

This peril does not include loss to property on the "residence premises", and any ensuing loss caused by any intentional and wrongful act committed in the course of the vandalism or malicious mischief, if the dwelling has been vacant for more than 60 consecutive days immediately before the loss. A dwelling being constructed is not considered vacant.

**9. Theft**

- a. This peril includes attempted theft and loss of property from a known place when it is likely that the property has been stolen.
- b. This peril does not include loss caused by theft:
  - (1) Committed by an "insured";
  - (2) In or to a dwelling under construction, or of materials and supplies for use in the construction until the dwelling is finished and occupied;
  - (3) From that part of a "residence premises" rented by an "insured" to someone other than another "insured"; or
  - (4) That occurs off the "residence premises" of:
    - (a) Trailers, semitrailers and campers;

- (b) Watercraft of all types, and their furnishings, equipment and outboard engines or motors; or

- (c) Property while at any other residence owned by, rented to, or occupied by an "insured", except while an "insured" is temporarily living there. Property of an "insured" who is a student is covered while at the residence the student occupies to attend school as long as the student has been there at any time during the 90 days immediately before the loss.

**10. Falling Objects**

This peril does not include loss to the inside of a building or property contained in the building unless the roof or an outside wall of the building is first damaged by a falling object. Damage to the falling object itself is not included.

**11. Weight Of Ice, Snow Or Sleet**

This peril means weight of ice, snow or sleet which causes damage to a building or property contained in a building.

This peril does not include loss to an awning, fence, patio, pavement, swimming pool, foundation, retaining wall, bulkhead, pier, wharf, or dock.

**12. Accidental Discharge Or Overflow Of Water Or Steam**

- a. This peril means accidental discharge or overflow of water or steam from within a plumbing, heating, air conditioning or automatic fire protective sprinkler system or from within a household appliance. We also pay to tear out and replace any part of the building, or other structure, on the "residence premises", but only when necessary to repair the system or appliance from which the water or steam escaped. However, such tear out and replacement coverage only applies to other structures if the water or steam causes actual damage to a building on the "residence premises".
- b. This peril does not include loss:
  - (1) On the "residence premises", if the dwelling has been vacant for more than 60 consecutive days immediately before the loss. A dwelling being constructed is not considered vacant;
  - (2) To the system or appliance from which the water or steam escaped;
  - (3) Caused by or resulting from freezing except as provided in Peril Insured Against 14. Freezing;

(4) On the "residence premises" caused by accidental discharge or overflow which occurs off the "residence premises"; or

(5) Caused by mold, fungus or wet rot unless hidden within the walls or ceilings or beneath the floors or above the ceilings of a structure.

c. In this peril, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment.

d. Section I – Exclusion 3. Water, Paragraphs a. and c. that apply to surface water and water below the surface of the ground do not apply to loss by water covered under this peril.

### 13. Sudden And Accidental Tearing Apart, Cracking, Burning Or Bulging

This peril means sudden and accidental tearing apart, cracking, burning or bulging of a steam or hot water heating system, an air conditioning or automatic fire protective sprinkler system, or an appliance for heating water.

This peril does not include loss caused by or resulting from freezing except as provided in Peril Insured Against 14. Freezing below.

### 14. Freezing

a. This peril means freezing of a plumbing, heating, air conditioning or automatic fire protective sprinkler system or of a household appliance, but only if you have used reasonable care to:

(1) Maintain heat in the building; or

(2) Shut off the water supply and drain all systems and appliances of water.

However, if the building is protected by an automatic fire protective sprinkler system, you must use reasonable care to continue the water supply and maintain heat in the building for coverage to apply.

b. In this peril, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment.

### 15. Sudden And Accidental Damage From Artificially Generated Electrical Current

This peril does not include loss to tubes, transistors, electronic components or circuitry that is a part of appliances, fixtures, computers, home entertainment units or other types of electronic apparatus.

### 16. Volcanic Eruption

This peril does not include loss caused by earthquake, land shock waves or tremors.

## SECTION I – EXCLUSIONS

We do not insure for loss caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event contributing concurrently or in any sequence to the loss. These exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

### 1. Ordinance Or Law

Ordinance or Law means any ordinance or law:

a. Requiring or regulating the construction, demolition, remodeling, renovation or repair of property, including removal of any resulting debris. This Exclusion 1.a. does not apply to the amount of coverage that may be provided for in E.11. Ordinance Or Law under Section I – Property Coverages;

b. The requirements of which result in a loss in value to property; or

c. Requiring any "insured" or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

This Exclusion 1. applies whether or not the property has been physically damaged.

### 2. Earth Movement

Earth Movement means:

a. Earthquake, including land shock waves or tremors before, during or after a volcanic eruption;

b. Landslide, mudslide or mudflow;

c. Subsidence or sinkhole; or

d. Any other earth movement including earth sinking, rising or shifting.

This Exclusion 2. applies regardless of whether any of the above, in 2.a. through 2.d., is caused by an act of nature or is otherwise caused.

However, direct loss by fire, explosion or theft resulting from any of the above, in 2.a. through 2.d., is covered.

### 3. Water

This means:

- a. Flood, surface water, waves, including tidal wave and tsunami, tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind, including storm surge;
- b. Water which:
  - (1) Backs up through sewers or drains; or
  - (2) Overflows or is otherwise discharged from a sump, sump pump or related equipment;
- c. Water below the surface of the ground, including water which exerts pressure on, or seeps, leaks or flows through a building, sidewalk, driveway, patio, foundation, swimming pool or other structure; or
- d. Waterborne material carried or otherwise moved by any of the water referred to in **3.a.** through **3.c.** of this exclusion.

This Exclusion **3.** applies regardless of whether any of the above, in **3.a.** through **3.d.**, is caused by an act of nature or is otherwise caused.

This Exclusion **3.** applies to, but is not limited to, escape, overflow or discharge, for any reason, of water or waterborne material from a dam, levee, seawall or any other boundary or containment system.

However, direct loss by fire, explosion or theft resulting from any of the above, in **3.a.** through **3.d.**, is covered.

### 4. Power Failure

Power Failure means the failure of power or other utility service if the failure takes place off the "residence premises". But if the failure results in a loss, from a Peril Insured Against on the "residence premises", we will pay for the loss caused by that peril.

### 5. Neglect

Neglect means neglect of an "insured" to use all reasonable means to save and preserve property at and after the time of a loss.

### 6. War

War includes the following and any consequence of any of the following:

- a. Undeclared war, civil war, insurrection, rebellion or revolution;
- b. Warlike act by a military force or military personnel; or
- c. Destruction, seizure or use for a military purpose.

Discharge of a nuclear weapon will be deemed a warlike act even if accidental.

### 7. Nuclear Hazard

This Exclusion **7.** pertains to Nuclear Hazard to the extent set forth in **N.** Nuclear Hazard Clause under Section **I** – Conditions.

### 8. Intentional Loss

Intentional Loss means any loss arising out of any act an "insured" commits or conspires to commit with the intent to cause a loss.

In the event of such loss, no "insured" is entitled to coverage, even "insureds" who did not commit or conspire to commit the act causing the loss.

### 9. Governmental Action

Governmental Action means the destruction, confiscation or seizure of property described in Coverage **A, B** or **C** by order of any governmental or public authority.

This exclusion does not apply to such acts ordered by any governmental or public authority that are taken at the time of a fire to prevent its spread, if the loss caused by fire would be covered under this policy.

## SECTION I – CONDITIONS

### A. Insurable Interest And Limit Of Liability

Even if more than one person has an insurable interest in the property covered, we will not be liable in any one loss:

1. To an "insured" for more than the amount of such "insured's" interest at the time of loss; or
2. For more than the applicable limit of liability.

### B. Deductible

Unless otherwise noted in this policy, the following deductible provision applies:

With respect to any one loss:

1. Subject to the applicable limit of liability, we will pay only that part of the total of all loss payable that exceeds the deductible amount shown in the Declarations.
2. If two or more deductibles under this policy apply to the loss, only the highest deductible amount will apply.

### C. Duties After Loss

In case of a loss to covered property, we have no duty to provide coverage under this policy if the failure to comply with the following duties is prejudicial to us. These duties must be performed either by you, an "insured" seeking coverage, or a representative of either:

1. Give prompt notice to us or our agent;
2. Notify the police in case of loss by theft;

3. Notify the credit card or electronic fund transfer card or access device company in case of loss as provided for in **E.6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money under Section I – Property Coverages**;
4. Protect the property from further damage. If repairs to the property are required, you must:
  - a. Make reasonable and necessary repairs to protect the property; and
  - b. Keep an accurate record of repair expenses;
5. Cooperate with us in the investigation of a claim;
6. Prepare an inventory of damaged personal property showing the quantity, description, actual cash value and amount of loss. Attach all bills, receipts and related documents that justify the figures in the inventory;
7. As often as we reasonably require:
  - a. Show the damaged property;
  - b. Provide us with records and documents we request and permit us to make copies; and
  - c. Submit to examination under oath, while not in the presence of another "insured", and sign the same;
8. Send to us, within 60 days after our request, your signed, sworn proof of loss which sets forth, to the best of your knowledge and belief:
  - a. The time and cause of loss;
  - b. The interests of all "insureds" and all others in the property involved and all liens on the property;
  - c. Other insurance which may cover the loss;
  - d. Changes in title or occupancy of the property during the term of the policy;
  - e. Specifications of damaged buildings and detailed repair estimates;
  - f. The inventory of damaged personal property described in **6.** above;
  - g. Receipts for additional living expenses incurred and records that support the fair rental value loss; and
  - h. Evidence or affidavit that supports a claim under **E.6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money under Section I – Property Coverages**, stating the amount and cause of loss.

#### **D. Loss Settlement**

In this Condition **D.**, the terms "cost to repair or replace" and "replacement cost" do not include the increased costs incurred to comply with the enforcement of any ordinance or law, except to the extent that coverage for these increased costs is provided in **E.11. Ordinance Or Law under Section I – Property Coverages**. Covered property losses are settled as follows:

1. Property of the following types:
  - a. Personal property;
  - b. Awnings, carpeting, household appliances, outdoor antennas and outdoor equipment, whether or not attached to buildings;
  - c. Structures that are not buildings; and
  - d. Grave markers, including mausoleums;

at actual cash value at the time of loss but not more than the amount required to repair or replace.
2. Buildings covered under Coverage **A** or **B** at replacement cost without deduction for depreciation, subject to the following:
  - a. If, at the time of loss, the amount of insurance in this policy on the damaged building is 80% or more of the full replacement cost of the building immediately before the loss, we will pay the cost to repair or replace, without deduction for depreciation, but not more than the least of the following amounts:
    - (1) The limit of liability under this policy that applies to the building;
    - (2) The replacement cost of that part of the building damaged with material of like kind and quality and for like use; or
    - (3) The necessary amount actually spent to repair or replace the damaged building.

If the building is rebuilt at a new premises, the cost described in (2) above is limited to the cost which would have been incurred if the building had been built at the original premises.
  - b. If, at the time of loss, the amount of insurance in this policy on the damaged building is less than 80% of the full replacement cost of the building immediately before the loss, we will pay the greater of the following amounts, but not more than the limit of liability under this policy that applies to the building:
    - (1) The actual cash value of that part of the building damaged; or

- (2) That proportion of the cost to repair or replace, without deduction for depreciation, that part of the building damaged, which the total amount of insurance in this policy on the damaged building bears to 80% of the replacement cost of the building.
- c. To determine the amount of insurance required to equal 80% of the full replacement cost of the building immediately before the loss, do not include the value of:
  - (1) Excavations, footings, foundations, piers, or any other structures or devices that support all or part of the building, which are below the undersurface of the lowest basement floor;
  - (2) Those supports described in (1) above which are below the surface of the ground inside the foundation walls, if there is no basement; and
  - (3) Underground flues, pipes, wiring and drains.
- d. We will pay no more than the actual cash value of the damage until actual repair or replacement is complete. Once actual repair or replacement is complete, we will settle the loss as noted in **2.a.** and **b.** above.  
However, if the cost to repair or replace the damage is both:
  - (1) Less than 5% of the amount of insurance in this policy on the building; and
  - (2) Less than \$2,500;
 we will settle the loss as noted in **2.a.** and **b.** above whether or not actual repair or replacement is complete.
- e. You may disregard the replacement cost loss settlement provisions and make claim under this policy for loss to buildings on an actual cash value basis. You may then make claim for any additional liability according to the provisions of this Condition **D. Loss Settlement**, provided you notify us, within 180 days after the date of loss, of your intent to repair or replace the damaged building.

**E. Loss To A Pair Or Set**

In case of loss to a pair or set we may elect to:

- 1. Repair or replace any part to restore the pair or set to its value before the loss; or
- 2. Pay the difference between actual cash value of the property before and after the loss.

**F. Appraisal**

If you and we fail to agree on the amount of loss, either may demand an appraisal of the loss. In this event, each party will choose a competent and impartial appraiser within 20 days after receiving a written request from the other. The two appraisers will choose an umpire. If they cannot agree upon an umpire within 15 days, you or we may request that the choice be made by a judge of a court of record in the state where the "residence premises" is located. The appraisers will separately set the amount of loss. If the appraisers submit a written report of an agreement to us, the amount agreed upon will be the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of loss.

Each party will:

- 1. Pay its own appraiser; and
- 2. Bear the other expenses of the appraisal and umpire equally.

**G. Other Insurance And Service Agreement**

If a loss covered by this policy is also covered by:

- 1. Other insurance, we will pay only the proportion of the loss that the limit of liability that applies under this policy bears to the total amount of insurance covering the loss; or
- 2. A service agreement, this insurance is excess over any amounts payable under any such agreement. Service agreement means a service plan, property restoration plan, home warranty or other similar service warranty agreement, even if it is characterized as insurance.

**H. Suit Against Us**

No action can be brought against us unless there has been full compliance with all of the terms under Section **I** of this policy and the action is started within two years after the date of loss.

**I. Our Option**

If we give you written notice within 30 days after we receive your signed, sworn proof of loss, we may repair or replace any part of the damaged property with material or property of like kind and quality.

**J. Loss Payment**

We will adjust all losses with you. We will pay you unless some other person is named in the policy or is legally entitled to receive payment. Loss will be payable 60 days after we receive your proof of loss and:

- 1. Reach an agreement with you;
- 2. There is an entry of a final judgment; or

3. There is a filing of an appraisal award with us.

#### **K. Abandonment Of Property**

We need not accept any property abandoned by an "insured".

#### **L. Mortgage Clause**

1. If a mortgagee is named in this policy, any loss payable under Coverage **A** or **B** will be paid to the mortgagee and you, as interests appear. If more than one mortgagee is named, the order of payment will be the same as the order of precedence of the mortgages.
2. If we deny your claim, that denial will not apply to a valid claim of the mortgagee, if the mortgagee:
  - a. Notifies us of any change in ownership, occupancy or substantial change in risk of which the mortgagee is aware;
  - b. Pays any premium due under this policy on demand if you have neglected to pay the premium; and
  - c. Submits a signed, sworn statement of loss within 60 days after receiving notice from us of your failure to do so. Paragraphs **F.** Appraisal, **H.** Suit Against Us and **J.** Loss Payment under Section **I** – Conditions also apply to the mortgagee.
3. If we decide to cancel or not to renew this policy, the mortgagee will be notified at least 10 days before the date cancellation or nonrenewal takes effect.
4. If we pay the mortgagee for any loss and deny payment to you:
  - a. We are subrogated to all the rights of the mortgagee granted under the mortgage on the property; or
  - b. At our option, we may pay to the mortgagee the whole principal on the mortgage plus any accrued interest. In this event, we will receive a full assignment and transfer of the mortgage and all securities held as collateral to the mortgage debt.
5. Subrogation will not impair the right of the mortgagee to recover the full amount of the mortgagee's claim.

#### **M. No Benefit To Bailee**

We will not recognize any assignment or grant any coverage that benefits a person or organization holding, storing or moving property for a fee regardless of any other provision of this policy.

#### **N. Nuclear Hazard Clause**

1. "Nuclear Hazard" means any nuclear reaction, radiation, or radioactive contamination, all whether controlled or uncontrolled or however caused, or any consequence of any of these.
2. Loss caused by the nuclear hazard will not be considered loss caused by fire, explosion, or smoke, whether these perils are specifically named in or otherwise included within the Perils Insured Against.
3. This policy does not apply under Section **I** to loss caused directly or indirectly by nuclear hazard, except that direct loss by fire resulting from the nuclear hazard is covered.

#### **O. Recovered Property**

If you or we recover any property for which we have made payment under this policy, you or we will notify the other of the recovery. At your option, the property will be returned to or retained by you or it will become our property. If the recovered property is returned to or retained by you, the loss payment will be adjusted based on the amount you received for the recovered property.

#### **P. Volcanic Eruption Period**

One or more volcanic eruptions that occur within a 72-hour period will be considered as one volcanic eruption.

#### **Q. Policy Period**

This policy applies only to loss which occurs during the policy period.

#### **R. Concealment Or Fraud**

We provide coverage to no "insureds" under this policy if, whether before or after a loss, an "insured" has:

1. Intentionally concealed or misrepresented any material fact or circumstance;
2. Engaged in fraudulent conduct; or
3. Made false statements; relating to this insurance.

#### **S. Loss Payable Clause**

If the Declarations shows a loss payee for certain listed insured personal property, the definition of "insured" is changed to include that loss payee with respect to that property.

If we decide to cancel or not renew this policy, that loss payee will be notified in writing.

## SECTION II – LIABILITY COVERAGES

### A. Coverage E – Personal Liability

If a claim is made or a suit is brought against an "insured" for damages because of "bodily injury" or "property damage" caused by an "occurrence" to which this coverage applies, we will:

1. Pay up to our limit of liability for the damages for which an "insured" is legally liable. Damages include prejudgment interest awarded against an "insured"; and
2. Provide a defense at our expense by counsel of our choice, even if the suit is groundless, false or fraudulent. We may investigate and settle any claim or suit that we decide is appropriate. Our duty to settle or defend ends when our limit of liability for the "occurrence" has been exhausted by payment of a judgment or settlement.

### B. Coverage F – Medical Payments To Others

We will pay the necessary medical expenses that are incurred or medically ascertained within three years from the date of an accident causing "bodily injury". Medical expenses means reasonable charges for medical, surgical, x-ray, dental, ambulance, hospital, professional nursing, prosthetic devices and funeral services. This coverage does not apply to you or regular residents of your household except "residence employees". As to others, this coverage applies only:

1. To a person on the "insured location" with the permission of an "insured"; or
2. To a person off the "insured location", if the "bodily injury":
  - a. Arises out of a condition on the "insured location" or the ways immediately adjoining;
  - b. Is caused by the activities of an "insured";
  - c. Is caused by a "residence employee" in the course of the "residence employee's" employment by an "insured"; or
  - d. Is caused by an animal owned by or in the care of an "insured".

## SECTION II – EXCLUSIONS

### A. "Motor Vehicle Liability"

1. Coverages E and F do not apply to any "motor vehicle liability" if, at the time and place of an "occurrence", the involved "motor vehicle":
  - a. Is registered for use on public roads or property;

- b. Is not registered for use on public roads or property, but such registration is required by a law, or regulation issued by a government agency, for it to be used at the place of the "occurrence"; or
  - c. Is being:
    - (1) Operated in, or practicing for, any prearranged or organized race, speed contest or other competition;
    - (2) Rented to others;
    - (3) Used to carry persons or cargo for a charge; or
    - (4) Used for any "business" purpose except for a motorized golf cart while on a golfing facility.
2. If Exclusion A.1. does not apply, there is still no coverage for "motor vehicle liability", unless the "motor vehicle" is:
    - a. In dead storage on an "insured location";
    - b. Used solely to service a residence;
    - c. Designed to assist the handicapped and, at the time of an "occurrence", it is:
      - (1) Being used to assist a handicapped person; or
      - (2) Parked on an "insured location";
    - d. Designed for recreational use off public roads and:
      - (1) Not owned by an "insured"; or
      - (2) Owned by an "insured" provided the "occurrence" takes place:
        - (a) On an "insured location" as defined in Definition B.6.a., b., d., e. or h.; or
        - (b) Off an "insured location" and the "motor vehicle" is:
          - (i) Designed as a toy vehicle for use by children under seven years of age;
          - (ii) Powered by one or more batteries; and
          - (iii) Not built or modified after manufacture to exceed a speed of five miles per hour on level ground;

e. A motorized golf cart that is owned by an "insured", designed to carry up to four persons, not built or modified after manufacture to exceed a speed of 25 miles per hour on level ground and, at the time of an "occurrence", is within the legal boundaries of:

- (1) A golfing facility and is parked or stored there, or being used by an "insured" to:
  - (a) Play the game of golf or for other recreational or leisure activity allowed by the facility;
  - (b) Travel to or from an area where "motor vehicles" or golf carts are parked or stored; or
  - (c) Cross public roads at designated points to access other parts of the golfing facility; or
- (2) A private residential community, including its public roads upon which a motorized golf cart can legally travel, which is subject to the authority of a property owners association and contains an "insured's" residence.

#### B. "Watercraft Liability"

1. Coverages E and F do not apply to any "watercraft liability" if, at the time of an "occurrence", the involved watercraft is being:
  - a. Operated in, or practicing for, any prearranged or organized race, speed contest or other competition. This exclusion does not apply to a sailing vessel or a predicted log cruise;
  - b. Rented to others;
  - c. Used to carry persons or cargo for a charge; or
  - d. Used for any "business" purpose.
2. If Exclusion B.1. does not apply, there is still no coverage for "watercraft liability" unless, at the time of the "occurrence", the watercraft:
  - a. Is stored;
  - b. Is a sailing vessel, with or without auxiliary power, that is:
    - (1) Less than 26 feet in overall length; or
    - (2) 26 feet or more in overall length and not owned by or rented to an "insured"; or
  - c. Is not a sailing vessel and is powered by:
    - (1) An inboard or inboard-outdrive engine or motor, including those that power a water jet pump, of:
      - (a) 50 horsepower or less and not owned by an "insured"; or

- (b) More than 50 horsepower and not owned by or rented to an "insured"; or
- (2) One or more outboard engines or motors with:
  - (a) 25 total horsepower or less;
  - (b) More than 25 horsepower if the outboard engine or motor is not owned by an "insured";
  - (c) More than 25 horsepower if the outboard engine or motor is owned by an "insured" who acquired it during the policy period; or
  - (d) More than 25 horsepower if the outboard engine or motor is owned by an "insured" who acquired it before the policy period, but only if:
    - (i) You declare them at policy inception; or
    - (ii) Your intent to insure them is reported to us in writing within 45 days after you acquire them.

The coverages in (c) and (d) above apply for the policy period.

Horsepower means the maximum power rating assigned to the engine or motor by the manufacturer.

#### C. "Aircraft Liability"

This policy does not cover "aircraft liability".

#### D. "Hovercraft Liability"

This policy does not cover "hovercraft liability".

#### E. Coverage E – Personal Liability And Coverage F – Medical Payments To Others

Coverages E and F do not apply to the following:

##### 1. Expected Or Intended Injury

"Bodily injury" or "property damage" which is expected or intended by an "insured", even if the resulting "bodily injury" or "property damage":

- a. Is of a different kind, quality or degree than initially expected or intended; or
- b. Is sustained by a different person, entity or property than initially expected or intended.

However, this Exclusion E.1. does not apply to "bodily injury" or "property damage" resulting from the use of reasonable force by an "insured" to protect persons or property;

**2. "Business"**

- a. "Bodily injury" or "property damage" arising out of or in connection with a "business" conducted from an "insured location" or engaged in by an "insured", whether or not the "business" is owned or operated by an "insured" or employs an "insured".

This Exclusion **E.2.** applies but is not limited to an act or omission, regardless of its nature or circumstance, involving a service or duty rendered, promised, owed, or implied to be provided because of the nature of the "business".

- b. This Exclusion **E.2.** does not apply to:

- (1) The rental or holding for rental of an "insured location";
  - (a) On an occasional basis if used only as a residence;
  - (b) In part for use only as a residence, unless a single-family unit is intended for use by the occupying family to lodge more than two roomers or boarders; or
  - (c) In part, as an office, school, studio or private garage; and
- (2) An "insured" under the age of 21 years involved in a part-time or occasional, self-employed "business" with no employees;

**3. Professional Services**

"Bodily injury" or "property damage" arising out of the rendering of or failure to render professional services;

**4. "Insured's" Premises Not An "Insured Location"**

"Bodily injury" or "property damage" arising out of a premises:

- a. Owned by an "insured";
  - b. Rented to an "insured"; or
  - c. Rented to others by an "insured";
- that is not an "insured location";

**5. War**

"Bodily injury" or "property damage" caused directly or indirectly by war, including the following and any consequence of any of the following:

- a. Undeclared war, civil war, insurrection, rebellion or revolution;
- b. Warlike act by a military force or military personnel; or

- c. Destruction, seizure or use for a military purpose.

Discharge of a nuclear weapon will be deemed a warlike act even if accidental;

**6. Communicable Disease**

"Bodily injury" or "property damage" which arises out of the transmission of a communicable disease by an "insured";

**7. Sexual Molestation, Corporal Punishment Or Physical Or Mental Abuse**

"Bodily injury" or "property damage" arising out of sexual molestation, corporal punishment or physical or mental abuse; or

**8. Controlled Substance**

"Bodily injury" or "property damage" arising out of the use, sale, manufacture, delivery, transfer or possession by any person of a Controlled Substance as defined by the Federal Food and Drug Law at 21 U.S.C.A. Sections 811 and 812. Controlled Substances include but are not limited to cocaine, LSD, marijuana and all narcotic drugs. However, this exclusion does not apply to the legitimate use of prescription drugs by a person following the lawful orders of a licensed health care professional.

Exclusions **A.** "Motor Vehicle Liability", **B.** "Watercraft Liability", **C.** "Aircraft Liability", **D.** "Hovercraft Liability" and **E.4.** "Insured's" Premises Not An "Insured Location" do not apply to "bodily injury" to a "residence employee" arising out of and in the course of the "residence employee's" employment by an "insured".

**F. Coverage E – Personal Liability**

Coverage **E** does not apply to:

**1. Liability:**

- a. For any loss assessment charged against you as a member of an association, corporation or community of property owners, except as provided in **D.** Loss Assessment under Section **II** – Additional Coverages;
- b. Under any contract or agreement entered into by an "insured". However, this exclusion does not apply to written contracts:
  - (1) That directly relate to the ownership, maintenance or use of an "insured location"; or
  - (2) Where the liability of others is assumed by you prior to an "occurrence";unless excluded in **a.** above or elsewhere in this policy;

2. "Property damage" to property owned by an "insured". This includes costs or expenses incurred by an "insured" or others to repair, replace, enhance, restore or maintain such property to prevent injury to a person or damage to property of others, whether on or away from an "insured location";
3. "Property damage" to property rented to, occupied or used by or in the care of an "insured". This exclusion does not apply to "property damage" caused by fire, smoke or explosion;
4. "Bodily injury" to any person eligible to receive any benefits voluntarily provided or required to be provided by an "insured" under any:
  - a. Workers' compensation law;
  - b. Non-occupational disability law; or
  - c. Occupational disease law;
5. "Bodily injury" or "property damage" for which an "insured" under this policy:
  - a. Is also an insured under a nuclear energy liability policy issued by the:
    - (1) Nuclear Energy Liability Insurance Association;
    - (2) Mutual Atomic Energy Liability Underwriters;
    - (3) Nuclear Insurance Association of Canada;
 or any of their successors; or
  - b. Would be an insured under such a policy but for the exhaustion of its limit of liability; or
6. "Bodily injury" to you or an "insured" as defined under Definition 5.a. or b.

This exclusion also applies to any claim made or suit brought against you or an "insured" to:

- a. Repay; or
- b. Share damages with;

another person who may be obligated to pay damages because of "bodily injury" to an "insured".

#### **G. Coverage F – Medical Payments To Others**

Coverage F does not apply to "bodily injury":

1. To a "residence employee" if the "bodily injury":
  - a. Occurs off the "insured location"; and
  - b. Does not arise out of or in the course of the "residence employee's" employment by an "insured";

2. To any person eligible to receive benefits voluntarily provided or required to be provided under any:
  - a. Workers' compensation law;
  - b. Non-occupational disability law; or
  - c. Occupational disease law;
3. From any:
  - a. Nuclear reaction;
  - b. Nuclear radiation; or
  - c. Radioactive contamination;
 all whether controlled or uncontrolled or however caused; or
  - d. Any consequence of any of these; or
4. To any person, other than a "residence employee" of an "insured", regularly residing on any part of the "insured location".

#### **SECTION II – ADDITIONAL COVERAGES**

We cover the following in addition to the limits of liability:

##### **A. Claim Expenses**

We pay:

1. Expenses we incur and costs taxed against an "insured" in any suit we defend;
2. Premiums on bonds required in a suit we defend, but not for bond amounts more than the Coverage E limit of liability. We need not apply for or furnish any bond;
3. Reasonable expenses incurred by an "insured" at our request, including actual loss of earnings (but not loss of other income) up to \$250 per day, for assisting us in the investigation or defense of a claim or suit; and
4. Interest on the entire judgment which accrues after entry of the judgment and before we pay or tender, or deposit in court that part of the judgment which does not exceed the limit of liability that applies.

##### **B. First Aid Expenses**

We will pay expenses for first aid to others incurred by an "insured" for "bodily injury" covered under this policy. We will not pay for first aid to an "insured".

##### **C. Damage To Property Of Others**

1. We will pay, at replacement cost, up to \$1,000 per "occurrence" for "property damage" to property of others caused by an "insured".
2. We will not pay for "property damage":
  - a. To the extent of any amount recoverable under Section I;

- b. Caused intentionally by an "insured" who is 13 years of age or older;
- c. To property owned by an "insured";
- d. To property owned by or rented to a tenant of an "insured" or a resident in your household; or
- e. Arising out of:
  - (1) A "business" engaged in by an "insured";
  - (2) Any act or omission in connection with a premises owned, rented or controlled by an "insured", other than the "insured location"; or
  - (3) The ownership, maintenance, occupancy, operation, use, loading or unloading of aircraft, hovercraft, watercraft or "motor vehicles".

This Exclusion e.(3) does not apply to a "motor vehicle" that:

- (a) Is designed for recreational use off public roads;
- (b) Is not owned by an "insured"; and
- (c) At the time of the "occurrence", is not required by law, or regulation issued by a government agency, to have been registered for it to be used on public roads or property.

#### D. Loss Assessment

1. We will pay up to \$1,000 for your share of loss assessment charged against you, as owner or tenant of the "residence premises", during the policy period by a corporation or association of property owners, when the assessment is made as a result of:
  - a. "Bodily injury" or "property damage" not excluded from coverage under Section II – Exclusions; or
  - b. Liability for an act of a director, officer or trustee in the capacity as a director, officer or trustee, provided such person:
    - (1) Is elected by the members of a corporation or association of property owners; and
    - (2) Serves without deriving any income from the exercise of duties which are solely on behalf of a corporation or association of property owners.
2. Paragraph I. Policy Period under Section II – Conditions does not apply to this Loss Assessment Coverage.

3. Regardless of the number of assessments, the limit of \$1,000 is the most we will pay for loss arising out of:
  - a. One accident, including continuous or repeated exposure to substantially the same general harmful condition; or
  - b. A covered act of a director, officer or trustee. An act involving more than one director, officer or trustee is considered to be a single act.
4. We do not cover assessments charged against you or a corporation or association of property owners by any governmental body.

## SECTION II – CONDITIONS

### A. Limit Of Liability

Our total liability under Coverage E for all damages resulting from any one "occurrence" will not be more than the Coverage E Limit Of Liability shown in the Declarations. This limit is the same regardless of the number of "insureds", claims made or persons injured. All "bodily injury" and "property damage" resulting from any one accident or from continuous or repeated exposure to substantially the same general harmful conditions shall be considered to be the result of one "occurrence".

Our total liability under Coverage F for all medical expense payable for "bodily injury" to one person as the result of one accident will not be more than the Coverage F Limit Of Liability shown in the Declarations.

### B. Severability Of Insurance

This insurance applies separately to each "insured". This condition will not increase our limit of liability for any one "occurrence".

### C. Duties After "Occurrence"

In case of an "occurrence", you or another "insured" will perform the following duties that apply. We have no duty to provide coverage under this policy if your failure to comply with the following duties is prejudicial to us. You will help us by seeing that these duties are performed:

1. Give written notice to us or our agent as soon as is practical, which sets forth:
  - a. The identity of the policy and the "named insured" shown in the Declarations;
  - b. Reasonably available information on the time, place and circumstances of the "occurrence"; and
  - c. Names and addresses of any claimants and witnesses;

2. Cooperate with us in the investigation, settlement or defense of any claim or suit;
3. Promptly forward to us every notice, demand, summons or other process relating to the "occurrence";
4. At our request, help us:
  - a. To make settlement;
  - b. To enforce any right of contribution or indemnity against any person or organization who may be liable to an "insured";
  - c. With the conduct of suits and attend hearings and trials; and
  - d. To secure and give evidence and obtain the attendance of witnesses;
5. With respect to **C. Damage To Property Of Others** under **Section II – Additional Coverages**, submit to us within 60 days after the loss a sworn statement of loss and show the damaged property, if in an "insured's" control;
6. No "insured" shall, except at such "insured's" own cost, voluntarily make payment, assume obligation or incur expense other than for first aid to others at the time of the "bodily injury".

**D. Duties Of An Injured Person – Coverage F – Medical Payments To Others**

1. The injured person or someone acting for the injured person will:
  - a. Give us written proof of claim, under oath if required, as soon as is practical; and
  - b. Authorize us to obtain copies of medical reports and records.
2. The injured person will submit to a physical exam by a doctor of our choice when and as often as we reasonably require.

**E. Payment Of Claim – Coverage F – Medical Payments To Others**

Payment under this coverage is not an admission of liability by an "insured" or us.

**F. Suit Against Us**

1. No action can be brought against us unless there has been full compliance with all of the terms under this **Section II**.
2. No one will have the right to join us as a party to any action against an "insured".
3. Also, no action with respect to **Coverage E** can be brought against us until the obligation of such "insured" has been determined by final judgment or agreement signed by us.

**G. Bankruptcy Of An "Insured"**

Bankruptcy or insolvency of an "insured" will not relieve us of our obligations under this policy.

**H. Other Insurance**

This insurance is excess over other valid and collectible insurance except insurance written specifically to cover as excess over the limits of liability that apply in this policy.

**I. Policy Period**

This policy applies only to "bodily injury" or "property damage" which occurs during the policy period.

**J. Concealment Or Fraud**

We do not provide coverage to an "insured" who, whether before or after a loss, has:

1. Intentionally concealed or misrepresented any material fact or circumstance;
  2. Engaged in fraudulent conduct; or
  3. Made false statements;
- relating to this insurance.

**SECTIONS I AND II – CONDITIONS**

**A. Liberalization Clause**

If we make a change which broadens coverage under this edition of our policy without additional premium charge, that change will automatically apply to your insurance as of the date we implement the change in your state, provided that this implementation date falls within 60 days prior to or during the policy period stated in the **Declarations**.

This Liberalization Clause does not apply to changes implemented with a general program revision that includes both broadenings and restrictions in coverage, whether that general program revision is implemented through introduction of:

1. A subsequent edition of this policy; or
2. An amendatory endorsement.

**B. Waiver Or Change Of Policy Provisions**

A waiver or change of a provision of this policy must be in writing by us to be valid. Our request for an appraisal or examination will not waive any of our rights.

**C. Cancellation**

1. You may cancel this policy at any time by returning it to us or by letting us know in writing of the date cancellation is to take effect.

2. We may cancel this policy only for the reasons stated below by letting you know in writing of the date cancellation takes effect. This cancellation notice may be delivered to you, or mailed to you at your mailing address shown in the Declarations. Proof of mailing will be sufficient proof of notice.
  - a. When you have not paid the premium, we may cancel at any time by letting you know at least 10 days before the date cancellation takes effect.
  - b. When this policy has been in effect for less than 60 days and is not a renewal with us, we may cancel for any reason by letting you know at least 10 days before the date cancellation takes effect.
  - c. When this policy has been in effect for 60 days or more, or at any time if it is a renewal with us, we may cancel:
    - (1) If there has been a material misrepresentation of fact which if known to us would have caused us not to issue the policy; or
    - (2) If the risk has changed substantially since the policy was issued.
 

This can be done by letting you know at least 30 days before the date cancellation takes effect.
  - d. When this policy is written for a period of more than one year, we may cancel for any reason at anniversary by letting you know at least 30 days before the date cancellation takes effect.
3. When this policy is canceled, the premium for the period from the date of cancellation to the expiration date will be refunded pro rata.
4. If the return premium is not refunded with the notice of cancellation or when this policy is returned to us, we will refund it within a reasonable time after the date cancellation takes effect.

#### **D. Nonrenewal**

We may elect not to renew this policy. We may do so by delivering to you, or mailing to you at your mailing address shown in the Declarations, written notice at least 30 days before the expiration date of this policy. Proof of mailing will be sufficient proof of notice.

#### **E. Assignment**

Assignment of this policy will not be valid unless we give our written consent.

#### **F. Subrogation**

An "insured" may waive in writing before a loss all rights of recovery against any person. If not waived, we may require an assignment of rights of recovery for a loss to the extent that payment is made by us.

If an assignment is sought, an "insured" must sign and deliver all related papers and cooperate with us.

Subrogation does not apply to Coverage **F** or Paragraph **C**. Damage To Property Of Others under Section **II** – Additional Coverages.

#### **G. Death**

If any person named in the Declarations or the spouse, if a resident of the same household, dies, the following apply:

1. We insure the legal representative of the deceased but only with respect to the premises and property of the deceased covered under the policy at the time of death; and
2. "Insured" includes:
  - a. An "insured" who is a member of your household at the time of your death, but only while a resident of the "residence premises"; and
  - b. With respect to your property, the person having proper temporary custody of the property until appointment and qualification of a legal representative.

## HOMEOWNERS 3 – SPECIAL FORM

### AGREEMENT

We will provide the insurance described in this policy in return for the premium and compliance with all applicable provisions of this policy.

### DEFINITIONS

- A.** In this policy, "you" and "your" refer to the "named insured" shown in the Declarations and the spouse if a resident of the same household. "We", "us" and "our" refer to the Company providing this insurance.
- B.** In addition, certain words and phrases are defined as follows:
- 1.** "Aircraft Liability", "Hovercraft Liability", "Motor Vehicle Liability" and "Watercraft Liability", subject to the provisions in **b.** below, mean the following:
    - a.** Liability for "bodily injury" or "property damage" arising out of the:
      - (1)** Ownership of such vehicle or craft by an "insured";
      - (2)** Maintenance, occupancy, operation, use, loading or unloading of such vehicle or craft by any person;
      - (3)** Entrustment of such vehicle or craft by an "insured" to any person;
      - (4)** Failure to supervise or negligent supervision of any person involving such vehicle or craft by an "insured"; or
      - (5)** Vicarious liability, whether or not imposed by law, for the actions of a child or minor involving such vehicle or craft.
    - b.** For the purpose of this definition:
      - (1)** Aircraft means any contrivance used or designed for flight except model or hobby aircraft not used or designed to carry people or cargo;
      - (2)** Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;
      - (3)** Watercraft means a craft principally designed to be propelled on or in water by wind, engine power or electric motor; and
      - (4)** Motor vehicle means a "motor vehicle" as defined in **7.** below.
  - 2.** "Bodily injury" means bodily harm, sickness or disease, including required care, loss of services and death that results.
  - 3.** "Business" means:
    - a.** A trade, profession or occupation engaged in on a full-time, part-time or occasional basis; or
    - b.** Any other activity engaged in for money or other compensation, except the following:
      - (1)** One or more activities, not described in **(2)** through **(4)** below, for which no "insured" receives more than \$2,000 in total compensation for the 12 months before the beginning of the policy period;
      - (2)** Volunteer activities for which no money is received other than payment for expenses incurred to perform the activity;
      - (3)** Providing home day care services for which no compensation is received, other than the mutual exchange of such services; or
      - (4)** The rendering of home day care services to a relative of an "insured".
  - 4.** "Employee" means an employee of an "insured", or an employee leased to an "insured" by a labor leasing firm under an agreement between an "insured" and the labor leasing firm, whose duties are other than those performed by a "residence employee".
  - 5.** "Insured" means:
    - a.** You and residents of your household who are:
      - (1)** Your relatives; or
      - (2)** Other persons under the age of 21 and in your care or the care of a resident of your household who is your relative;
    - b.** A student enrolled in school full-time, as defined by the school, who was a resident of your household before moving out to attend school, provided the student is under the age of:
      - (1)** 24 and your relative; or

- (2) 21 and in your care or the care of a resident of your household who is your relative; or

**c. Under Section II:**

- (1) With respect to animals or watercraft to which this policy applies, any person or organization legally responsible for these animals or watercraft which are owned by you or any person described in **5.a.** or **b.** "Insured" does not mean a person or organization using or having custody of these animals or watercraft in the course of any "business" or without consent of the owner; or
- (2) With respect to a "motor vehicle" to which this policy applies:
  - (a) Persons while engaged in your employ or that of any person described in **5.a.** or **b.**; or
  - (b) Other persons using the vehicle on an "insured location" with your consent.

Under both Sections I and II, when the word an immediately precedes the word "insured", the words an "insured" together mean one or more "insureds".

**6. "Insured location" means:**

- a.** The "residence premises";
- b.** The part of other premises, other structures and grounds used by you as a residence; and
  - (1) Which is shown in the Declarations; or
  - (2) Which is acquired by you during the policy period for your use as a residence;
- c.** Any premises used by you in connection with a premises described in **a.** and **b.** above;
- d.** Any part of a premises:
  - (1) Not owned by an "insured"; and
  - (2) Where an "insured" is temporarily residing;
- e.** Vacant land, other than farm land, owned by or rented to an "insured";
- f.** Land owned by or rented to an "insured" on which a one-, two-, three- or four-family dwelling is being built as a residence for an "insured";

- g.** Individual or family cemetery plots or burial vaults of an "insured"; or
- h.** Any part of a premises occasionally rented to an "insured" for other than "business" use.

**7. "Motor vehicle" means:**

- a.** A self-propelled land or amphibious vehicle; or
- b.** Any trailer or semitrailer which is being carried on, towed by or hitched for towing by a vehicle described in **a.** above.

**8. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions, which results, during the policy period, in:**

- a.** "Bodily injury"; or
- b.** "Property damage".

**9. "Property damage" means physical injury to, destruction of, or loss of use of tangible property.**

**10. "Residence employee" means:**

- a.** An employee of an "insured", or an employee leased to an "insured" by a labor leasing firm, under an agreement between an "insured" and the labor leasing firm, whose duties are related to the maintenance or use of the "residence premises", including household or domestic services; or
- b.** One who performs similar duties elsewhere not related to the "business" of an "insured".

A "residence employee" does not include a temporary employee who is furnished to an "insured" to substitute for a permanent "residence employee" on leave or to meet seasonal or short-term workload conditions.

**11. "Residence premises" means:**

- a.** The one-family dwelling where you reside;
- b.** The two-, three- or four-family dwelling where you reside in at least one of the family units; or
- c.** That part of any other building where you reside;

and which is shown as the "residence premises" in the Declarations.

"Residence premises" also includes other structures and grounds at that location.

## SECTION I – PROPERTY COVERAGES

### A. Coverage A – Dwelling

1. We cover:
  - a. The dwelling on the "residence premises" shown in the Declarations, including structures attached to the dwelling; and
  - b. Materials and supplies located on or next to the "residence premises" used to construct, alter or repair the dwelling or other structures on the "residence premises".
2. We do not cover land, including land on which the dwelling is located.

### B. Coverage B – Other Structures

1. We cover other structures on the "residence premises" set apart from the dwelling by clear space. This includes structures connected to the dwelling by only a fence, utility line, or similar connection.
2. We do not cover:
  - a. Land, including land on which the other structures are located;
  - b. Other structures rented or held for rental to any person not a tenant of the dwelling, unless used solely as a private garage;
  - c. Other structures from which any "business" is conducted; or
  - d. Other structures used to store "business" property. However, we do cover a structure that contains "business" property solely owned by an "insured" or a tenant of the dwelling, provided that "business" property does not include gaseous or liquid fuel, other than fuel in a permanently installed fuel tank of a vehicle or craft parked or stored in the structure.
3. The limit of liability for this coverage will not be more than 10% of the limit of liability that applies to Coverage A. Use of this coverage does not reduce the Coverage A limit of liability.

### C. Coverage C – Personal Property

#### 1. Covered Property

We cover personal property owned or used by an "insured" while it is anywhere in the world. After a loss and at your request, we will cover personal property owned by:

- a. Others while the property is on the part of the "residence premises" occupied by an "insured"; or
- b. A guest or a "residence employee", while the property is in any residence occupied by an "insured".

#### 2. Limit For Property At Other Locations

##### a. Other Residences

Our limit of liability for personal property usually located at an "insured's" residence, other than the "residence premises", is 10% of the limit of liability for Coverage C, or \$1,000, whichever is greater. However, this limitation does not apply to personal property:

- (1) Moved from the "residence premises" because it is:
  - (a) Being repaired, renovated or rebuilt; and
  - (b) Not fit to live in or store property in; or
- (2) In a newly acquired principal residence for 30 days from the time you begin to move the property there.

##### b. Self-storage Facilities

Our limit of liability for personal property owned or used by an "insured" and located in a self-storage facility is 10% of the limit of liability for Coverage C, or \$1,000, whichever is greater. However, this limitation does not apply to personal property:

- (1) Moved from the "residence premises" because it is:
  - (a) Being repaired, renovated or rebuilt; and
  - (b) Not fit to live in or store property in; or
- (2) Usually located in an "insured's" residence, other than the "residence premises".

### 3. Special Limits Of Liability

The special limit for each category shown below is the total limit for each loss for all property in that category. These special limits do not increase the Coverage C limit of liability.

- a. \$200 on money, bank notes, bullion, gold other than goldware, silver other than silverware, platinum other than platinumware, coins, medals, scrip, stored value cards and smart cards.
- b. \$1,500 on securities, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, personal records, passports, tickets and stamps. This dollar limit applies to these categories regardless of the medium (such as paper or computer software) on which the material exists.  

This limit includes the cost to research, replace or restore the information from the lost or damaged material.
- c. \$1,500 on watercraft of all types, including their trailers, furnishings, equipment and outboard engines or motors.
- d. \$1,500 on trailers or semitrailers not used with watercraft of all types.
- e. \$1,500 for loss by theft of jewelry, watches, furs, precious and semiprecious stones.
- f. \$2,500 for loss by theft of firearms and related equipment.
- g. \$2,500 for loss by theft of silverware, silver-plated ware, goldware, gold-plated ware, platinumware, platinum-plated ware and pewterware. This includes flatware, hollowware, tea sets, trays and trophies made of or including silver, gold or pewter.
- h. \$2,500 on property, on the "residence premises", used primarily for "business" purposes.
- i. \$1,500 on property, away from the "residence premises", used primarily for "business" purposes. However, this limit does not apply to antennas, tapes, wires, records, disks or other media that are:
  - (1) Used with electronic equipment that reproduces, receives or transmits audio, visual or data signals; and
  - (2) In or upon a "motor vehicle".
- j. \$1,500 on portable electronic equipment that:
  - (1) Reproduces, receives or transmits audio, visual or data signals;

- (2) Is designed to be operated by more than one power source, one of which is a "motor vehicle's" electrical system; and

- (3) Is in or upon a "motor vehicle".

- k. \$250 for antennas, tapes, wires, records, disks or other media that are:

- (1) Used with electronic equipment that reproduces, receives or transmits audio, visual or data signals; and

- (2) In or upon a "motor vehicle".

### 4. Property Not Covered

We do not cover:

- a. Articles separately described and specifically insured, regardless of the limit for which they are insured, in this or other insurance;

- b. Animals, birds or fish;

- c. "Motor vehicles".

This includes a "motor vehicle's" equipment and parts. However, this Paragraph 4.c. does not apply to:

- (1) Portable electronic equipment that:

- (a) Reproduces, receives or transmits audio, visual or data signals; and

- (b) Is designed so that it may be operated from a power source other than a "motor vehicle's" electrical system.

- (2) "Motor vehicles" not required to be registered for use on public roads or property which are:

- (a) Used solely to service a residence; or

- (b) Designed to assist the handicapped;

- d. Aircraft, meaning any contrivance used or designed for flight, including any parts whether or not attached to the aircraft.

We do cover model or hobby aircraft not used or designed to carry people or cargo;

- e. Hovercraft and parts. Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;

- f. Property of roomers, boarders and other tenants, except property of roomers and boarders related to an "insured";

- g. Property in an apartment regularly rented or held for rental to others by an "insured", except as provided in **E.10. Landlord's Furnishings** under Section **I – Property Coverages**;
- h. Property rented or held for rental to others off the "residence premises";
- i. "Business" data, including such data stored in:
  - (1) Books of account, drawings or other paper records; or
  - (2) Computers and related equipment.

We do cover the cost of blank recording or storage media and of prerecorded computer programs available on the retail market;
- j. Credit cards, electronic fund transfer cards or access devices used solely for deposit, withdrawal or transfer of funds except as provided in **E.6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money** under Section **I – Property Coverages**; or
- k. Water or steam.

**D. Coverage D – Loss Of Use**

The limit of liability for Coverage **D** is the total limit for the coverages in **1. Additional Living Expense**, **2. Fair Rental Value** and **3. Civil Authority Prohibits Use** below.

**1. Additional Living Expense**

If a loss covered under Section **I** makes that part of the "residence premises" where you reside not fit to live in, we cover any necessary increase in living expenses incurred by you so that your household can maintain its normal standard of living.

Payment will be for the shortest time required to repair or replace the damage or, if you permanently relocate, the shortest time required for your household to settle elsewhere.

**2. Fair Rental Value**

If a loss covered under Section **I** makes that part of the "residence premises" rented to others or held for rental by you not fit to live in, we cover the fair rental value of such premises less any expenses that do not continue while it is not fit to live in.

Payment will be for the shortest time required to repair or replace such premises.

**3. Civil Authority Prohibits Use**

If a civil authority prohibits you from use of the "residence premises" as a result of direct damage to neighboring premises by a Peril Insured Against, we cover the loss as provided in **1. Additional Living Expense** and **2. Fair Rental Value** above for no more than two weeks.

**4. Loss Or Expense Not Covered**

We do not cover loss or expense due to cancellation of a lease or agreement.

The periods of time under **1. Additional Living Expense**, **2. Fair Rental Value** and **3. Civil Authority Prohibits Use** above are not limited by expiration of this policy.

**E. Additional Coverages**

**1. Debris Removal**

a. We will pay your reasonable expense for the removal of:

- (1) Debris of covered property if a Peril Insured Against that applies to the damaged property causes the loss; or
- (2) Ash, dust or particles from a volcanic eruption that has caused direct loss to a building or property contained in a building.

This expense is included in the limit of liability that applies to the damaged property. If the amount to be paid for the actual damage to the property plus the debris removal expense is more than the limit of liability for the damaged property, an additional 5% of that limit is available for such expense.

b. We will also pay your reasonable expense, up to \$1,000, for the removal from the "residence premises" of:

- (1) Your trees felled by the peril of Windstorm or Hail or Weight of Ice, Snow or Sleet; or
- (2) A neighbor's trees felled by a Peril Insured Against under Coverage **C**;

provided the trees:

- (3) Damage a covered structure; or
- (4) Do not damage a covered structure, but:
  - (a) Block a driveway on the "residence premises" which prevents a "motor vehicle", that is registered for use on public roads or property, from entering or leaving the "residence premises"; or

- (b) Block a ramp or other fixture designed to assist a handicapped person to enter or leave the dwelling building.

The \$1,000 limit is the most we will pay in any one loss, regardless of the number of fallen trees. No more than \$500 of this limit will be paid for the removal of any one tree.

This coverage is additional insurance.

## 2. Reasonable Repairs

- a. We will pay the reasonable cost incurred by you for the necessary measures taken solely to protect covered property that is damaged by a Peril Insured Against from further damage.
- b. If the measures taken involve repair to other damaged property, we will only pay if that property is covered under this policy and the damage is caused by a Peril Insured Against. This coverage does not:
  - (1) Increase the limit of liability that applies to the covered property; or
  - (2) Relieve you of your duties, in case of a loss to covered property, described in **C.4.** under Section I – Conditions.

## 3. Trees, Shrubs And Other Plants

We cover trees, shrubs, plants or lawns, on the "residence premises", for loss caused by the following Perils Insured Against:

- a. Fire or Lightning;
- b. Explosion;
- c. Riot or Civil Commotion;
- d. Aircraft;
- e. Vehicles not owned or operated by a resident of the "residence premises";
- f. Vandalism or Malicious Mischief; or
- g. Theft.

We will pay up to 5% of the limit of liability that applies to the dwelling for all trees, shrubs, plants or lawns. No more than \$500 of this limit will be paid for any one tree, shrub or plant. We do not cover property grown for "business" purposes.

This coverage is additional insurance.

## 4. Fire Department Service Charge

We will pay up to \$500 for your liability assumed by contract or agreement for fire department charges incurred when the fire department is called to save or protect covered property from a Peril Insured Against. We do not cover fire department service charges if the property is located within the limits of the city, municipality or protection district furnishing the fire department response.

This coverage is additional insurance. No deductible applies to this coverage.

## 5. Property Removed

We insure covered property against direct loss from any cause while being removed from a premises endangered by a Peril Insured Against and for no more than 30 days while removed.

This coverage does not change the limit of liability that applies to the property being removed.

## 6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money

- a. We will pay up to \$500 for:
  - (1) The legal obligation of an "insured" to pay because of the theft or unauthorized use of credit cards issued to or registered in an "insured's" name;
  - (2) Loss resulting from theft or unauthorized use of an electronic fund transfer card or access device used for deposit, withdrawal or transfer of funds, issued to or registered in an "insured's" name;
  - (3) Loss to an "insured" caused by forgery or alteration of any check or negotiable instrument; and
  - (4) Loss to an "insured" through acceptance in good faith of counterfeit United States or Canadian paper currency.

All loss resulting from a series of acts committed by any one person or in which any one person is concerned or implicated is considered to be one loss.

This coverage is additional insurance. No deductible applies to this coverage.

- b. We do not cover:
  - (1) Use of a credit card, electronic fund transfer card or access device:
    - (a) By a resident of your household;
    - (b) By a person who has been entrusted with either type of card or access device; or
    - (c) If an "insured" has not complied with all terms and conditions under which the cards are issued or the devices accessed; or
  - (2) Loss arising out of "business" use or dishonesty of an "insured".
- c. If the coverage in **a.** above applies, the following defense provisions also apply:
  - (1) We may investigate and settle any claim or suit that we decide is appropriate. Our duty to defend a claim or suit ends when the amount we pay for the loss equals our limit of liability.
  - (2) If a suit is brought against an "insured" for liability under **a.(1)** or **(2)** above, we will provide a defense at our expense by counsel of our choice.
  - (3) We have the option to defend at our expense an "insured" or an "insured's" bank against any suit for the enforcement of payment under **a.(3)** above.

## 7. Loss Assessment

- a. We will pay up to \$1,000 for your share of loss assessment charged during the policy period against you, as owner or tenant of the "residence premises", by a corporation or association of property owners. The assessment must be made as a result of direct loss to property, owned by all members collectively, of the type that would be covered by this policy if owned by you, caused by a Peril Insured Against under Coverage **A**, other than:
  - (1) Earthquake; or
  - (2) Land shock waves or tremors before, during or after a volcanic eruption.

The limit of \$1,000 is the most we will pay with respect to any one loss, regardless of the number of assessments. We will only apply one deductible, per unit, to the total amount of any one loss to the property described above, regardless of the number of assessments.

- b. We do not cover assessments charged against you or a corporation or association of property owners by any governmental body.
- c. Paragraph **Q.** Policy Period under Section **I** – Conditions does not apply to this coverage.

This coverage is additional insurance.

## 8. Collapse

- a. The coverage provided under this Additional Coverage – Collapse applies only to an abrupt collapse.
- b. For the purpose of this Additional Coverage – Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.
- c. This Additional Coverage – Collapse does not apply to:
  - (1) A building or any part of a building that is in danger of falling down or caving in;
  - (2) A part of a building that is standing, even if it has separated from another part of the building; or
  - (3) A building or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
- d. We insure for direct physical loss to covered property involving abrupt collapse of a building or any part of a building if such collapse was caused by one or more of the following:
  - (1) The Perils Insured Against named under Coverage **C**;
  - (2) Decay, of a building or any part of a building, that is hidden from view, unless the presence of such decay is known to an "insured" prior to collapse;
  - (3) Insect or vermin damage, to a building or any part of a building, that is hidden from view, unless the presence of such damage is known to an "insured" prior to collapse;
  - (4) Weight of contents, equipment, animals or people;
  - (5) Weight of rain which collects on a roof; or

(6) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.

e. Loss to an awning, fence, patio, deck, pavement, swimming pool, underground pipe, flue, drain, cesspool, septic tank, foundation, retaining wall, bulkhead, pier, wharf or dock is not included under d.(2) through (6) above, unless the loss is a direct result of the collapse of a building or any part of a building.

f. This coverage does not increase the limit of liability that applies to the damaged covered property.

### 9. Glass Or Safety Glazing Material

a. We cover:

(1) The breakage of glass or safety glazing material which is part of a covered building, storm door or storm window;

(2) The breakage of glass or safety glazing material which is part of a covered building, storm door or storm window when caused directly by earth movement; and

(3) The direct physical loss to covered property caused solely by the pieces, fragments or splinters of broken glass or safety glazing material which is part of a building, storm door or storm window.

b. This coverage does not include loss:

(1) To covered property which results because the glass or safety glazing material has been broken, except as provided in a.(3) above; or

(2) On the "residence premises" if the dwelling has been vacant for more than 60 consecutive days immediately before the loss, except when the breakage results directly from earth movement as provided in a.(2) above. A dwelling being constructed is not considered vacant.

c. This coverage does not increase the limit of liability that applies to the damaged property.

### 10. Landlord's Furnishings

We will pay up to \$2,500 for your appliances, carpeting and other household furnishings, in each apartment on the "residence premises" regularly rented or held for rental to others by an "insured", for loss caused by a Peril Insured Against in Coverage C, other than Theft.

This limit is the most we will pay in any one loss regardless of the number of appliances, carpeting or other household furnishings involved in the loss.

This coverage does not increase the limit of liability applying to the damaged property.

### 11. Ordinance Or Law

a. You may use up to 10% of the limit of liability that applies to Coverage A for the increased costs you incur due to the enforcement of any ordinance or law which requires or regulates:

(1) The construction, demolition, remodeling, renovation or repair of that part of a covered building or other structure damaged by a Peril Insured Against;

(2) The demolition and reconstruction of the undamaged part of a covered building or other structure, when that building or other structure must be totally demolished because of damage by a Peril Insured Against to another part of that covered building or other structure; or

(3) The remodeling, removal or replacement of the portion of the undamaged part of a covered building or other structure necessary to complete the remodeling, repair or replacement of that part of the covered building or other structure damaged by a Peril Insured Against.

b. You may use all or part of this ordinance or law coverage to pay for the increased costs you incur to remove debris resulting from the construction, demolition, remodeling, renovation, repair or replacement of property as stated in a. above.

c. We do not cover:

(1) The loss in value to any covered building or other structure due to the requirements of any ordinance or law; or

(2) The costs to comply with any ordinance or law which requires any "insured" or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants in or on any covered building or other structure.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

This coverage is additional insurance.

## 12. Grave Markers

We will pay up to \$5,000 for grave markers, including mausoleums, on or away from the "residence premises" for loss caused by a Peril Insured Against under Coverage C.

This coverage does not increase the limits of liability that apply to the damaged covered property.

## SECTION I – PERILS INSURED AGAINST

### A. Coverage A – Dwelling And Coverage B – Other Structures

1. We insure against direct physical loss to property described in Coverages A and B.
2. We do not insure, however, for loss:

- a. Excluded under Section I – Exclusions;
- b. Involving collapse, including any of the following conditions of property or any part of the property:
  - (1) An abrupt falling down or caving in;
  - (2) Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or
  - (3) Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to (1) or (2) above;

except as provided in E.8. Collapse under Section I – Property Coverages; or

- c. Caused by:
  - (1) Freezing of a plumbing, heating, air conditioning or automatic fire protective sprinkler system or of a household appliance, or by discharge, leakage or overflow from within the system or appliance caused by freezing. This provision does not apply if you have used reasonable care to:
    - (a) Maintain heat in the building; or
    - (b) Shut off the water supply and drain all systems and appliances of water.

However, if the building is protected by an automatic fire protective sprinkler system, you must use reasonable care to continue the water supply and maintain heat in the building for coverage to apply.

For purposes of this provision, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment;

- (2) Freezing, thawing, pressure or weight of water or ice, whether driven by wind or not, to a:
  - (a) Fence, pavement, patio or swimming pool;
  - (b) Footing, foundation, bulkhead, wall, or any other structure or device that supports all or part of a building, or other structure;
  - (c) Retaining wall or bulkhead that does not support all or part of a building or other structure; or
  - (d) Pier, wharf or dock;
- (3) Theft in or to a dwelling under construction, or of materials and supplies for use in the construction until the dwelling is finished and occupied;
- (4) Vandalism and malicious mischief, and any ensuing loss caused by any intentional and wrongful act committed in the course of the vandalism or malicious mischief, if the dwelling has been vacant for more than 60 consecutive days immediately before the loss. A dwelling being constructed is not considered vacant;
- (5) Mold, fungus or wet rot. However, we do insure for loss caused by mold, fungus or wet rot that is hidden within the walls or ceilings or beneath the floors or above the ceilings of a structure if such loss results from the accidental discharge or overflow of water or steam from within:
  - (a) A plumbing, heating, air conditioning or automatic fire protective sprinkler system, or a household appliance, on the "residence premises"; or
  - (b) A storm drain, or water, steam or sewer pipes, off the "residence premises".

For purposes of this provision, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment; or

**(6)** Any of the following:

- (a)** Wear and tear, marring, deterioration;
- (b)** Mechanical breakdown, latent defect, inherent vice or any quality in property that causes it to damage or destroy itself;
- (c)** Smog, rust or other corrosion, or dry rot;
- (d)** Smoke from agricultural smudging or industrial operations;
- (e)** Discharge, dispersal, seepage, migration, release or escape of pollutants unless the discharge, dispersal, seepage, migration, release or escape is itself caused by a Peril Insured Against named under Coverage **C**.  
Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed;
- (f)** Settling, shrinking, bulging or expansion, including resultant cracking, of bulkheads, pavements, patios, footings, foundations, walls, floors, roofs or ceilings;
- (g)** Birds, rodents or insects;
- (h)** Nesting or infestation, or discharge or release of waste products or secretions, by any animals; or
- (i)** Animals owned or kept by an "insured".

**Exception To c.(6)**

Unless the loss is otherwise excluded, we cover loss to property covered under Coverage **A** or **B** resulting from an accidental discharge or overflow of water or steam from within a:

- (i)** Storm drain, or water, steam or sewer pipe, off the "residence premises"; or

- (ii)** Plumbing, heating, air conditioning or automatic fire protective sprinkler system or household appliance on the "residence premises". This includes the cost to tear out and replace any part of a building, or other structure, on the "residence premises", but only when necessary to repair the system or appliance. However, such tear out and replacement coverage only applies to other structures if the water or steam causes actual damage to a building on the "residence premises".

We do not cover loss to the system or appliance from which this water or steam escaped.

For purposes of this provision, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment.

Section **I** – Exclusion **A.3**. Water, Paragraphs **a.** and **c.** that apply to surface water and water below the surface of the ground do not apply to loss by water covered under **c.(5)** and **(6)** above.

Under **2.b.** and **c.** above, any ensuing loss to property described in Coverages **A** and **B** not precluded by any other provision in this policy is covered.

**B. Coverage C – Personal Property**

We insure for direct physical loss to the property described in Coverage **C** caused by any of the following perils unless the loss is excluded in Section **I** – Exclusions.

**1. Fire Or Lightning**

**2. Windstorm Or Hail**

This peril includes loss to watercraft of all types and their trailers, furnishings, equipment, and outboard engines or motors, only while inside a fully enclosed building.

This peril does not include loss to the property contained in a building caused by rain, snow, sleet, sand or dust unless the direct force of wind or hail damages the building causing an opening in a roof or wall and the rain, snow, sleet, sand or dust enters through this opening.

**3. Explosion**

**4. Riot Or Civil Commotion**

**5. Aircraft**

This peril includes self-propelled missiles and spacecraft.

**6. Vehicles**

**7. Smoke**

This peril means sudden and accidental damage from smoke, including the emission or puffback of smoke, soot, fumes or vapors from a boiler, furnace or related equipment.

This peril does not include loss caused by smoke from agricultural smudging or industrial operations.

**8. Vandalism Or Malicious Mischief**

**9. Theft**

a. This peril includes attempted theft and loss of property from a known place when it is likely that the property has been stolen.

b. This peril does not include loss caused by theft:

- (1) Committed by an "insured";
- (2) In or to a dwelling under construction, or of materials and supplies for use in the construction until the dwelling is finished and occupied;
- (3) From that part of a "residence premises" rented by an "insured" to someone other than another "insured"; or
- (4) That occurs off the "residence premises" of:
  - (a) Trailers, semitrailers and campers;
  - (b) Watercraft of all types, and their furnishings, equipment and outboard engines or motors; or
  - (c) Property while at any other residence owned by, rented to, or occupied by an "insured", except while an "insured" is temporarily living there. Property of an "insured" who is a student is covered while at the residence the student occupies to attend school as long as the student has been there at any time during the 90 days immediately before the loss.

**10. Falling Objects**

This peril does not include loss to property contained in a building unless the roof or an outside wall of the building is first damaged by a falling object. Damage to the falling object itself is not included.

**11. Weight Of Ice, Snow Or Sleet**

This peril means weight of ice, snow or sleet which causes damage to property contained in a building.

**12. Accidental Discharge Or Overflow Of Water Or Steam**

a. This peril means accidental discharge or overflow of water or steam from within a plumbing, heating, air conditioning or automatic fire protective sprinkler system or from within a household appliance.

b. This peril does not include loss:

- (1) To the system or appliance from which the water or steam escaped;
- (2) Caused by or resulting from freezing except as provided in Peril Insured Against **14. Freezing**;
- (3) On the "residence premises" caused by accidental discharge or overflow which occurs off the "residence premises"; or
- (4) Caused by mold, fungus or wet rot unless hidden within the walls or ceilings or beneath the floors or above the ceilings of a structure.

c. In this peril, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment.

d. Section I – Exclusion **A.3. Water**, Paragraphs **a.** and **c.** that apply to surface water and water below the surface of the ground do not apply to loss by water covered under this peril.

**13. Sudden And Accidental Tearing Apart, Cracking, Burning Or Bulging**

This peril means sudden and accidental tearing apart, cracking, burning or bulging of a steam or hot water heating system, an air conditioning or automatic fire protective sprinkler system, or an appliance for heating water.

We do not cover loss caused by or resulting from freezing under this peril.

#### 14. Freezing

- a. This peril means freezing of a plumbing, heating, air conditioning or automatic fire protective sprinkler system or of a household appliance, but only if you have used reasonable care to:

- (1) Maintain heat in the building; or
- (2) Shut off the water supply and drain all systems and appliances of water.

However, if the building is protected by an automatic fire protective sprinkler system, you must use reasonable care to continue the water supply and maintain heat in the building for coverage to apply.

- b. In this peril, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment.

#### 15. Sudden And Accidental Damage From Artificially Generated Electrical Current

This peril does not include loss to tubes, transistors, electronic components or circuitry that is a part of appliances, fixtures, computers, home entertainment units or other types of electronic apparatus.

#### 16. Volcanic Eruption

This peril does not include loss caused by earthquake, land shock waves or tremors.

### SECTION I – EXCLUSIONS

- A. We do not insure for loss caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event contributing concurrently or in any sequence to the loss. These exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

#### 1. Ordinance Or Law

Ordinance Or Law means any ordinance or law:

- a. Requiring or regulating the construction, demolition, remodeling, renovation or repair of property, including removal of any resulting debris. This Exclusion **A.1.a.** does not apply to the amount of coverage that may be provided for in **E.11**. Ordinance Or Law under Section I – Property Coverages;
- b. The requirements of which result in a loss in value to property; or

- c. Requiring any "insured" or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

This Exclusion **A.1.** applies whether or not the property has been physically damaged.

#### 2. Earth Movement

Earth Movement means:

- a. Earthquake, including land shock waves or tremors before, during or after a volcanic eruption;
- b. Landslide, mudslide or mudflow;
- c. Subsidence or sinkhole; or
- d. Any other earth movement including earth sinking, rising or shifting.

This Exclusion **A.2.** applies regardless of whether any of the above, in **A.2.a.** through **A.2.d.**, is caused by an act of nature or is otherwise caused.

However, direct loss by fire, explosion or theft resulting from any of the above, in **A.2.a.** through **A.2.d.**, is covered.

#### 3. Water

This means:

- a. Flood, surface water, waves, including tidal wave and tsunami, tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind, including storm surge;
- b. Water which:
  - (1) Backs up through sewers or drains; or
  - (2) Overflows or is otherwise discharged from a sump, sump pump or related equipment;
- c. Water below the surface of the ground, including water which exerts pressure on, or seeps, leaks or flows through a building, sidewalk, driveway, patio, foundation, swimming pool or other structure; or
- d. Waterborne material carried or otherwise moved by any of the water referred to in **A.3.a.** through **A.3.c.** of this exclusion.

This Exclusion **A.3.** applies regardless of whether any of the above, in **A.3.a.** through **A.3.d.**, is caused by an act of nature or is otherwise caused.

This Exclusion **A.3.** applies to, but is not limited to, escape, overflow or discharge, for any reason, of water or waterborne material from a dam, levee, seawall or any other boundary or containment system.

However, direct loss by fire, explosion or theft resulting from any of the above, in **A.3.a.** through **A.3.d.**, is covered.

#### **4. Power Failure**

Power Failure means the failure of power or other utility service if the failure takes place off the "residence premises". But if the failure results in a loss, from a Peril Insured Against on the "residence premises", we will pay for the loss caused by that peril.

#### **5. Neglect**

Neglect means neglect of an "insured" to use all reasonable means to save and preserve property at and after the time of a loss.

#### **6. War**

War includes the following and any consequence of any of the following:

- a. Undeclared war, civil war, insurrection, rebellion or revolution;
- b. Warlike act by a military force or military personnel; or
- c. Destruction, seizure or use for a military purpose.

Discharge of a nuclear weapon will be deemed a warlike act even if accidental.

#### **7. Nuclear Hazard**

This Exclusion **A.7.** pertains to Nuclear Hazard to the extent set forth in **N.** Nuclear Hazard Clause under Section **I – Conditions.**

#### **8. Intentional Loss**

Intentional Loss means any loss arising out of any act an "insured" commits or conspires to commit with the intent to cause a loss.

In the event of such loss, no "insured" is entitled to coverage, even "insureds" who did not commit or conspire to commit the act causing the loss.

#### **9. Governmental Action**

Governmental Action means the destruction, confiscation or seizure of property described in Coverage **A, B** or **C** by order of any governmental or public authority.

This exclusion does not apply to such acts ordered by any governmental or public authority that are taken at the time of a fire to prevent its spread, if the loss caused by fire would be covered under this policy.

**B.** We do not insure for loss to property described in Coverages **A** and **B** caused by any of the following. However, any ensuing loss to property described in Coverages **A** and **B** not precluded by any other provision in this policy is covered.

1. Weather conditions. However, this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in **A.** above to produce the loss.
2. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
3. Faulty, inadequate or defective:
  - a. Planning, zoning, development, surveying, siting;
  - b. Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
  - c. Materials used in repair, construction, renovation or remodeling; or
  - d. Maintenance;of part or all of any property whether on or off the "residence premises".

### **SECTION I – CONDITIONS**

#### **A. Insurable Interest And Limit Of Liability**

Even if more than one person has an insurable interest in the property covered, we will not be liable in any one loss:

1. To an "insured" for more than the amount of such "insured's" interest at the time of loss; or
2. For more than the applicable limit of liability.

#### **B. Deductible**

Unless otherwise noted in this policy, the following deductible provision applies:

With respect to any one loss:

1. Subject to the applicable limit of liability, we will pay only that part of the total of all loss payable that exceeds the deductible amount shown in the Declarations.
2. If two or more deductibles under this policy apply to the loss, only the highest deductible amount will apply.

### C. Duties After Loss

In case of a loss to covered property, we have no duty to provide coverage under this policy if the failure to comply with the following duties is prejudicial to us. These duties must be performed either by you, an "insured" seeking coverage, or a representative of either:

1. Give prompt notice to us or our agent;
2. Notify the police in case of loss by theft;
3. Notify the credit card or electronic fund transfer card or access device company in case of loss as provided for in **E.6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money under Section I – Property Coverages**;
4. Protect the property from further damage. If repairs to the property are required, you must:
  - a. Make reasonable and necessary repairs to protect the property; and
  - b. Keep an accurate record of repair expenses;
5. Cooperate with us in the investigation of a claim;
6. Prepare an inventory of damaged personal property showing the quantity, description, actual cash value and amount of loss. Attach all bills, receipts and related documents that justify the figures in the inventory;
7. As often as we reasonably require:
  - a. Show the damaged property;
  - b. Provide us with records and documents we request and permit us to make copies; and
  - c. Submit to examination under oath, while not in the presence of another "insured", and sign the same;
8. Send to us, within 60 days after our request, your signed, sworn proof of loss which sets forth, to the best of your knowledge and belief:
  - a. The time and cause of loss;
  - b. The interests of all "insureds" and all others in the property involved and all liens on the property;
  - c. Other insurance which may cover the loss;
  - d. Changes in title or occupancy of the property during the term of the policy;
  - e. Specifications of damaged buildings and detailed repair estimates;
  - f. The inventory of damaged personal property described in **6.** above;

- g. Receipts for additional living expenses incurred and records that support the fair rental value loss; and
- h. Evidence or affidavit that supports a claim under **E.6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money under Section I – Property Coverages**, stating the amount and cause of loss.

### D. Loss Settlement

In this Condition **D.**, the terms "cost to repair or replace" and "replacement cost" do not include the increased costs incurred to comply with the enforcement of any ordinance or law, except to the extent that coverage for these increased costs is provided in **E.11. Ordinance Or Law under Section I – Property Coverages**. Covered property losses are settled as follows:

1. Property of the following types:
  - a. Personal property;
  - b. Awnings, carpeting, household appliances, outdoor antennas and outdoor equipment, whether or not attached to buildings;
  - c. Structures that are not buildings; and
  - d. Grave markers, including mausoleums;at actual cash value at the time of loss but not more than the amount required to repair or replace.
2. Buildings covered under Coverage **A** or **B** at replacement cost without deduction for depreciation, subject to the following:
  - a. If, at the time of loss, the amount of insurance in this policy on the damaged building is 80% or more of the full replacement cost of the building immediately before the loss, we will pay the cost to repair or replace, without deduction for depreciation, but not more than the least of the following amounts:
    - (1) The limit of liability under this policy that applies to the building;
    - (2) The replacement cost of that part of the building damaged with material of like kind and quality and for like use; or
    - (3) The necessary amount actually spent to repair or replace the damaged building.If the building is rebuilt at a new premises, the cost described in **(2)** above is limited to the cost which would have been incurred if the building had been built at the original premises.

b. If, at the time of loss, the amount of insurance in this policy on the damaged building is less than 80% of the full replacement cost of the building immediately before the loss, we will pay the greater of the following amounts, but not more than the limit of liability under this policy that applies to the building:

- (1) The actual cash value of that part of the building damaged; or
- (2) That proportion of the cost to repair or replace, without deduction for depreciation, that part of the building damaged, which the total amount of insurance in this policy on the damaged building bears to 80% of the replacement cost of the building.

c. To determine the amount of insurance required to equal 80% of the full replacement cost of the building immediately before the loss, do not include the value of:

- (1) Excavations, footings, foundations, piers, or any other structures or devices that support all or part of the building, which are below the undersurface of the lowest basement floor;
- (2) Those supports described in (1) above which are below the surface of the ground inside the foundation walls, if there is no basement; and
- (3) Underground flues, pipes, wiring and drains.

d. We will pay no more than the actual cash value of the damage until actual repair or replacement is complete. Once actual repair or replacement is complete, we will settle the loss as noted in **2.a.** and **b.** above.

However, if the cost to repair or replace the damage is both:

- (1) Less than 5% of the amount of insurance in this policy on the building; and
- (2) Less than \$2,500;

we will settle the loss as noted in **2.a.** and **b.** above whether or not actual repair or replacement is complete.

e. You may disregard the replacement cost loss settlement provisions and make claim under this policy for loss to buildings on an actual cash value basis. You may then make claim for any additional liability according to the provisions of this Condition **D. Loss Settlement**, provided you notify us, within 180 days after the date of loss, of your intent to repair or replace the damaged building.

#### **E. Loss To A Pair Or Set**

In case of loss to a pair or set we may elect to:

1. Repair or replace any part to restore the pair or set to its value before the loss; or
2. Pay the difference between actual cash value of the property before and after the loss.

#### **F. Appraisal**

If you and we fail to agree on the amount of loss, either may demand an appraisal of the loss. In this event, each party will choose a competent and impartial appraiser within 20 days after receiving a written request from the other. The two appraisers will choose an umpire. If they cannot agree upon an umpire within 15 days, you or we may request that the choice be made by a judge of a court of record in the state where the "residence premises" is located. The appraisers will separately set the amount of loss. If the appraisers submit a written report of an agreement to us, the amount agreed upon will be the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of loss.

Each party will:

1. Pay its own appraiser; and
2. Bear the other expenses of the appraisal and umpire equally.

#### **G. Other Insurance And Service Agreement**

If a loss covered by this policy is also covered by:

1. Other insurance, we will pay only the proportion of the loss that the limit of liability that applies under this policy bears to the total amount of insurance covering the loss; or
2. A service agreement, this insurance is excess over any amounts payable under any such agreement. Service agreement means a service plan, property restoration plan, home warranty or other similar service warranty agreement, even if it is characterized as insurance.

## H. Suit Against Us

No action can be brought against us unless there has been full compliance with all of the terms under Section I of this policy and the action is started within two years after the date of loss.

## I. Our Option

If we give you written notice within 30 days after we receive your signed, sworn proof of loss, we may repair or replace any part of the damaged property with material or property of like kind and quality.

## J. Loss Payment

We will adjust all losses with you. We will pay you unless some other person is named in the policy or is legally entitled to receive payment. Loss will be payable 60 days after we receive your proof of loss and:

1. Reach an agreement with you;
2. There is an entry of a final judgment; or
3. There is a filing of an appraisal award with us.

## K. Abandonment Of Property

We need not accept any property abandoned by an "insured".

## L. Mortgage Clause

1. If a mortgagee is named in this policy, any loss payable under Coverage A or B will be paid to the mortgagee and you, as interests appear. If more than one mortgagee is named, the order of payment will be the same as the order of precedence of the mortgages.
2. If we deny your claim, that denial will not apply to a valid claim of the mortgagee, if the mortgagee:
  - a. Notifies us of any change in ownership, occupancy or substantial change in risk of which the mortgagee is aware;
  - b. Pays any premium due under this policy on demand if you have neglected to pay the premium; and
  - c. Submits a signed, sworn statement of loss within 60 days after receiving notice from us of your failure to do so. Paragraphs F. Appraisal, H. Suit Against Us and J. Loss Payment under Section I – Conditions also apply to the mortgagee.
3. If we decide to cancel or not to renew this policy, the mortgagee will be notified at least 10 days before the date cancellation or nonrenewal takes effect.

4. If we pay the mortgagee for any loss and deny payment to you:

- a. We are subrogated to all the rights of the mortgagee granted under the mortgage on the property; or
- b. At our option, we may pay to the mortgagee the whole principal on the mortgage plus any accrued interest. In this event, we will receive a full assignment and transfer of the mortgage and all securities held as collateral to the mortgage debt.

5. Subrogation will not impair the right of the mortgagee to recover the full amount of the mortgagee's claim.

## M. No Benefit To Bailee

We will not recognize any assignment or grant any coverage that benefits a person or organization holding, storing or moving property for a fee regardless of any other provision of this policy.

## N. Nuclear Hazard Clause

1. "Nuclear Hazard" means any nuclear reaction, radiation, or radioactive contamination, all whether controlled or uncontrolled or however caused, or any consequence of any of these.
2. Loss caused by the nuclear hazard will not be considered loss caused by fire, explosion, or smoke, whether these perils are specifically named in or otherwise included within the Perils Insured Against.
3. This policy does not apply under Section I to loss caused directly or indirectly by nuclear hazard, except that direct loss by fire resulting from the nuclear hazard is covered.

## O. Recovered Property

If you or we recover any property for which we have made payment under this policy, you or we will notify the other of the recovery. At your option, the property will be returned to or retained by you or it will become our property. If the recovered property is returned to or retained by you, the loss payment will be adjusted based on the amount you received for the recovered property.

## P. Volcanic Eruption Period

One or more volcanic eruptions that occur within a 72-hour period will be considered as one volcanic eruption.

## Q. Policy Period

This policy applies only to loss which occurs during the policy period.

## **R. Concealment Or Fraud**

We provide coverage to no "insureds" under this policy if, whether before or after a loss, an "insured" has:

1. Intentionally concealed or misrepresented any material fact or circumstance;
  2. Engaged in fraudulent conduct; or
  3. Made false statements;
- relating to this insurance.

## **S. Loss Payable Clause**

If the Declarations shows a loss payee for certain listed insured personal property, the definition of "insured" is changed to include that loss payee with respect to that property.

If we decide to cancel or not renew this policy, that loss payee will be notified in writing.

## **SECTION II – LIABILITY COVERAGES**

### **A. Coverage E – Personal Liability**

If a claim is made or a suit is brought against an "insured" for damages because of "bodily injury" or "property damage" caused by an "occurrence" to which this coverage applies, we will:

1. Pay up to our limit of liability for the damages for which an "insured" is legally liable. Damages include prejudgment interest awarded against an "insured"; and
2. Provide a defense at our expense by counsel of our choice, even if the suit is groundless, false or fraudulent. We may investigate and settle any claim or suit that we decide is appropriate. Our duty to settle or defend ends when our limit of liability for the "occurrence" has been exhausted by payment of a judgment or settlement.

### **B. Coverage F – Medical Payments To Others**

We will pay the necessary medical expenses that are incurred or medically ascertained within three years from the date of an accident causing "bodily injury". Medical expenses means reasonable charges for medical, surgical, x-ray, dental, ambulance, hospital, professional nursing, prosthetic devices and funeral services. This coverage does not apply to you or regular residents of your household except "residence employees". As to others, this coverage applies only:

1. To a person on the "insured location" with the permission of an "insured"; or

2. To a person off the "insured location", if the "bodily injury":

- a. Arises out of a condition on the "insured location" or the ways immediately adjoining;
- b. Is caused by the activities of an "insured";
- c. Is caused by a "residence employee" in the course of the "residence employee's" employment by an "insured"; or
- d. Is caused by an animal owned by or in the care of an "insured".

## **SECTION II – EXCLUSIONS**

### **A. "Motor Vehicle Liability"**

1. Coverages **E** and **F** do not apply to any "motor vehicle liability" if, at the time and place of an "occurrence", the involved "motor vehicle":
  - a. Is registered for use on public roads or property;
  - b. Is not registered for use on public roads or property, but such registration is required by a law, or regulation issued by a government agency, for it to be used at the place of the "occurrence"; or
  - c. Is being:
    - (1) Operated in, or practicing for, any prearranged or organized race, speed contest or other competition;
    - (2) Rented to others;
    - (3) Used to carry persons or cargo for a charge; or
    - (4) Used for any "business" purpose except for a motorized golf cart while on a golfing facility.
2. If Exclusion **A.1.** does not apply, there is still no coverage for "motor vehicle liability", unless the "motor vehicle" is:
  - a. In dead storage on an "insured location";
  - b. Used solely to service a residence;
  - c. Designed to assist the handicapped and, at the time of an "occurrence", it is:
    - (1) Being used to assist a handicapped person; or
    - (2) Parked on an "insured location";
  - d. Designed for recreational use off public roads and:
    - (1) Not owned by an "insured"; or

- (2) Owned by an "insured" provided the "occurrence" takes place:
    - (a) On an "insured location" as defined in Definition **B.6.a., b., d., e. or h.**; or
    - (b) Off an "insured location" and the "motor vehicle" is:
      - (i) Designed as a toy vehicle for use by children under seven years of age;
      - (ii) Powered by one or more batteries; and
      - (iii) Not built or modified after manufacture to exceed a speed of five miles per hour on level ground;
  - e. A motorized golf cart that is owned by an "insured", designed to carry up to four persons, not built or modified after manufacture to exceed a speed of 25 miles per hour on level ground and, at the time of an "occurrence", is within the legal boundaries of:
    - (1) A golfing facility and is parked or stored there, or being used by an "insured" to:
      - (a) Play the game of golf or for other recreational or leisure activity allowed by the facility;
      - (b) Travel to or from an area where "motor vehicles" or golf carts are parked or stored; or
      - (c) Cross public roads at designated points to access other parts of the golfing facility; or
    - (2) A private residential community, including its public roads upon which a motorized golf cart can legally travel, which is subject to the authority of a property owners association and contains an "insured's" residence.
  - d. Used for any "business" purpose.
2. If Exclusion **B.1.** does not apply, there is still no coverage for "watercraft liability" unless, at the time of the "occurrence", the watercraft:
- a. Is stored;
  - b. Is a sailing vessel, with or without auxiliary power, that is:
    - (1) Less than 26 feet in overall length; or
    - (2) 26 feet or more in overall length and not owned by or rented to an "insured"; or
  - c. Is not a sailing vessel and is powered by:
    - (1) An inboard or inboard-outdrive engine or motor, including those that power a water jet pump, of:
      - (a) 50 horsepower or less and not owned by an "insured"; or
      - (b) More than 50 horsepower and not owned by or rented to an "insured"; or
    - (2) One or more outboard engines or motors with:
      - (a) 25 total horsepower or less;
      - (b) More than 25 horsepower if the outboard engine or motor is not owned by an "insured";
      - (c) More than 25 horsepower if the outboard engine or motor is owned by an "insured" who acquired it during the policy period; or
      - (d) More than 25 horsepower if the outboard engine or motor is owned by an "insured" who acquired it before the policy period, but only if:
        - (i) You declare them at policy inception; or
        - (ii) Your intent to insure them is reported to us in writing within 45 days after you acquire them.

The coverages in (c) and (d) above apply for the policy period.

Horsepower means the maximum power rating assigned to the engine or motor by the manufacturer.

## B. "Watercraft Liability"

- 1. Coverages **E** and **F** do not apply to any "watercraft liability" if, at the time of an "occurrence", the involved watercraft is being:
  - a. Operated in, or practicing for, any prearranged or organized race, speed contest or other competition. This exclusion does not apply to a sailing vessel or a predicted log cruise;
  - b. Rented to others;
  - c. Used to carry persons or cargo for a charge; or

## C. "Aircraft Liability"

This policy does not cover "aircraft liability".

## D. "Hovercraft Liability"

This policy does not cover "hovercraft liability".

**E. Coverage E – Personal Liability And Coverage F – Medical Payments To Others**

Coverages E and F do not apply to the following:

**1. Expected Or Intended Injury**

"Bodily injury" or "property damage" which is expected or intended by an "insured", even if the resulting "bodily injury" or "property damage":

- a. Is of a different kind, quality or degree than initially expected or intended; or
- b. Is sustained by a different person, entity or property than initially expected or intended.

However, this Exclusion E.1. does not apply to "bodily injury" or "property damage" resulting from the use of reasonable force by an "insured" to protect persons or property;

**2. "Business"**

- a. "Bodily injury" or "property damage" arising out of or in connection with a "business" conducted from an "insured location" or engaged in by an "insured", whether or not the "business" is owned or operated by an "insured" or employs an "insured".

This Exclusion E.2. applies but is not limited to an act or omission, regardless of its nature or circumstance, involving a service or duty rendered, promised, owed, or implied to be provided because of the nature of the "business".

- b. This Exclusion E.2. does not apply to:

- (1) The rental or holding for rental of an "insured location";
  - (a) On an occasional basis if used only as a residence;
  - (b) In part for use only as a residence, unless a single-family unit is intended for use by the occupying family to lodge more than two roomers or boarders; or
  - (c) In part, as an office, school, studio or private garage; and
- (2) An "insured" under the age of 21 years involved in a part-time or occasional, self-employed "business" with no employees;

**3. Professional Services**

"Bodily injury" or "property damage" arising out of the rendering of or failure to render professional services;

**4. "Insured's" Premises Not An "Insured Location"**

"Bodily injury" or "property damage" arising out of a premises:

- a. Owned by an "insured";
  - b. Rented to an "insured"; or
  - c. Rented to others by an "insured";
- that is not an "insured location";

**5. War**

"Bodily injury" or "property damage" caused directly or indirectly by war, including the following and any consequence of any of the following:

- a. Undeclared war, civil war, insurrection, rebellion or revolution;
- b. Warlike act by a military force or military personnel; or
- c. Destruction, seizure or use for a military purpose.

Discharge of a nuclear weapon will be deemed a warlike act even if accidental;

**6. Communicable Disease**

"Bodily injury" or "property damage" which arises out of the transmission of a communicable disease by an "insured";

**7. Sexual Molestation, Corporal Punishment Or Physical Or Mental Abuse**

"Bodily injury" or "property damage" arising out of sexual molestation, corporal punishment or physical or mental abuse; or

**8. Controlled Substance**

"Bodily injury" or "property damage" arising out of the use, sale, manufacture, delivery, transfer or possession by any person of a Controlled Substance as defined by the Federal Food and Drug Law at 21 U.S.C.A. Sections 811 and 812. Controlled Substances include but are not limited to cocaine, LSD, marijuana and all narcotic drugs. However, this exclusion does not apply to the legitimate use of prescription drugs by a person following the lawful orders of a licensed health care professional.

Exclusions A. "Motor Vehicle Liability", B. "Watercraft Liability", C. "Aircraft Liability", D. "Hovercraft Liability" and E.4. "Insured's" Premises Not An "Insured Location" do not apply to "bodily injury" to a "residence employee" arising out of and in the course of the "residence employee's" employment by an "insured".

## F. Coverage E – Personal Liability

Coverage E does not apply to:

1. Liability:
  - a. For any loss assessment charged against you as a member of an association, corporation or community of property owners, except as provided in **D. Loss Assessment under Section II – Additional Coverages**;
  - b. Under any contract or agreement entered into by an "insured". However, this exclusion does not apply to written contracts:
    - (1) That directly relate to the ownership, maintenance or use of an "insured location"; or
    - (2) Where the liability of others is assumed by you prior to an "occurrence";  
unless excluded in **a.** above or elsewhere in this policy;
2. "Property damage" to property owned by an "insured". This includes costs or expenses incurred by an "insured" or others to repair, replace, enhance, restore or maintain such property to prevent injury to a person or damage to property of others, whether on or away from an "insured location";
3. "Property damage" to property rented to, occupied or used by or in the care of an "insured". This exclusion does not apply to "property damage" caused by fire, smoke or explosion;
4. "Bodily injury" to any person eligible to receive any benefits voluntarily provided or required to be provided by an "insured" under any:
  - a. Workers' compensation law;
  - b. Non-occupational disability law; or
  - c. Occupational disease law;
5. "Bodily injury" or "property damage" for which an "insured" under this policy:
  - a. Is also an insured under a nuclear energy liability policy issued by the:
    - (1) Nuclear Energy Liability Insurance Association;
    - (2) Mutual Atomic Energy Liability Underwriters;
    - (3) Nuclear Insurance Association of Canada;or any of their successors; or

- b. Would be an insured under such a policy but for the exhaustion of its limit of liability; or

6. "Bodily injury" to you or an "insured" as defined under Definition **5.a.** or **b.**

This exclusion also applies to any claim made or suit brought against you or an "insured" to:

- a. Repay; or
- b. Share damages with;  
another person who may be obligated to pay damages because of "bodily injury" to an "insured".

## G. Coverage F – Medical Payments To Others

Coverage F does not apply to "bodily injury":

1. To a "residence employee" if the "bodily injury":
  - a. Occurs off the "insured location"; and
  - b. Does not arise out of or in the course of the "residence employee's" employment by an "insured";
2. To any person eligible to receive benefits voluntarily provided or required to be provided under any:
  - a. Workers' compensation law;
  - b. Non-occupational disability law; or
  - c. Occupational disease law;
3. From any:
  - a. Nuclear reaction;
  - b. Nuclear radiation; or
  - c. Radioactive contamination;  
all whether controlled or uncontrolled or however caused; or
  - d. Any consequence of any of these; or
4. To any person, other than a "residence employee" of an "insured", regularly residing on any part of the "insured location".

## SECTION II – ADDITIONAL COVERAGES

We cover the following in addition to the limits of liability:

### A. Claim Expenses

We pay:

1. Expenses we incur and costs taxed against an "insured" in any suit we defend;
2. Premiums on bonds required in a suit we defend, but not for bond amounts more than the Coverage E limit of liability. We need not apply for or furnish any bond;

3. Reasonable expenses incurred by an "insured" at our request, including actual loss of earnings (but not loss of other income) up to \$250 per day, for assisting us in the investigation or defense of a claim or suit; and
4. Interest on the entire judgment which accrues after entry of the judgment and before we pay or tender, or deposit in court that part of the judgment which does not exceed the limit of liability that applies.

#### **B. First Aid Expenses**

We will pay expenses for first aid to others incurred by an "insured" for "bodily injury" covered under this policy. We will not pay for first aid to an "insured".

#### **C. Damage To Property Of Others**

1. We will pay, at replacement cost, up to \$1,000 per "occurrence" for "property damage" to property of others caused by an "insured".
2. We will not pay for "property damage":
  - a. To the extent of any amount recoverable under Section I;
  - b. Caused intentionally by an "insured" who is 13 years of age or older;
  - c. To property owned by an "insured";
  - d. To property owned by or rented to a tenant of an "insured" or a resident in your household; or
  - e. Arising out of:
    - (1) A "business" engaged in by an "insured";
    - (2) Any act or omission in connection with a premises owned, rented or controlled by an "insured", other than the "insured location"; or
    - (3) The ownership, maintenance, occupancy, operation, use, loading or unloading of aircraft, hovercraft, watercraft or "motor vehicles".

This Exclusion e.(3) does not apply to a "motor vehicle" that:

- (a) Is designed for recreational use off public roads;
- (b) Is not owned by an "insured"; and
- (c) At the time of the "occurrence", is not required by law, or regulation issued by a government agency, to have been registered for it to be used on public roads or property.

#### **D. Loss Assessment**

1. We will pay up to \$1,000 for your share of loss assessment charged against you, as owner or tenant of the "residence premises", during the policy period by a corporation or association of property owners, when the assessment is made as a result of:
  - a. "Bodily injury" or "property damage" not excluded from coverage under Section II – Exclusions; or
  - b. Liability for an act of a director, officer or trustee in the capacity as a director, officer or trustee, provided such person:
    - (1) Is elected by the members of a corporation or association of property owners; and
    - (2) Serves without deriving any income from the exercise of duties which are solely on behalf of a corporation or association of property owners.
2. Paragraph I. Policy Period under Section II – Conditions does not apply to this Loss Assessment Coverage.
3. Regardless of the number of assessments, the limit of \$1,000 is the most we will pay for loss arising out of:
  - a. One accident, including continuous or repeated exposure to substantially the same general harmful condition; or
  - b. A covered act of a director, officer or trustee. An act involving more than one director, officer or trustee is considered to be a single act.
4. We do not cover assessments charged against you or a corporation or association of property owners by any governmental body.

#### **SECTION II – CONDITIONS**

##### **A. Limit Of Liability**

Our total liability under Coverage E for all damages resulting from any one "occurrence" will not be more than the Coverage E Limit Of Liability shown in the Declarations. This limit is the same regardless of the number of "insureds", claims made or persons injured. All "bodily injury" and "property damage" resulting from any one accident or from continuous or repeated exposure to substantially the same general harmful conditions shall be considered to be the result of one "occurrence".

Our total liability under Coverage F for all medical expense payable for "bodily injury" to one person as the result of one accident will not be more than the Coverage F Limit Of Liability shown in the Declarations.

#### **B. Severability Of Insurance**

This insurance applies separately to each "insured". This condition will not increase our limit of liability for any one "occurrence".

#### **C. Duties After "Occurrence"**

In case of an "occurrence", you or another "insured" will perform the following duties that apply. We have no duty to provide coverage under this policy if your failure to comply with the following duties is prejudicial to us. You will help us by seeing that these duties are performed:

1. Give written notice to us or our agent as soon as is practical, which sets forth:
  - a. The identity of the policy and the "named insured" shown in the Declarations;
  - b. Reasonably available information on the time, place and circumstances of the "occurrence"; and
  - c. Names and addresses of any claimants and witnesses;
2. Cooperate with us in the investigation, settlement or defense of any claim or suit;
3. Promptly forward to us every notice, demand, summons or other process relating to the "occurrence";
4. At our request, help us:
  - a. To make settlement;
  - b. To enforce any right of contribution or indemnity against any person or organization who may be liable to an "insured";
  - c. With the conduct of suits and attend hearings and trials; and
  - d. To secure and give evidence and obtain the attendance of witnesses;
5. With respect to **C. Damage To Property Of Others under Section II – Additional Coverages**, submit to us within 60 days after the loss a sworn statement of loss and show the damaged property, if in an "insured's" control;
6. No "insured" shall, except at such "insured's" own cost, voluntarily make payment, assume obligation or incur expense other than for first aid to others at the time of the "bodily injury".

#### **D. Duties Of An Injured Person – Coverage F – Medical Payments To Others**

1. The injured person or someone acting for the injured person will:
  - a. Give us written proof of claim, under oath if required, as soon as is practical; and
  - b. Authorize us to obtain copies of medical reports and records.
2. The injured person will submit to a physical exam by a doctor of our choice when and as often as we reasonably require.

#### **E. Payment Of Claim – Coverage F – Medical Payments To Others**

Payment under this coverage is not an admission of liability by an "insured" or us.

#### **F. Suit Against Us**

1. No action can be brought against us unless there has been full compliance with all of the terms under this Section II.
2. No one will have the right to join us as a party to any action against an "insured".
3. Also, no action with respect to Coverage E can be brought against us until the obligation of such "insured" has been determined by final judgment or agreement signed by us.

#### **G. Bankruptcy Of An "Insured"**

Bankruptcy or insolvency of an "insured" will not relieve us of our obligations under this policy.

#### **H. Other Insurance**

This insurance is excess over other valid and collectible insurance except insurance written specifically to cover as excess over the limits of liability that apply in this policy.

#### **I. Policy Period**

This policy applies only to "bodily injury" or "property damage" which occurs during the policy period.

#### **J. Concealment Or Fraud**

We do not provide coverage to an "insured" who, whether before or after a loss, has:

1. Intentionally concealed or misrepresented any material fact or circumstance;
  2. Engaged in fraudulent conduct; or
  3. Made false statements;
- relating to this insurance.

## SECTIONS I AND II – CONDITIONS

### A. Liberalization Clause

If we make a change which broadens coverage under this edition of our policy without additional premium charge, that change will automatically apply to your insurance as of the date we implement the change in your state, provided that this implementation date falls within 60 days prior to or during the policy period stated in the Declarations.

This Liberalization Clause does not apply to changes implemented with a general program revision that includes both broadenings and restrictions in coverage, whether that general program revision is implemented through introduction of:

1. A subsequent edition of this policy; or
2. An amendatory endorsement.

### B. Waiver Or Change Of Policy Provisions

A waiver or change of a provision of this policy must be in writing by us to be valid. Our request for an appraisal or examination will not waive any of our rights.

### C. Cancellation

1. You may cancel this policy at any time by returning it to us or by letting us know in writing of the date cancellation is to take effect.
2. We may cancel this policy only for the reasons stated below by letting you know in writing of the date cancellation takes effect. This cancellation notice may be delivered to you, or mailed to you at your mailing address shown in the Declarations. Proof of mailing will be sufficient proof of notice.
  - a. When you have not paid the premium, we may cancel at any time by letting you know at least 10 days before the date cancellation takes effect.
  - b. When this policy has been in effect for less than 60 days and is not a renewal with us, we may cancel for any reason by letting you know at least 10 days before the date cancellation takes effect.
  - c. When this policy has been in effect for 60 days or more, or at any time if it is a renewal with us, we may cancel:
    - (1) If there has been a material misrepresentation of fact which if known to us would have caused us not to issue the policy; or

- (2) If the risk has changed substantially since the policy was issued.

This can be done by letting you know at least 30 days before the date cancellation takes effect.

- d. When this policy is written for a period of more than one year, we may cancel for any reason at anniversary by letting you know at least 30 days before the date cancellation takes effect.

3. When this policy is canceled, the premium for the period from the date of cancellation to the expiration date will be refunded pro rata.

4. If the return premium is not refunded with the notice of cancellation or when this policy is returned to us, we will refund it within a reasonable time after the date cancellation takes effect.

### D. Nonrenewal

We may elect not to renew this policy. We may do so by delivering to you, or mailing to you at your mailing address shown in the Declarations, written notice at least 30 days before the expiration date of this policy. Proof of mailing will be sufficient proof of notice.

### E. Assignment

Assignment of this policy will not be valid unless we give our written consent.

### F. Subrogation

An "insured" may waive in writing before a loss all rights of recovery against any person. If not waived, we may require an assignment of rights of recovery for a loss to the extent that payment is made by us.

If an assignment is sought, an "insured" must sign and deliver all related papers and cooperate with us.

Subrogation does not apply to Coverage F or Paragraph C. Damage To Property Of Others under Section II – Additional Coverages.

### G. Death

If any person named in the Declarations or the spouse, if a resident of the same household, dies, the following apply:

1. We insure the legal representative of the deceased but only with respect to the premises and property of the deceased covered under the policy at the time of death; and

**2. "Insured" includes:**

- a.** An "insured" who is a member of your household at the time of your death, but only while a resident of the "residence premises"; and

- b.** With respect to your property, the person having proper temporary custody of the property until appointment and qualification of a legal representative.

## HOMEOWNERS 4 – CONTENTS BROAD FORM

### AGREEMENT

We will provide the insurance described in this policy in return for the premium and compliance with all applicable provisions of this policy.

### DEFINITIONS

- A.** In this policy, "you" and "your" refer to the "named insured" shown in the Declarations and the spouse if a resident of the same household. "We", "us" and "our" refer to the Company providing this insurance.
- B.** In addition, certain words and phrases are defined as follows:
- 1.** "Aircraft Liability", "Hovercraft Liability", "Motor Vehicle Liability" and "Watercraft Liability", subject to the provisions in **b.** below, mean the following:
    - a.** Liability for "bodily injury" or "property damage" arising out of the:
      - (1)** Ownership of such vehicle or craft by an "insured";
      - (2)** Maintenance, occupancy, operation, use, loading or unloading of such vehicle or craft by any person;
      - (3)** Entrustment of such vehicle or craft by an "insured" to any person;
      - (4)** Failure to supervise or negligent supervision of any person involving such vehicle or craft by an "insured"; or
      - (5)** Vicarious liability, whether or not imposed by law, for the actions of a child or minor involving such vehicle or craft.
    - b.** For the purpose of this definition:
      - (1)** Aircraft means any contrivance used or designed for flight except model or hobby aircraft not used or designed to carry people or cargo;
      - (2)** Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;
      - (3)** Watercraft means a craft principally designed to be propelled on or in water by wind, engine power or electric motor; and
      - (4)** Motor vehicle means a "motor vehicle" as defined in **7.** below.
  - 2.** "Bodily injury" means bodily harm, sickness or disease, including required care, loss of services and death that results.
  - 3.** "Business" means:
    - a.** A trade, profession or occupation engaged in on a full-time, part-time or occasional basis; or
    - b.** Any other activity engaged in for money or other compensation, except the following:
      - (1)** One or more activities, not described in **(2)** through **(4)** below, for which no "insured" receives more than \$2,000 in total compensation for the 12 months before the beginning of the policy period;
      - (2)** Volunteer activities for which no money is received other than payment for expenses incurred to perform the activity;
      - (3)** Providing home day care services for which no compensation is received, other than the mutual exchange of such services; or
      - (4)** The rendering of home day care services to a relative of an "insured".
  - 4.** "Employee" means an employee of an "insured", or an employee leased to an "insured" by a labor leasing firm under an agreement between an "insured" and the labor leasing firm, whose duties are other than those performed by a "residence employee".
  - 5.** "Insured" means:
    - a.** You and residents of your household who are:
      - (1)** Your relatives; or
      - (2)** Other persons under the age of 21 and in your care or the care of a resident of your household who is your relative;
    - b.** A student enrolled in school full-time, as defined by the school, who was a resident of your household before moving out to attend school, provided the student is under the age of:
      - (1)** 24 and your relative; or

- (2) 21 and in your care or the care of a resident of your household who is your relative; or

**c. Under Section II:**

- (1) With respect to animals or watercraft to which this policy applies, any person or organization legally responsible for these animals or watercraft which are owned by you or any person described in **5.a.** or **b.** "Insured" does not mean a person or organization using or having custody of these animals or watercraft in the course of any "business" or without consent of the owner; or

- (2) With respect to a "motor vehicle" to which this policy applies:

- (a) Persons while engaged in your employ or that of any person described in **5.a.** or **b.**; or

- (b) Other persons using the vehicle on an "insured location" with your consent.

Under both Sections I and II, when the word an immediately precedes the word "insured", the words an "insured" together mean one or more "insureds".

**6. "Insured location" means:**

- a. The "residence premises";
- b. The part of other premises, other structures and grounds used by you as a residence; and

- (1) Which is shown in the Declarations; or
- (2) Which is acquired by you during the policy period for your use as a residence;

- c. Any premises used by you in connection with a premises described in **a.** and **b.** above;

- d. Any part of a premises:

- (1) Not owned by an "insured"; and
- (2) Where an "insured" is temporarily residing;

- e. Vacant land, other than farm land, owned by or rented to an "insured";

- f. Land owned by or rented to an "insured" on which a one-, two-, three- or four-family dwelling is being built as a residence for an "insured";

- g. Individual or family cemetery plots or burial vaults of an "insured"; or

- h. Any part of a premises occasionally rented to an "insured" for other than "business" use.

**7. "Motor vehicle" means:**

- a. A self-propelled land or amphibious vehicle; or

- b. Any trailer or semitrailer which is being carried on, towed by or hitched for towing by a vehicle described in **a.** above.

**8. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions, which results, during the policy period, in:**

- a. "Bodily injury"; or
- b. "Property damage".

**9. "Property damage" means physical injury to, destruction of, or loss of use of tangible property.**

**10. "Residence employee" means:**

- a. An employee of an "insured", or an employee leased to an "insured" by a labor leasing firm, under an agreement between an "insured" and the labor leasing firm, whose duties are related to the maintenance or use of the "residence premises", including household or domestic services; or

- b. One who performs similar duties elsewhere not related to the "business" of an "insured".

A "residence employee" does not include a temporary employee who is furnished to an "insured" to substitute for a permanent "residence employee" on leave or to meet seasonal or short-term workload conditions.

**11. "Residence premises" means:**

- a. The one-family dwelling where you reside;
- b. The two-, three- or four-family dwelling where you reside in at least one of the family units; or

- c. That part of any other building where you reside;

and which is shown as the "residence premises" in the Declarations.

"Residence premises" also includes other structures and grounds at that location.

## SECTION I – PROPERTY COVERAGES

### A. Coverage C – Personal Property

#### 1. Covered Property

We cover personal property owned or used by an "insured" while it is anywhere in the world. After a loss and at your request, we will cover personal property owned by:

- a. Others while the property is on the part of the "residence premises" occupied by an "insured"; or
- b. A guest or a "residence employee", while the property is in any residence occupied by an "insured".

#### 2. Limit For Property At Other Locations

##### a. Other Residences

Our limit of liability for personal property usually located at an "insured's" residence, other than the "residence premises", is 10% of the limit of liability for Coverage C, or \$1,000, whichever is greater. However, this limitation does not apply to personal property:

- (1) Moved from the "residence premises" because it is:
  - (a) Being repaired, renovated or rebuilt; and
  - (b) Not fit to live in or store property in; or
- (2) In a newly acquired principal residence for 30 days from the time you begin to move the property there.

##### b. Self-storage Facilities

Our limit of liability for personal property owned or used by an "insured" and located in a self-storage facility is 10% of the limit of liability for Coverage C, or \$1,000, whichever is greater. However, this limitation does not apply to personal property:

- (1) Moved from the "residence premises" because it is:
  - (a) Being repaired, renovated or rebuilt; and
  - (b) Not fit to live in or store property in; or
- (2) Usually located in an "insured's" residence, other than the "residence premises".

### 3. Special Limits Of Liability

The special limit for each category shown below is the total limit for each loss for all property in that category. These special limits do not increase the Coverage C limit of liability.

- a. \$200 on money, bank notes, bullion, gold other than goldware, silver other than silverware, platinum other than platinumware, coins, medals, scrip, stored value cards and smart cards.

- b. \$1,500 on securities, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, personal records, passports, tickets and stamps. This dollar limit applies to these categories regardless of the medium (such as paper or computer software) on which the material exists.

This limit includes the cost to research, replace or restore the information from the lost or damaged material.

- c. \$1,500 on watercraft of all types, including their trailers, furnishings, equipment and outboard engines or motors.
- d. \$1,500 on trailers or semitrailers not used with watercraft of all types.
- e. \$1,500 for loss by theft of jewelry, watches, furs, precious and semiprecious stones.
- f. \$2,500 for loss by theft of firearms and related equipment.
- g. \$2,500 for loss by theft of silverware, silver-plated ware, goldware, gold-plated ware, platinumware, platinum-plated ware and pewterware. This includes flatware, hollowware, tea sets, trays and trophies made of or including silver, gold or pewter.
- h. \$2,500 on property, on the "residence premises", used primarily for "business" purposes.
- i. \$1,500 on property, away from the "residence premises", used primarily for "business" purposes. However, this limit does not apply to antennas, tapes, wires, records, disks or other media that are:
  - (1) Used with electronic equipment that reproduces, receives or transmits audio, visual or data signals; and
  - (2) In or upon a "motor vehicle".
- j. \$1,500 on portable electronic equipment that:
  - (1) Reproduces, receives or transmits audio, visual or data signals;

- (2) Is designed to be operated by more than one power source, one of which is a "motor vehicle's" electrical system; and
- (3) Is in or upon a "motor vehicle".
- k. \$250 for antennas, tapes, wires, records, disks or other media that are:
  - (1) Used with electronic equipment that reproduces, receives or transmits audio, visual or data signals; and
  - (2) In or upon a "motor vehicle".

#### 4. Property Not Covered

We do not cover:

- a. Articles separately described and specifically insured, regardless of the limit for which they are insured, in this or other insurance;
- b. Animals, birds or fish;
- c. "Motor vehicles".

This includes a "motor vehicle's" equipment and parts.

However, this Paragraph 4.c. does not apply to:

- (1) Portable electronic equipment that:
  - (a) Reproduces, receives or transmits audio, visual or data signals; and
  - (b) Is designed so that it may be operated from a power source other than a "motor vehicle's" electrical system.
- (2) "Motor vehicles" not required to be registered for use on public roads or property which are:
  - (a) Used solely to service a residence; or
  - (b) Designed to assist the handicapped;
- d. Aircraft, meaning any contrivance used or designed for flight, including any parts whether or not attached to the aircraft.
 

We do cover model or hobby aircraft not used or designed to carry people or cargo;
- e. Hovercraft and parts. Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;
- f. Property of roomers, boarders and other tenants, except property of roomers and boarders related to an "insured";
- g. Property in an apartment regularly rented or held for rental to others by an "insured";

- h. Property rented or held for rental to others off the "residence premises";
- i. "Business" data, including such data stored in:

- (1) Books of account, drawings or other paper records; or
- (2) Computers and related equipment.

We do cover the cost of blank recording or storage media and of prerecorded computer programs available on the retail market;

- j. Credit cards, electronic fund transfer cards or access devices used solely for deposit, withdrawal or transfer of funds except as provided in C.6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money under Section I – Property Coverages; or

- k. Water or steam.

#### B. Coverage D – Loss Of Use

The limit of liability for Coverage D is the total limit for the coverages in 1. Additional Living Expense, 2. Fair Rental Value and 3. Civil Authority Prohibits Use below.

##### 1. Additional Living Expense

If a loss by a Peril Insured Against under this policy to covered property or the building containing the property makes the "residence premises" not fit to live in, we cover any necessary increase in living expenses incurred by you so that your household can maintain its normal standard of living.

Payment will be for the shortest time required to repair or replace the damage or, if you permanently relocate, the shortest time required for your household to settle elsewhere.

##### 2. Fair Rental Value

If a loss covered under Section I makes that part of the "residence premises" rented to others or held for rental by you not fit to live in, we cover the fair rental value of such premises less any expenses that do not continue while it is not fit to live in.

Payment will be for the shortest time required to repair or replace such premises.

### 3. Civil Authority Prohibits Use

If a civil authority prohibits you from use of the "residence premises" as a result of direct damage to neighboring premises by a Peril Insured Against, we cover the loss as provided in **1. Additional Living Expense** and **2. Fair Rental Value** above for no more than two weeks.

### 4. Loss Or Expense Not Covered

We do not cover loss or expense due to cancellation of a lease or agreement.

The periods of time under **1. Additional Living Expense**, **2. Fair Rental Value** and **3. Civil Authority Prohibits Use** above are not limited by expiration of this policy.

## C. Additional Coverages

### 1. Debris Removal

a. We will pay your reasonable expense for the removal of:

- (1) Debris of covered property if a Peril Insured Against that applies to the damaged property causes the loss; or
- (2) Ash, dust or particles from a volcanic eruption that has caused direct loss to a building or property contained in a building.

This expense is included in the limit of liability that applies to the damaged property. If the amount to be paid for the actual damage to the property plus the debris removal expense is more than the limit of liability for the damaged property, an additional 5% of that limit is available for such expense.

b. We will also pay your reasonable expense, up to \$1,000, for the removal from the "residence premises" of:

- (1) Your trees felled by the peril of Windstorm or Hail or Weight of Ice, Snow or Sleet; or
- (2) A neighbor's trees felled by a Peril Insured Against under Coverage **C**;

provided the trees:

- (3) Damage a covered structure; or
- (4) Do not damage a covered structure, but:
  - (a) Block a driveway on the "residence premises" which prevents a "motor vehicle", that is registered for use on public roads or property, from entering or leaving the "residence premises"; or

- (b) Block a ramp or other fixture designed to assist a handicapped person to enter or leave the dwelling building.

The \$1,000 limit is the most we will pay in any one loss, regardless of the number of fallen trees. No more than \$500 of this limit will be paid for the removal of any one tree.

This coverage is additional insurance.

### 2. Reasonable Repairs

a. We will pay the reasonable cost incurred by you for the necessary measures taken solely to protect covered property that is damaged by a Peril Insured Against from further damage.

b. If the measures taken involve repair to other damaged property, we will only pay if that property is covered under this policy and the damage is caused by a Peril Insured Against. This coverage does not:

- (1) Increase the limit of liability that applies to the covered property; or
- (2) Relieve you of your duties, in case of a loss to covered property, described in **C.4.** under Section **I** – Conditions.

### 3. Trees, Shrubs And Other Plants

We cover trees, shrubs, plants or lawns, on the "residence premises", for loss caused by the following Perils Insured Against:

- a. Fire or Lightning;
- b. Explosion;
- c. Riot or Civil Commotion;
- d. Aircraft;
- e. Vehicles not owned or operated by a resident of the "residence premises";
- f. Vandalism or Malicious Mischief; or
- g. Theft.

We will pay up to 10% of the limit of liability that applies to Coverage **C** for all trees, shrubs, plants or lawns. No more than \$500 of this limit will be paid for any one tree, shrub or plant. We do not cover property grown for "business" purposes.

This coverage is additional insurance.

#### 4. Fire Department Service Charge

We will pay up to \$500 for your liability assumed by contract or agreement for fire department charges incurred when the fire department is called to save or protect covered property from a Peril Insured Against. We do not cover fire department service charges if the property is located within the limits of the city, municipality or protection district furnishing the fire department response.

This coverage is additional insurance. No deductible applies to this coverage.

#### 5. Property Removed

We insure covered property against direct loss from any cause while being removed from a premises endangered by a Peril Insured Against and for no more than 30 days while removed.

This coverage does not change the limit of liability that applies to the property being removed.

#### 6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money

a. We will pay up to \$500 for:

- (1) The legal obligation of an "insured" to pay because of the theft or unauthorized use of credit cards issued to or registered in an "insured's" name;
- (2) Loss resulting from theft or unauthorized use of an electronic fund transfer card or access device used for deposit, withdrawal or transfer of funds, issued to or registered in an "insured's" name;
- (3) Loss to an "insured" caused by forgery or alteration of any check or negotiable instrument; and
- (4) Loss to an "insured" through acceptance in good faith of counterfeit United States or Canadian paper currency.

All loss resulting from a series of acts committed by any one person or in which any one person is concerned or implicated is considered to be one loss.

This coverage is additional insurance. No deductible applies to this coverage.

b. We do not cover:

- (1) Use of a credit card, electronic fund transfer card or access device:
  - (a) By a resident of your household;
  - (b) By a person who has been entrusted with either type of card or access device; or

(c) If an "insured" has not complied with all terms and conditions under which the cards are issued or the devices accessed; or

(2) Loss arising out of "business" use or dishonesty of an "insured".

c. If the coverage in a. above applies, the following defense provisions also apply:

(1) We may investigate and settle any claim or suit that we decide is appropriate. Our duty to defend a claim or suit ends when the amount we pay for the loss equals our limit of liability.

(2) If a suit is brought against an "insured" for liability under a.(1) or (2) above, we will provide a defense at our expense by counsel of our choice.

(3) We have the option to defend at our expense an "insured" or an "insured's" bank against any suit for the enforcement of payment under a.(3) above.

#### 7. Loss Assessment

a. We will pay up to \$1,000 for your share of loss assessment charged during the policy period against you, as owner or tenant of the "residence premises", by a corporation or association of property owners. The assessment must be made as a result of direct loss to property, owned by all members collectively, of the type that would be covered by this policy if owned by you, caused by a Peril Insured Against under Coverage C, other than:

(1) Earthquake; or

(2) Land shock waves or tremors before, during or after a volcanic eruption.

The limit of \$1,000 is the most we will pay with respect to any one loss, regardless of the number of assessments. We will only apply one deductible, per unit, to the total amount of any one loss to the property described above, regardless of the number of assessments.

b. We do not cover assessments charged against you or a corporation or association of property owners by any governmental body.

c. Paragraph P. Policy Period under Section I – Conditions does not apply to this coverage.

This coverage is additional insurance.

## 8. Collapse

- a. The coverage provided under this Additional Coverage – Collapse applies only to an abrupt collapse.
- b. For the purpose of this Additional Coverage – Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.
- c. This Additional Coverage – Collapse does not apply to:
  - (1) A building or any part of a building that is in danger of falling down or caving in;
  - (2) A part of a building that is standing, even if it has separated from another part of the building; or
  - (3) A building or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
- d. We insure for direct physical loss to covered property involving abrupt collapse of a building or any part of a building if such collapse was caused by one or more of the following:
  - (1) The Perils Insured Against;
  - (2) Decay, of a building or any part of a building, that is hidden from view, unless the presence of such decay is known to an "insured" prior to collapse;
  - (3) Insect or vermin damage, to a building or any part of a building, that is hidden from view, unless the presence of such damage is known to an "insured" prior to collapse;
  - (4) Weight of contents, equipment, animals or people;
  - (5) Weight of rain which collects on a roof; or
  - (6) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.

- e. Loss to an awning, fence, patio, deck, pavement, swimming pool, underground pipe, flue, drain, cesspool, septic tank, foundation, retaining wall, bulkhead, pier, wharf or dock is not included under **d.(2)** through **(6)** above, unless the loss is a direct result of the collapse of a building or any part of a building.
- f. This coverage does not increase the limit of liability that applies to the damaged covered property.

## 9. Glass Or Safety Glazing Material

- a. We cover:
  - (1) The breakage of glass or safety glazing material which is part of a building, storm door or storm window and covered as Building Additions And Alterations;
  - (2) The breakage of glass or safety glazing material which is part of a building, storm door or storm window and covered as Building Additions And Alterations when caused directly by earth movement; and
  - (3) The direct physical loss to covered property caused solely by the pieces, fragments or splinters of broken glass or safety glazing material which is part of a building, storm door or storm window.
- b. This coverage does not include loss:
  - (1) To covered property which results because the glass or safety glazing material has been broken, except as provided in **a.(3)** above; or
  - (2) On the "residence premises" if the dwelling has been vacant for more than 60 consecutive days immediately before the loss, except when the breakage results directly from earth movement as provided in **a.(2)** above. A dwelling being constructed is not considered vacant.
- c. This coverage does not increase the limit of liability that applies to the damaged property.

## 10. Building Additions And Alterations

We cover under Coverage **C** the building improvements or installations, made or acquired at your expense, to that part of the "residence premises" used exclusively by you. The limit of liability for this coverage will not be more than 10% of the limit of liability that applies to Coverage **C**.

This coverage is additional insurance.

## 11. Ordinance Or Law

- a. You may use up to 10% of the limit of liability that applies to Building Additions And Alterations for the increased costs you incur due to the enforcement of any ordinance or law which requires or regulates:
- (1) The construction, demolition, remodeling, renovation or repair of that part of a covered building or other structure damaged by a Peril Insured Against;
  - (2) The demolition and reconstruction of the undamaged part of a covered building or other structure, when that building or other structure must be totally demolished because of damage by a Peril Insured Against to another part of that covered building or other structure; or
  - (3) The remodeling, removal or replacement of the portion of the undamaged part of a covered building or other structure necessary to complete the remodeling, repair or replacement of that part of the covered building or other structure damaged by a Peril Insured Against.
- b. You may use all or part of this ordinance or law coverage to pay for the increased costs you incur to remove debris resulting from the construction, demolition, remodeling, renovation, repair or replacement of property as stated in a. above.
- c. We do not cover:
- (1) The loss in value to any covered building or other structure due to the requirements of any ordinance or law; or
  - (2) The costs to comply with any ordinance or law which requires any "insured" or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants in or on any covered building or other structure.
- Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

This coverage is additional insurance.

## 12. Grave Markers

We will pay up to \$5,000 for grave markers, including mausoleums, on or away from the "residence premises" for loss caused by a Peril Insured Against.

This coverage does not increase the limits of liability that apply to the damaged covered property.

### SECTION I – PERILS INSURED AGAINST

We insure for direct physical loss to the property described in Coverage C caused by any of the following perils unless the loss is excluded in Section I – Exclusions.

#### 1. Fire Or Lightning

#### 2. Windstorm Or Hail

This peril includes loss to watercraft of all types and their trailers, furnishings, equipment, and outboard engines or motors, only while inside a fully enclosed building.

This peril does not include loss to the property contained in a building caused by rain, snow, sleet, sand or dust unless the direct force of wind or hail damages the building causing an opening in a roof or wall and the rain, snow, sleet, sand or dust enters through this opening.

#### 3. Explosion

#### 4. Riot Or Civil Commotion

#### 5. Aircraft

This peril includes self-propelled missiles and spacecraft.

#### 6. Vehicles

#### 7. Smoke

This peril means sudden and accidental damage from smoke, including the emission or puffback of smoke, soot, fumes or vapors from a boiler, furnace or related equipment.

This peril does not include loss caused by smoke from agricultural smudging or industrial operations.

#### 8. Vandalism Or Malicious Mischief

This peril does not include loss to property on the "residence premises", and any ensuing loss caused by any intentional and wrongful act committed in the course of the vandalism or malicious mischief, if the dwelling has been vacant for more than 60 consecutive days immediately before the loss. A dwelling being constructed is not considered vacant.

#### 9. Theft

- a. This peril includes attempted theft and loss of property from a known place when it is likely that the property has been stolen.

b. This peril does not include loss caused by theft:

- (1) Committed by an "insured";
- (2) In or to a dwelling under construction, or of materials and supplies for use in the construction until the dwelling is finished and occupied;
- (3) From that part of a "residence premises" rented by an "insured" to someone other than another "insured"; or
- (4) That occurs off the "residence premises" of:
  - (a) Trailers, semitrailers and campers;
  - (b) Watercraft of all types, and their furnishings, equipment and outboard engines or motors; or
  - (c) Property while at any other residence owned by, rented to, or occupied by an "insured", except while an "insured" is temporarily living there. Property of an "insured" who is a student is covered while at the residence the student occupies to attend school as long as the student has been there at any time during the 90 days immediately before the loss.

**10. Falling Objects**

This peril does not include loss to the property contained in the building unless the roof or an outside wall of the building is first damaged by a falling object. Damage to the falling object itself is not included.

**11. Weight Of Ice, Snow Or Sleet**

This peril means weight of ice, snow or sleet which causes damage to the property contained in the building.

**12. Accidental Discharge Or Overflow Of Water Or Steam**

- a. This peril means accidental discharge or overflow of water or steam from within a plumbing, heating, air conditioning or automatic fire protective sprinkler system or from within a household appliance.
- b. This peril does not include loss:
  - (1) To the system or appliance from which the water or steam escaped;
  - (2) Caused by or resulting from freezing except as provided in Peril Insured Against 14. Freezing;
  - (3) On the "residence premises" caused by accidental discharge or overflow which occurs away from the building where the "residence premises" is located; or

(4) Caused by mold, fungus or wet rot unless hidden within the walls or ceilings or beneath the floors or above the ceilings of a structure.

- c. In this peril, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment.
- d. Section I – Exclusion 3. Water, Paragraphs a. and c. that apply to surface water and water below the surface of the ground do not apply to loss by water covered under this peril.

**13. Sudden And Accidental Tearing Apart, Cracking, Burning Or Bulging**

This peril means sudden and accidental tearing apart, cracking, burning or bulging of a steam or hot water heating system, an air conditioning or automatic fire protective sprinkler system, or an appliance for heating water.

This peril does not include loss caused by or resulting from freezing except as provided in Peril Insured Against 14. Freezing below.

**14. Freezing**

a. This peril means freezing of a plumbing, heating, air conditioning or automatic fire protective sprinkler system or of a household appliance, but only if you have used reasonable care to:

- (1) Maintain heat in the building; or
- (2) Shut off the water supply and drain all systems and appliances of water.

However, if the building is protected by an automatic fire protective sprinkler system, you must use reasonable care to continue the water supply and maintain heat in the building for coverage to apply.

b. In this peril, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment.

**15. Sudden And Accidental Damage From Artificially Generated Electrical Current**

This peril does not include loss to tubes, transistors, electronic components or circuitry that is a part of appliances, fixtures, computers, home entertainment units or other types of electronic apparatus.

**16. Volcanic Eruption**

This peril does not include loss caused by earthquake, land shock waves or tremors.

## SECTION I – EXCLUSIONS

We do not insure for loss caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event contributing concurrently or in any sequence to the loss. These exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

### 1. Ordinance Or Law

Ordinance Or Law means any ordinance or law:

- a. Requiring or regulating the construction, demolition, remodeling, renovation or repair of property, including removal of any resulting debris. This Exclusion 1.a. does not apply to the amount of coverage that may be provided for in C.11. Ordinance Or Law under Section I – Property Coverages;
- b. The requirements of which result in a loss in value to property; or
- c. Requiring any "insured" or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

This Exclusion 1. applies whether or not the property has been physically damaged.

### 2. Earth Movement

Earth Movement means:

- a. Earthquake, including land shock waves or tremors before, during or after a volcanic eruption;
- b. Landslide, mudslide or mudflow;
- c. Subsidence or sinkhole; or
- d. Any other earth movement including earth sinking, rising or shifting.

This Exclusion 2. applies regardless of whether any of the above, in 2.a. through 2.d., is caused by an act of nature or is otherwise caused.

However, direct loss by fire, explosion or theft resulting from any of the above, in 2.a. through 2.d., is covered.

### 3. Water

This means:

- a. Flood, surface water, waves, including tidal wave and tsunami, tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind, including storm surge;

b. Water which:

- (1) Backs up through sewers or drains; or
- (2) Overflows or is otherwise discharged from a sump, sump pump or related equipment;

c. Water below the surface of the ground, including water which exerts pressure on, or seeps, leaks or flows through a building, sidewalk, driveway, patio, foundation, swimming pool or other structure; or

d. Waterborne material carried or otherwise moved by any of the water referred to in 3.a. through 3.c. of this exclusion.

This Exclusion 3. applies regardless of whether any of the above, in 3.a. through 3.d., is caused by an act of nature or is otherwise caused.

This Exclusion 3. applies to, but is not limited to, escape, overflow or discharge, for any reason, of water or waterborne material from a dam, levee, seawall or any other boundary or containment system.

However, direct loss by fire, explosion or theft resulting from any of the above, in 3.a. through 3.d., is covered.

### 4. Power Failure

Power Failure means the failure of power or other utility service if the failure takes place off the "residence premises". But if the failure results in a loss, from a Peril Insured Against on the "residence premises", we will pay for the loss caused by that peril.

### 5. Neglect

Neglect means neglect of an "insured" to use all reasonable means to save and preserve property at and after the time of a loss.

### 6. War

War includes the following and any consequence of any of the following:

- a. Undeclared war, civil war, insurrection, rebellion or revolution;
- b. Warlike act by a military force or military personnel; or
- c. Destruction, seizure or use for a military purpose.

Discharge of a nuclear weapon will be deemed a warlike act even if accidental.

### 7. Nuclear Hazard

This Exclusion 7. pertains to Nuclear Hazard to the extent set forth in M. Nuclear Hazard Clause under Section I – Conditions.

## 8. Intentional Loss

Intentional Loss means any loss arising out of any act an "insured" commits or conspires to commit with the intent to cause a loss.

In the event of such loss, no "insured" is entitled to coverage, even "insureds" who did not commit or conspire to commit the act causing the loss.

## 9. Governmental Action

Governmental Action means the destruction, confiscation or seizure of property described in Coverage C by order of any governmental or public authority.

This exclusion does not apply to such acts ordered by any governmental or public authority that are taken at the time of a fire to prevent its spread, if the loss caused by fire would be covered under this policy.

## SECTION I – CONDITIONS

### A. Insurable Interest And Limit Of Liability

Even if more than one person has an insurable interest in the property covered, we will not be liable in any one loss:

1. To an "insured" for more than the amount of such "insured's" interest at the time of loss; or
2. For more than the applicable limit of liability.

### B. Deductible

Unless otherwise noted in this policy, the following deductible provision applies:

With respect to any one loss:

1. Subject to the applicable limit of liability, we will pay only that part of the total of all loss payable that exceeds the deductible amount shown in the Declarations.
2. If two or more deductibles under this policy apply to the loss, only the highest deductible amount will apply.

### C. Duties After Loss

In case of a loss to covered property, we have no duty to provide coverage under this policy if the failure to comply with the following duties is prejudicial to us. These duties must be performed either by you, an "insured" seeking coverage, or a representative of either:

1. Give prompt notice to us or our agent;
2. Notify the police in case of loss by theft;
3. Notify the credit card or electronic fund transfer card or access device company in case of loss as provided for in C.6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money under Section I – Property Coverages;

4. Protect the property from further damage. If repairs to the property are required, you must:

- a. Make reasonable and necessary repairs to protect the property; and
- b. Keep an accurate record of repair expenses;

5. Cooperate with us in the investigation of a claim;

6. Prepare an inventory of damaged personal property showing the quantity, description, actual cash value and amount of loss. Attach all bills, receipts and related documents that justify the figures in the inventory;

7. As often as we reasonably require:

- a. Show the damaged property;
- b. Provide us with records and documents we request and permit us to make copies; and
- c. Submit to examination under oath, while not in the presence of another "insured", and sign the same;

8. Send to us, within 60 days after our request, your signed, sworn proof of loss which sets forth, to the best of your knowledge and belief:

- a. The time and cause of loss;
- b. The interests of all "insureds" and all others in the property involved and all liens on the property;
- c. Other insurance which may cover the loss;
- d. Changes in title or occupancy of the property during the term of the policy;
- e. Specifications of damaged buildings and detailed repair estimates;
- f. The inventory of damaged personal property described in 6. above;
- g. Receipts for additional living expenses incurred and records that support the fair rental value loss; and
- h. Evidence or affidavit that supports a claim under C.6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money under Section I – Property Coverages, stating the amount and cause of loss.

### D. Loss Settlement

Covered property losses are settled at actual cash value at the time of loss but not more than the amount required to repair or replace.

### E. Loss To A Pair Or Set

In case of loss to a pair or set we may elect to:

1. Repair or replace any part to restore the pair or set to its value before the loss; or

2. Pay the difference between actual cash value of the property before and after the loss.

#### **F. Appraisal**

If you and we fail to agree on the amount of loss, either may demand an appraisal of the loss. In this event, each party will choose a competent and impartial appraiser within 20 days after receiving a written request from the other. The two appraisers will choose an umpire. If they cannot agree upon an umpire within 15 days, you or we may request that the choice be made by a judge of a court of record in the state where the "residence premises" is located. The appraisers will separately set the amount of loss. If the appraisers submit a written report of an agreement to us, the amount agreed upon will be the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of loss.

Each party will:

1. Pay its own appraiser; and
2. Bear the other expenses of the appraisal and umpire equally.

#### **G. Other Insurance And Service Agreement**

If a loss covered by this policy is also covered by:

1. Other insurance, we will pay only the proportion of the loss that the limit of liability that applies under this policy bears to the total amount of insurance covering the loss; or
2. A service agreement, this insurance is excess over any amounts payable under any such agreement. Service agreement means a service plan, property restoration plan, home warranty or other similar service warranty agreement, even if it is characterized as insurance.

#### **H. Suit Against Us**

No action can be brought against us unless there has been full compliance with all of the terms under Section I of this policy and the action is started within two years after the date of loss.

#### **I. Our Option**

If we give you written notice within 30 days after we receive your signed, sworn proof of loss, we may repair or replace any part of the damaged property with material or property of like kind and quality.

#### **J. Loss Payment**

We will adjust all losses with you. We will pay you unless some other person is named in the policy or is legally entitled to receive payment. Loss will be payable 60 days after we receive your proof of loss and:

1. Reach an agreement with you;
2. There is an entry of a final judgment; or
3. There is a filing of an appraisal award with us.

#### **K. Abandonment Of Property**

We need not accept any property abandoned by an "insured".

#### **L. No Benefit To Bailee**

We will not recognize any assignment or grant any coverage that benefits a person or organization holding, storing or moving property for a fee regardless of any other provision of this policy.

#### **M. Nuclear Hazard Clause**

1. "Nuclear Hazard" means any nuclear reaction, radiation, or radioactive contamination, all whether controlled or uncontrolled or however caused, or any consequence of any of these.
2. Loss caused by the nuclear hazard will not be considered loss caused by fire, explosion, or smoke, whether these perils are specifically named in or otherwise included within the Perils Insured Against.
3. This policy does not apply under Section I to loss caused directly or indirectly by nuclear hazard, except that direct loss by fire resulting from the nuclear hazard is covered.

#### **N. Recovered Property**

If you or we recover any property for which we have made payment under this policy, you or we will notify the other of the recovery. At your option, the property will be returned to or retained by you or it will become our property. If the recovered property is returned to or retained by you, the loss payment will be adjusted based on the amount you received for the recovered property.

#### **O. Volcanic Eruption Period**

One or more volcanic eruptions that occur within a 72-hour period will be considered as one volcanic eruption.

#### **P. Policy Period**

This policy applies only to loss which occurs during the policy period.

## Q. Concealment Or Fraud

We provide coverage to no "insureds" under this policy if, whether before or after a loss, an "insured" has:

1. Intentionally concealed or misrepresented any material fact or circumstance;
2. Engaged in fraudulent conduct; or
3. Made false statements;

relating to this insurance.

## R. Loss Payable Clause

If the Declarations shows a loss payee for certain listed insured personal property, the definition of "insured" is changed to include that loss payee with respect to that property.

If we decide to cancel or not renew this policy, that loss payee will be notified in writing.

## SECTION II – LIABILITY COVERAGES

### A. Coverage E – Personal Liability

If a claim is made or a suit is brought against an "insured" for damages because of "bodily injury" or "property damage" caused by an "occurrence" to which this coverage applies, we will:

1. Pay up to our limit of liability for the damages for which an "insured" is legally liable. Damages include prejudgment interest awarded against an "insured"; and
2. Provide a defense at our expense by counsel of our choice, even if the suit is groundless, false or fraudulent. We may investigate and settle any claim or suit that we decide is appropriate. Our duty to settle or defend ends when our limit of liability for the "occurrence" has been exhausted by payment of a judgment or settlement.

### B. Coverage F – Medical Payments To Others

We will pay the necessary medical expenses that are incurred or medically ascertained within three years from the date of an accident causing "bodily injury". Medical expenses means reasonable charges for medical, surgical, x-ray, dental, ambulance, hospital, professional nursing, prosthetic devices and funeral services. This coverage does not apply to you or regular residents of your household except "residence employees". As to others, this coverage applies only:

1. To a person on the "insured location" with the permission of an "insured"; or
2. To a person off the "insured location", if the "bodily injury":
  - a. Arises out of a condition on the "insured location" or the ways immediately adjoining;

- b. Is caused by the activities of an "insured";
- c. Is caused by a "residence employee" in the course of the "residence employee's" employment by an "insured"; or
- d. Is caused by an animal owned by or in the care of an "insured".

## SECTION II – EXCLUSIONS

### A. "Motor Vehicle Liability"

1. Coverages E and F do not apply to any "motor vehicle liability" if, at the time and place of an "occurrence", the involved "motor vehicle":
  - a. Is registered for use on public roads or property;
  - b. Is not registered for use on public roads or property, but such registration is required by a law, or regulation issued by a government agency, for it to be used at the place of the "occurrence"; or
  - c. Is being:
    - (1) Operated in, or practicing for, any prearranged or organized race, speed contest or other competition;
    - (2) Rented to others;
    - (3) Used to carry persons or cargo for a charge; or
    - (4) Used for any "business" purpose except for a motorized golf cart while on a golfing facility.
2. If Exclusion A.1. does not apply, there is still no coverage for "motor vehicle liability", unless the "motor vehicle" is:
  - a. In dead storage on an "insured location";
  - b. Used solely to service a residence;
  - c. Designed to assist the handicapped and, at the time of an "occurrence", it is:
    - (1) Being used to assist a handicapped person; or
    - (2) Parked on an "insured location";
  - d. Designed for recreational use off public roads and:
    - (1) Not owned by an "insured"; or
    - (2) Owned by an "insured" provided the "occurrence" takes place:
      - (a) On an "insured location" as defined in Definition B.6.a., b., d., e. or h.; or
      - (b) Off an "insured location" and the "motor vehicle" is:
        - (i) Designed as a toy vehicle for use by children under seven years of age;

- (ii) Powered by one or more batteries; and
  - (iii) Not built or modified after manufacture to exceed a speed of five miles per hour on level ground;
- e. A motorized golf cart that is owned by an "insured", designed to carry up to four persons, not built or modified after manufacture to exceed a speed of 25 miles per hour on level ground and, at the time of an "occurrence", is within the legal boundaries of:
- (1) A golfing facility and is parked or stored there, or being used by an "insured" to:
    - (a) Play the game of golf or for other recreational or leisure activity allowed by the facility;
    - (b) Travel to or from an area where "motor vehicles" or golf carts are parked or stored; or
    - (c) Cross public roads at designated points to access other parts of the golfing facility; or
  - (2) A private residential community, including its public roads upon which a motorized golf cart can legally travel, which is subject to the authority of a property owners association and contains an "insured's" residence.

**B. "Watercraft Liability"**

1. Coverages E and F do not apply to any "watercraft liability" if, at the time of an "occurrence", the involved watercraft is being:
  - a. Operated in, or practicing for, any prearranged or organized race, speed contest or other competition. This exclusion does not apply to a sailing vessel or a predicted log cruise;
  - b. Rented to others;
  - c. Used to carry persons or cargo for a charge; or
  - d. Used for any "business" purpose.
2. If Exclusion B.1. does not apply, there is still no coverage for "watercraft liability" unless, at the time of the "occurrence", the watercraft:
  - a. Is stored;
  - b. Is a sailing vessel, with or without auxiliary power, that is:
    - (1) Less than 26 feet in overall length; or
    - (2) 26 feet or more in overall length and not owned by or rented to an "insured"; or

- c. Is not a sailing vessel and is powered by:
- (1) An inboard or inboard-outdrive engine or motor, including those that power a water jet pump, of:
    - (a) 50 horsepower or less and not owned by an "insured"; or
    - (b) More than 50 horsepower and not owned by or rented to an "insured"; or
  - (2) One or more outboard engines or motors with:
    - (a) 25 total horsepower or less;
    - (b) More than 25 horsepower if the outboard engine or motor is not owned by an "insured";
    - (c) More than 25 horsepower if the outboard engine or motor is owned by an "insured" who acquired it during the policy period; or
    - (d) More than 25 horsepower if the outboard engine or motor is owned by an "insured" who acquired it before the policy period, but only if:
      - (i) You declare them at policy inception; or
      - (ii) Your intent to insure them is reported to us in writing within 45 days after you acquire them.

The coverages in (c) and (d) above apply for the policy period.

Horsepower means the maximum power rating assigned to the engine or motor by the manufacturer.

**C. "Aircraft Liability"**

This policy does not cover "aircraft liability".

**D. "Hovercraft Liability"**

This policy does not cover "hovercraft liability".

**E. Coverage E – Personal Liability And Coverage F – Medical Payments To Others**

Coverages E and F do not apply to the following:

**1. Expected Or Intended Injury**

"Bodily injury" or "property damage" which is expected or intended by an "insured", even if the resulting "bodily injury" or "property damage":

- a. Is of a different kind, quality or degree than initially expected or intended; or
- b. Is sustained by a different person, entity or property than initially expected or intended.

However, this Exclusion **E.1.** does not apply to "bodily injury" or "property damage" resulting from the use of reasonable force by an "insured" to protect persons or property;

## 2. "Business"

- a. "Bodily injury" or "property damage" arising out of or in connection with a "business" conducted from an "insured location" or engaged in by an "insured", whether or not the "business" is owned or operated by an "insured" or employs an "insured".

This Exclusion **E.2.** applies but is not limited to an act or omission, regardless of its nature or circumstance, involving a service or duty rendered, promised, owed, or implied to be provided because of the nature of the "business".

- b. This Exclusion **E.2.** does not apply to:

- (1) The rental or holding for rental of an "insured location";
- (a) On an occasional basis if used only as a residence;
- (b) In part for use only as a residence, unless a single-family unit is intended for use by the occupying family to lodge more than two roomers or boarders; or
- (c) In part, as an office, school, studio or private garage; and
- (2) An "insured" under the age of 21 years involved in a part-time or occasional, self-employed "business" with no employees;

## 3. Professional Services

"Bodily injury" or "property damage" arising out of the rendering of or failure to render professional services;

## 4. "Insured's" Premises Not An "Insured Location"

"Bodily injury" or "property damage" arising out of a premises:

- a. Owned by an "insured";
- b. Rented to an "insured"; or
- c. Rented to others by an "insured";
- that is not an "insured location";

## 5. War

"Bodily injury" or "property damage" caused directly or indirectly by war, including the following and any consequence of any of the following:

- a. Undeclared war, civil war, insurrection, rebellion or revolution;

- b. Warlike act by a military force or military personnel; or
- c. Destruction, seizure or use for a military purpose.

Discharge of a nuclear weapon will be deemed a warlike act even if accidental;

## 6. Communicable Disease

"Bodily injury" or "property damage" which arises out of the transmission of a communicable disease by an "insured";

## 7. Sexual Molestation, Corporal Punishment Or Physical Or Mental Abuse

"Bodily injury" or "property damage" arising out of sexual molestation, corporal punishment or physical or mental abuse; or

## 8. Controlled Substance

"Bodily injury" or "property damage" arising out of the use, sale, manufacture, delivery, transfer or possession by any person of a Controlled Substance as defined by the Federal Food and Drug Law at 21 U.S.C.A. Sections 811 and 812. Controlled Substances include but are not limited to cocaine, LSD, marijuana and all narcotic drugs. However, this exclusion does not apply to the legitimate use of prescription drugs by a person following the lawful orders of a licensed health care professional.

Exclusions **A.** "Motor Vehicle Liability", **B.** "Watercraft Liability", **C.** "Aircraft Liability", **D.** "Hovercraft Liability" and **E.4.** "Insured's" Premises Not An "Insured Location" do not apply to "bodily injury" to a "residence employee" arising out of and in the course of the "residence employee's" employment by an "insured".

## F. Coverage E – Personal Liability

Coverage **E** does not apply to:

### 1. Liability:

- a. For any loss assessment charged against you as a member of an association, corporation or community of property owners, except as provided in **D.** Loss Assessment under Section **II** – Additional Coverages;
- b. Under any contract or agreement entered into by an "insured". However, this exclusion does not apply to written contracts:
- (1) That directly relate to the ownership, maintenance or use of an "insured location"; or
- (2) Where the liability of others is assumed by you prior to an "occurrence";

unless excluded in **a.** above or elsewhere in this policy;

2. "Property damage" to property owned by an "insured". This includes costs or expenses incurred by an "insured" or others to repair, replace, enhance, restore or maintain such property to prevent injury to a person or damage to property of others, whether on or away from an "insured location";

3. "Property damage" to property rented to, occupied or used by or in the care of an "insured". This exclusion does not apply to "property damage" caused by fire, smoke or explosion;

4. "Bodily injury" to any person eligible to receive any benefits voluntarily provided or required to be provided by an "insured" under any:

- a. Workers' compensation law;
- b. Non-occupational disability law; or
- c. Occupational disease law;

5. "Bodily injury" or "property damage" for which an "insured" under this policy:

a. Is also an insured under a nuclear energy liability policy issued by the:

- (1) Nuclear Energy Liability Insurance Association;
- (2) Mutual Atomic Energy Liability Underwriters;
- (3) Nuclear Insurance Association of Canada;

or any of their successors; or

b. Would be an insured under such a policy but for the exhaustion of its limit of liability; or

6. "Bodily injury" to you or an "insured" as defined under Definition **5.a.** or **b.**

This exclusion also applies to any claim made or suit brought against you or an "insured" to:

- a. Repay; or
- b. Share damages with;  
another person who may be obligated to pay damages because of "bodily injury" to an "insured".

#### **G. Coverage F – Medical Payments To Others**

Coverage **F** does not apply to "bodily injury":

- 1. To a "residence employee" if the "bodily injury":
  - a. Occurs off the "insured location"; and
  - b. Does not arise out of or in the course of the "residence employee's" employment by an "insured";

2. To any person eligible to receive benefits voluntarily provided or required to be provided under any:

- a. Workers' compensation law;
- b. Non-occupational disability law; or
- c. Occupational disease law;

3. From any:

- a. Nuclear reaction;
- b. Nuclear radiation; or
- c. Radioactive contamination;

all whether controlled or uncontrolled or however caused; or

d. Any consequence of any of these; or

4. To any person, other than a "residence employee" of an "insured", regularly residing on any part of the "insured location".

#### **SECTION II – ADDITIONAL COVERAGES**

We cover the following in addition to the limits of liability:

##### **A. Claim Expenses**

We pay:

- 1. Expenses we incur and costs taxed against an "insured" in any suit we defend;
- 2. Premiums on bonds required in a suit we defend, but not for bond amounts more than the Coverage **E** limit of liability. We need not apply for or furnish any bond;
- 3. Reasonable expenses incurred by an "insured" at our request, including actual loss of earnings (but not loss of other income) up to \$250 per day, for assisting us in the investigation or defense of a claim or suit; and
- 4. Interest on the entire judgment which accrues after entry of the judgment and before we pay or tender, or deposit in court that part of the judgment which does not exceed the limit of liability that applies.

##### **B. First Aid Expenses**

We will pay expenses for first aid to others incurred by an "insured" for "bodily injury" covered under this policy. We will not pay for first aid to an "insured".

##### **C. Damage To Property Of Others**

- 1. We will pay, at replacement cost, up to \$1,000 per "occurrence" for "property damage" to property of others caused by an "insured".
- 2. We will not pay for "property damage":
  - a. To the extent of any amount recoverable under Section **I**;

- b. Caused intentionally by an "insured" who is 13 years of age or older;
- c. To property owned by an "insured";
- d. To property owned by or rented to a tenant of an "insured" or a resident in your household; or
- e. Arising out of:
  - (1) A "business" engaged in by an "insured";
  - (2) Any act or omission in connection with a premises owned, rented or controlled by an "insured", other than the "insured location"; or
  - (3) The ownership, maintenance, occupancy, operation, use, loading or unloading of aircraft, hovercraft, watercraft or "motor vehicles".

This Exclusion e.(3) does not apply to a "motor vehicle" that:

- (a) Is designed for recreational use off public roads;
- (b) Is not owned by an "insured"; and
- (c) At the time of the "occurrence", is not required by law, or regulation issued by a government agency, to have been registered for it to be used on public roads or property.

#### D. Loss Assessment

1. We will pay up to \$1,000 for your share of loss assessment charged against you, as owner or tenant of the "residence premises", during the policy period by a corporation or association of property owners, when the assessment is made as a result of:
  - a. "Bodily injury" or "property damage" not excluded from coverage under Section II – Exclusions; or
  - b. Liability for an act of a director, officer or trustee in the capacity as a director, officer or trustee, provided such person:
    - (1) Is elected by the members of a corporation or association of property owners; and
    - (2) Serves without deriving any income from the exercise of duties which are solely on behalf of a corporation or association of property owners.
2. Paragraph I. Policy Period under Section II – Conditions does not apply to this Loss Assessment Coverage.

3. Regardless of the number of assessments, the limit of \$1,000 is the most we will pay for loss arising out of:
  - a. One accident, including continuous or repeated exposure to substantially the same general harmful condition; or
  - b. A covered act of a director, officer or trustee. An act involving more than one director, officer or trustee is considered to be a single act.
4. We do not cover assessments charged against you or a corporation or association of property owners by any governmental body.

## SECTION II – CONDITIONS

### A. Limit Of Liability

Our total liability under Coverage E for all damages resulting from any one "occurrence" will not be more than the Coverage E Limit Of Liability shown in the Declarations. This limit is the same regardless of the number of "insureds", claims made or persons injured. All "bodily injury" and "property damage" resulting from any one accident or from continuous or repeated exposure to substantially the same general harmful conditions shall be considered to be the result of one "occurrence".

Our total liability under Coverage F for all medical expense payable for "bodily injury" to one person as the result of one accident will not be more than the Coverage F Limit Of Liability shown in the Declarations.

### B. Severability Of Insurance

This insurance applies separately to each "insured". This condition will not increase our limit of liability for any one "occurrence".

### C. Duties After "Occurrence"

In case of an "occurrence", you or another "insured" will perform the following duties that apply. We have no duty to provide coverage under this policy if your failure to comply with the following duties is prejudicial to us. You will help us by seeing that these duties are performed:

1. Give written notice to us or our agent as soon as is practical, which sets forth:
  - a. The identity of the policy and the "named insured" shown in the Declarations;
  - b. Reasonably available information on the time, place and circumstances of the "occurrence"; and
  - c. Names and addresses of any claimants and witnesses;

2. Cooperate with us in the investigation, settlement or defense of any claim or suit;
3. Promptly forward to us every notice, demand, summons or other process relating to the "occurrence";
4. At our request, help us:
  - a. To make settlement;
  - b. To enforce any right of contribution or indemnity against any person or organization who may be liable to an "insured";
  - c. With the conduct of suits and attend hearings and trials; and
  - d. To secure and give evidence and obtain the attendance of witnesses;
5. With respect to **C. Damage To Property Of Others** under **Section II – Additional Coverages**, submit to us within 60 days after the loss a sworn statement of loss and show the damaged property, if in an "insured's" control;
6. No "insured" shall, except at such "insured's" own cost, voluntarily make payment, assume obligation or incur expense other than for first aid to others at the time of the "bodily injury".

**D. Duties Of An Injured Person – Coverage F – Medical Payments To Others**

1. The injured person or someone acting for the injured person will:
  - a. Give us written proof of claim, under oath if required, as soon as is practical; and
  - b. Authorize us to obtain copies of medical reports and records.
2. The injured person will submit to a physical exam by a doctor of our choice when and as often as we reasonably require.

**E. Payment Of Claim – Coverage F – Medical Payments To Others**

Payment under this coverage is not an admission of liability by an "insured" or us.

**F. Suit Against Us**

1. No action can be brought against us unless there has been full compliance with all of the terms under this **Section II**.
2. No one will have the right to join us as a party to any action against an "insured".
3. Also, no action with respect to **Coverage E** can be brought against us until the obligation of such "insured" has been determined by final judgment or agreement signed by us.

**G. Bankruptcy Of An "Insured"**

Bankruptcy or insolvency of an "insured" will not relieve us of our obligations under this policy.

**H. Other Insurance**

This insurance is excess over other valid and collectible insurance except insurance written specifically to cover as excess over the limits of liability that apply in this policy.

**I. Policy Period**

This policy applies only to "bodily injury" or "property damage" which occurs during the policy period.

**J. Concealment Or Fraud**

We do not provide coverage to an "insured" who, whether before or after a loss, has:

1. Intentionally concealed or misrepresented any material fact or circumstance;
  2. Engaged in fraudulent conduct; or
  3. Made false statements;
- relating to this insurance.

**SECTIONS I AND II – CONDITIONS**

**A. Liberalization Clause**

If we make a change which broadens coverage under this edition of our policy without additional premium charge, that change will automatically apply to your insurance as of the date we implement the change in your state, provided that this implementation date falls within 60 days prior to or during the policy period stated in the **Declarations**.

This Liberalization Clause does not apply to changes implemented with a general program revision that includes both broadenings and restrictions in coverage, whether that general program revision is implemented through introduction of:

1. A subsequent edition of this policy; or
2. An amendatory endorsement.

**B. Waiver Or Change Of Policy Provisions**

A waiver or change of a provision of this policy must be in writing by us to be valid. Our request for an appraisal or examination will not waive any of our rights.

**C. Cancellation**

1. You may cancel this policy at any time by returning it to us or by letting us know in writing of the date cancellation is to take effect.

2. We may cancel this policy only for the reasons stated below by letting you know in writing of the date cancellation takes effect. This cancellation notice may be delivered to you, or mailed to you at your mailing address shown in the Declarations. Proof of mailing will be sufficient proof of notice.
  - a. When you have not paid the premium, we may cancel at any time by letting you know at least 10 days before the date cancellation takes effect.
  - b. When this policy has been in effect for less than 60 days and is not a renewal with us, we may cancel for any reason by letting you know at least 10 days before the date cancellation takes effect.
  - c. When this policy has been in effect for 60 days or more, or at any time if it is a renewal with us, we may cancel:
    - (1) If there has been a material misrepresentation of fact which if known to us would have caused us not to issue the policy; or
    - (2) If the risk has changed substantially since the policy was issued.
 

This can be done by letting you know at least 30 days before the date cancellation takes effect.
  - d. When this policy is written for a period of more than one year, we may cancel for any reason at anniversary by letting you know at least 30 days before the date cancellation takes effect.
3. When this policy is canceled, the premium for the period from the date of cancellation to the expiration date will be refunded pro rata.
4. If the return premium is not refunded with the notice of cancellation or when this policy is returned to us, we will refund it within a reasonable time after the date cancellation takes effect.

#### **D. Nonrenewal**

We may elect not to renew this policy. We may do so by delivering to you, or mailing to you at your mailing address shown in the Declarations, written notice at least 30 days before the expiration date of this policy. Proof of mailing will be sufficient proof of notice.

#### **E. Assignment**

Assignment of this policy will not be valid unless we give our written consent.

#### **F. Subrogation**

An "insured" may waive in writing before a loss all rights of recovery against any person. If not waived, we may require an assignment of rights of recovery for a loss to the extent that payment is made by us.

If an assignment is sought, an "insured" must sign and deliver all related papers and cooperate with us.

Subrogation does not apply to Coverage **F** or Paragraph **C**. Damage To Property Of Others under Section **II** – Additional Coverages.

#### **G. Death**

If any person named in the Declarations or the spouse, if a resident of the same household, dies, the following apply:

1. We insure the legal representative of the deceased but only with respect to the premises and property of the deceased covered under the policy at the time of death; and
2. "Insured" includes:
  - a. An "insured" who is a member of your household at the time of your death, but only while a resident of the "residence premises"; and
  - b. With respect to your property, the person having proper temporary custody of the property until appointment and qualification of a legal representative.

## HOMEOWNERS 5 – COMPREHENSIVE FORM

### AGREEMENT

We will provide the insurance described in this policy in return for the premium and compliance with all applicable provisions of this policy.

### DEFINITIONS

- A.** In this policy, "you" and "your" refer to the "named insured" shown in the Declarations and the spouse if a resident of the same household. "We", "us" and "our" refer to the Company providing this insurance.
- B.** In addition, certain words and phrases are defined as follows:
- 1.** "Aircraft Liability", "Hovercraft Liability", "Motor Vehicle Liability" and "Watercraft Liability", subject to the provisions in **b.** below, mean the following:
    - a.** Liability for "bodily injury" or "property damage" arising out of the:
      - (1)** Ownership of such vehicle or craft by an "insured";
      - (2)** Maintenance, occupancy, operation, use, loading or unloading of such vehicle or craft by any person;
      - (3)** Entrustment of such vehicle or craft by an "insured" to any person;
      - (4)** Failure to supervise or negligent supervision of any person involving such vehicle or craft by an "insured"; or
      - (5)** Vicarious liability, whether or not imposed by law, for the actions of a child or minor involving such vehicle or craft.
    - b.** For the purpose of this definition:
      - (1)** Aircraft means any contrivance used or designed for flight except model or hobby aircraft not used or designed to carry people or cargo;
      - (2)** Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;
      - (3)** Watercraft means a craft principally designed to be propelled on or in water by wind, engine power or electric motor; and
      - (4)** Motor vehicle means a "motor vehicle" as defined in **7.** below.
  - 2.** "Bodily injury" means bodily harm, sickness or disease, including required care, loss of services and death that results.
  - 3.** "Business" means:
    - a.** A trade, profession or occupation engaged in on a full-time, part-time or occasional basis; or
    - b.** Any other activity engaged in for money or other compensation, except the following:
      - (1)** One or more activities, not described in **(2)** through **(4)** below, for which no "insured" receives more than \$2,000 in total compensation for the 12 months before the beginning of the policy period;
      - (2)** Volunteer activities for which no money is received other than payment for expenses incurred to perform the activity;
      - (3)** Providing home day care services for which no compensation is received, other than the mutual exchange of such services; or
      - (4)** The rendering of home day care services to a relative of an "insured".
  - 4.** "Employee" means an employee of an "insured", or an employee leased to an "insured" by a labor leasing firm under an agreement between an "insured" and the labor leasing firm, whose duties are other than those performed by a "residence employee".
  - 5.** "Insured" means:
    - a.** You and residents of your household who are:
      - (1)** Your relatives; or
      - (2)** Other persons under the age of 21 and in your care or the care of a resident of your household who is your relative;
    - b.** A student enrolled in school full-time, as defined by the school, who was a resident of your household before moving out to attend school, provided the student is under the age of:
      - (1)** 24 and your relative; or
      - (2)** 21 and in your care or the care of a resident of your household who is your relative; or

**c. Under Section II:**

- (1)** With respect to animals or watercraft to which this policy applies, any person or organization legally responsible for these animals or watercraft which are owned by you or any person described in **5.a.** or **b.** "Insured" does not mean a person or organization using or having custody of these animals or watercraft in the course of any "business" or without consent of the owner; or
- (2)** With respect to a "motor vehicle" to which this policy applies:
  - (a)** Persons while engaged in your employ or that of any person described in **5.a.** or **b.**; or
  - (b)** Other persons using the vehicle on an "insured location" with your consent.

Under both Sections I and II, when the word an immediately precedes the word "insured", the words an "insured" together mean one or more "insureds".

**6. "Insured location" means:**

- a.** The "residence premises";
- b.** The part of other premises, other structures and grounds used by you as a residence; and
  - (1)** Which is shown in the Declarations; or
  - (2)** Which is acquired by you during the policy period for your use as a residence;
- c.** Any premises used by you in connection with a premises described in **a.** and **b.** above;
- d.** Any part of a premises:
  - (1)** Not owned by an "insured"; and
  - (2)** Where an "insured" is temporarily residing;
- e.** Vacant land, other than farm land, owned by or rented to an "insured";
- f.** Land owned by or rented to an "insured" on which a one-, two-, three- or four-family dwelling is being built as a residence for an "insured";
- g.** Individual or family cemetery plots or burial vaults of an "insured"; or
- h.** Any part of a premises occasionally rented to an "insured" for other than "business" use.

**7. "Motor vehicle" means:**

- a.** A self-propelled land or amphibious vehicle; or
  - b.** Any trailer or semitrailer which is being carried on, towed by or hitched for towing by a vehicle described in **a.** above.
- 8. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions, which results, during the policy period, in:**
- a.** "Bodily injury"; or
  - b.** "Property damage".
- 9. "Property damage" means physical injury to, destruction of, or loss of use of tangible property.**
- 10. "Residence employee" means:**

- a.** An employee of an "insured", or an employee leased to an "insured" by a labor leasing firm, under an agreement between an "insured" and the labor leasing firm, whose duties are related to the maintenance or use of the "residence premises", including household or domestic services; or
- b.** One who performs similar duties elsewhere not related to the "business" of an "insured".

A "residence employee" does not include a temporary employee who is furnished to an "insured" to substitute for a permanent "residence employee" on leave or to meet seasonal or short-term workload conditions.

**11. "Residence premises" means:**

- a.** The one-family dwelling where you reside;
- b.** The two-, three- or four-family dwelling where you reside in at least one of the family units; or
- c.** That part of any other building where you reside;

and which is shown as the "residence premises" in the Declarations.

"Residence premises" also includes other structures and grounds at that location.

**SECTION I – PROPERTY COVERAGES**

**A. Coverage A – Dwelling**

**1. We cover:**

- a.** The dwelling on the "residence premises" shown in the Declarations, including structures attached to the dwelling; and

- b. Materials and supplies located on or next to the "residence premises" used to construct, alter or repair the dwelling or other structures on the "residence premises".

- 2. We do not cover land, including land on which the dwelling is located.

## **B. Coverage B – Other Structures**

- 1. We cover other structures on the "residence premises" set apart from the dwelling by clear space. This includes structures connected to the dwelling by only a fence, utility line, or similar connection.
- 2. We do not cover:
  - a. Land, including land on which the other structures are located;
  - b. Other structures rented or held for rental to any person not a tenant of the dwelling, unless used solely as a private garage;
  - c. Other structures from which any "business" is conducted; or
  - d. Other structures used to store "business" property. However, we do cover a structure that contains "business" property solely owned by an "insured" or a tenant of the dwelling, provided that "business" property does not include gaseous or liquid fuel, other than fuel in a permanently installed fuel tank of a vehicle or craft parked or stored in the structure.
- 3. The limit of liability for this coverage will not be more than 10% of the limit of liability that applies to Coverage A. Use of this coverage does not reduce the Coverage A limit of liability.

## **C. Coverage C – Personal Property**

### **1. Covered Property**

We cover personal property owned or used by an "insured" while it is anywhere in the world. After a loss and at your request, we will cover personal property owned by:

- a. Others while the property is on the part of the "residence premises" occupied by an "insured"; or
- b. A guest or a "residence employee", while the property is in any residence occupied by an "insured".

## **2. Limit For Property At Other Locations**

### **a. Other Residences**

Our limit of liability for personal property usually located at an "insured's" residence, other than the "residence premises", is 10% of the limit of liability for Coverage C, or \$1,000, whichever is greater. However, this limitation does not apply to personal property:

- (1) Moved from the "residence premises" because it is:
  - (a) Being repaired, renovated or rebuilt; and
  - (b) Not fit to live in or store property in; or
- (2) In a newly acquired principal residence for 30 days from the time you begin to move the property there.

### **b. Self-storage Facilities**

Our limit of liability for personal property owned or used by an "insured" and located in a self-storage facility is 10% of the limit of liability for Coverage C, or \$1,000, whichever is greater. However, this limitation does not apply to personal property:

- (1) Moved from the "residence premises" because it is:
  - (a) Being repaired, renovated or rebuilt; and
  - (b) Not fit to live in or store property in; or
- (2) Usually located in an "insured's" residence, other than the "residence premises".

## **3. Special Limits Of Liability**

The special limit for each category shown below is the total limit for each loss for all property in that category. These special limits do not increase the Coverage C limit of liability.

- a. \$200 on money, bank notes, bullion, gold other than goldware, silver other than silverware, platinum other than platinumware, coins, medals, scrip, stored value cards and smart cards.
- b. \$1,500 on securities, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, personal records, passports, tickets and stamps. This dollar limit applies to these categories regardless of the medium (such as paper or computer software) on which the material exists.

This limit includes the cost to research, replace or restore the information from the lost or damaged material.

- c. \$1,500 on watercraft of all types, including their trailers, furnishings, equipment and outboard engines or motors.
- d. \$1,500 on trailers or semitrailers not used with watercraft of all types.
- e. \$1,500 for loss by theft, misplacing or losing of jewelry, watches, furs, precious and semiprecious stones.
- f. \$2,500 for loss by theft, misplacing or losing of firearms and related equipment.
- g. \$2,500 for loss by theft, misplacing or losing of silverware, silver-plated ware, goldware, gold-plated ware, platinumware, platinum-plated ware and pewterware. This includes flatware, hollowware, tea sets, trays and trophies made of or including silver, gold or pewter.
- h. \$2,500 on property, on the "residence premises", used primarily for "business" purposes.
- i. \$1,500 on property, away from the "residence premises", used primarily for "business" purposes. However, this limit does not apply to antennas, tapes, wires, records, disks or other media that are:
  - (1) Used with electronic equipment that reproduces, receives or transmits audio, visual or data signals; and
  - (2) In or upon a "motor vehicle".
- j. \$1,500 on portable electronic equipment that:
  - (1) Reproduces, receives or transmits audio, visual or data signals;
  - (2) Is designed to be operated by more than one power source, one of which is a "motor vehicle's" electrical system; and
  - (3) Is in or upon a "motor vehicle".
- k. \$250 on antennas, tapes, wires, records, disks or other media that are:
  - (1) Used with electronic equipment that reproduces, receives or transmits audio, visual or data signals; and
  - (2) In or upon a "motor vehicle".

#### 4. Property Not Covered

We do not cover:

- a. Articles separately described and specifically insured, regardless of the limit for which they are insured, in this or other insurance;
- b. Animals, birds or fish;
- c. "Motor vehicles".

This includes a "motor vehicle's" equipment and parts.

However, this Paragraph 4.c. does not apply to:

- (1) Portable electronic equipment that:
  - (a) Reproduces, receives or transmits audio, visual or data signals; and
  - (b) Is designed so that it may be operated from a power source other than a "motor vehicle's" electrical system.
- (2) "Motor vehicles" not required to be registered for use on public roads or property which are:
  - (a) Used solely to service a residence; or
  - (b) Designed to assist the handicapped;
- d. Aircraft, meaning any contrivance used or designed for flight, including any parts whether or not attached to the aircraft.

We do cover model or hobby aircraft not used or designed to carry people or cargo;
- e. Hovercraft and parts. Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;
- f. Property of roomers, boarders and other tenants, except property of roomers and boarders related to an "insured";
- g. Property in an apartment regularly rented or held for rental to others by an "insured", except as provided under E.10. Landlord's Furnishings under Section I – Property Coverages;
- h. Property rented or held for rental to others off the "residence premises";
- i. "Business" data, including such data stored in:
  - (1) Books of account, drawings or other paper records; or
  - (2) Computers and related equipment.

We do cover the cost of blank recording or storage media and of prerecorded computer programs available on the retail market;

- j. Credit cards, electronic fund transfer cards or access devices used solely for deposit, withdrawal or transfer of funds except as provided in **E.6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money** under Section **I – Property Coverages**; or
- k. Water or steam.

#### **D. Coverage D – Loss Of Use**

The limit of liability for Coverage **D** is the total limit for the coverages in **1. Additional Living Expense**, **2. Fair Rental Value** and **3. Civil Authority Prohibits Use** below.

##### **1. Additional Living Expense**

If a loss covered under Section **I** makes that part of the "residence premises" where you reside not fit to live in, we cover any necessary increase in living expenses incurred by you so that your household can maintain its normal standard of living.

Payment will be for the shortest time required to repair or replace the damage or, if you permanently relocate, the shortest time required for your household to settle elsewhere.

##### **2. Fair Rental Value**

If a loss covered under Section **I** makes that part of the "residence premises" rented to others or held for rental by you not fit to live in, we cover the fair rental value of such premises less any expenses that do not continue while it is not fit to live in.

Payment will be for the shortest time required to repair or replace such premises.

##### **3. Civil Authority Prohibits Use**

If a civil authority prohibits you from use of the "residence premises" as a result of direct damage to neighboring premises by a Peril Insured Against, we cover the loss as provided in **1. Additional Living Expense** and **2. Fair Rental Value** above for no more than two weeks.

##### **4. Loss Or Expense Not Covered**

We do not cover loss or expense due to cancellation of a lease or agreement.

The periods of time under **1. Additional Living Expense**, **2. Fair Rental Value** and **3. Civil Authority Prohibits Use** above are not limited by expiration of this policy.

#### **E. Additional Coverages**

##### **1. Debris Removal**

- a. We will pay your reasonable expense for the removal of:
  - (1) Debris of covered property if a Peril Insured Against that applies to the damaged property causes the loss; or
  - (2) Ash, dust or particles from a volcanic eruption that has caused direct loss to a building or property contained in a building.

This expense is included in the limit of liability that applies to the damaged property. If the amount to be paid for the actual damage to the property plus the debris removal expense is more than the limit of liability for the damaged property, an additional 5% of that limit is available for such expense.

- b. We will also pay your reasonable expense, up to \$1,000, for the removal from the "residence premises" of:
  - (1) Your trees felled by the peril of Windstorm or Hail or Weight of Ice, Snow or Sleet; or
  - (2) A neighbor's trees felled by a Peril Insured Against;  
provided the trees:
    - (3) Damage a covered structure; or
    - (4) Do not damage a covered structure, but:
      - (a) Block a driveway on the "residence premises" which prevents a "motor vehicle", that is registered for use on public roads or property, from entering or leaving the "residence premises"; or
      - (b) Block a ramp or other fixture designed to assist a handicapped person to enter or leave the dwelling building.

The \$1,000 limit is the most we will pay in any one loss, regardless of the number of fallen trees. No more than \$500 of this limit will be paid for the removal of any one tree.

This coverage is additional insurance.

##### **2. Reasonable Repairs**

- a. We will pay the reasonable cost incurred by you for the necessary measures taken solely to protect covered property that is damaged by a Peril Insured Against from further damage.

b. If the measures taken involve repair to other damaged property, we will only pay if that property is covered under this policy and the damage is caused by a Peril Insured Against. This coverage does not:

- (1) Increase the limit of liability that applies to the covered property; or
- (2) Relieve you of your duties, in case of a loss to covered property, described in **C.4.** under Section I – Conditions.

### 3. Trees, Shrubs And Other Plants

We cover trees, shrubs, plants or lawns, on the "residence premises", for loss caused by the following Perils Insured Against:

- a. Fire or Lightning;
- b. Explosion;
- c. Riot or Civil Commotion;
- d. Aircraft;
- e. Vehicles not owned or operated by a resident of the "residence premises";
- f. Vandalism or Malicious Mischief; or
- g. Theft.

We will pay up to 5% of the limit of liability that applies to the dwelling for all trees, shrubs, plants or lawns. No more than \$500 of this limit will be paid for any one tree, shrub or plant. We do not cover property grown for "business" purposes.

This coverage is additional insurance.

### 4. Fire Department Service Charge

We will pay up to \$500 for your liability assumed by contract or agreement for fire department charges incurred when the fire department is called to save or protect covered property from a Peril Insured Against. We do not cover fire department service charges if the property is located within the limits of the city, municipality or protection district furnishing the fire department response.

This coverage is additional insurance. No deductible applies to this coverage.

### 5. Property Removed

We insure covered property against direct loss from any cause while being removed from a premises endangered by a Peril Insured Against and for no more than 30 days while removed.

This coverage does not change the limit of liability that applies to the property being removed.

### 6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money

a. We will pay up to \$500 for:

- (1) The legal obligation of an "insured" to pay because of the theft or unauthorized use of credit cards issued to or registered in an "insured's" name;
- (2) Loss resulting from theft or unauthorized use of an electronic fund transfer card or access device used for deposit, withdrawal or transfer of funds, issued to or registered in an "insured's" name;
- (3) Loss to an "insured" caused by forgery or alteration of any check or negotiable instrument; and
- (4) Loss to an "insured" through acceptance in good faith of counterfeit United States or Canadian paper currency.

All loss resulting from a series of acts committed by any one person or in which any one person is concerned or implicated is considered to be one loss.

This coverage is additional insurance. No deductible applies to this coverage.

b. We do not cover:

- (1) Use of a credit card, electronic fund transfer card or access device:
  - (a) By a resident of your household;
  - (b) By a person who has been entrusted with either type of card or access device; or
  - (c) If an "insured" has not complied with all terms and conditions under which the cards are issued or the devices accessed; or
- (2) Loss arising out of "business" use or dishonesty of an "insured".

c. If the coverage in **a.** above applies, the following defense provisions also apply:

- (1) We may investigate and settle any claim or suit that we decide is appropriate. Our duty to defend a claim or suit ends when the amount we pay for the loss equals our limit of liability.
- (2) If a suit is brought against an "insured" for liability under **a.(1)** or **(2)** above, we will provide a defense at our expense by counsel of our choice.

- (3) We have the option to defend at our expense an "insured" or an "insured's" bank against any suit for the enforcement of payment under a.(3) above.

## 7. Loss Assessment

- a. We will pay up to \$1,000 for your share of loss assessment charged during the policy period against you, as owner or tenant of the "residence premises", by a corporation or association of property owners. The assessment must be made as a result of direct loss to property, owned by all members collectively, of the type that would be covered by this policy if owned by you, caused by a Peril Insured Against, other than:

- (1) Earthquake; or
- (2) Land shock waves or tremors before, during or after a volcanic eruption.

The limit of \$1,000 is the most we will pay with respect to any one loss, regardless of the number of assessments. We will only apply one deductible, per unit, to the total amount of any one loss to the property described above, regardless of the number of assessments.

- b. We do not cover assessments charged against you or a corporation or association of property owners by any governmental body.
- c. Paragraph Q. Policy Period under Section I – Conditions does not apply to this coverage.

This coverage is additional insurance.

## 8. Collapse

This Additional Coverage applies to property covered under Coverages A and B.

- a. The coverage provided under this Additional Coverage – Collapse applies only to an abrupt collapse.
- b. For the purpose of this Additional Coverage – Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.
- c. This Additional Coverage – Collapse does not apply to:
  - (1) A building or any part of a building that is in danger of falling down or caving in;

- (2) A part of a building that is standing, even if it has separated from another part of the building; or

- (3) A building or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

- d. We insure for direct physical loss to covered property involving abrupt collapse of a building or any part of a building if such collapse was caused by one or more of the following:

- (1) The Perils Insured Against under Coverages A and B;

- (2) Decay, of a building or any part of a building, that is hidden from view, unless the presence of such decay is known to an "insured" prior to collapse;

- (3) Insect or vermin damage, to a building or any part of a building, that is hidden from view, unless the presence of such damage is known to an "insured" prior to collapse;

- (4) Weight of contents, equipment, animals or people;

- (5) Weight of rain which collects on a roof; or

- (6) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.

- e. Loss to an awning, fence, patio, deck, pavement, swimming pool, underground pipe, flue, drain, cesspool, septic tank, foundation, retaining wall, bulkhead, pier, wharf or dock is not included under d.(2) through (6) above, unless the loss is a direct result of the collapse of a building or any part of a building.

- f. This coverage does not increase the limit of liability that applies to the damaged covered property.

## 9. Glass Or Safety Glazing Material

- a. We cover:

- (1) The breakage of glass or safety glazing material which is part of a covered building, storm door or storm window;

- (2) The breakage of glass or safety glazing material which is part of a covered building, storm door or storm window when caused directly by earth movement; and

(3) The direct physical loss to covered property caused solely by the pieces, fragments or splinters of broken glass or safety glazing material which is part of a building, storm door or storm window.

b. This coverage does not include loss:

(1) To covered property which results because the glass or safety glazing material has been broken, except as provided in **a.(3)** above; or

(2) On the "residence premises" if the dwelling has been vacant for more than 60 consecutive days immediately before the loss, except when the breakage results directly from earth movement as provided in **a.(2)** above. A dwelling being constructed is not considered vacant.

c. This coverage does not increase the limit of liability that applies to the damaged property.

#### 10. Landlord's Furnishings

We will pay up to \$2,500 for your appliances, carpeting and other household furnishings, in each apartment on the "residence premises" regularly rented or held for rental to others by an "insured", for loss caused only by the following Perils Insured Against:

**a. Fire Or Lightning**

**b. Windstorm Or Hail**

This peril includes loss to watercraft of all types and their trailers, furnishings, equipment, and outboard engines or motors, only while inside a fully enclosed building.

This peril does not include loss to the property contained in a building caused by rain, snow, sleet, sand or dust unless the direct force of wind or hail damages the building causing an opening in a roof or wall and the rain, snow, sleet, sand or dust enters through this opening.

**c. Explosion**

**d. Riot Or Civil Commotion**

**e. Aircraft**

This peril includes self-propelled missiles and spacecraft.

**f. Vehicles**

**g. Smoke**

This peril means sudden and accidental damage from smoke, including the emission or puffback of smoke, soot, fumes or vapors from a boiler, furnace or related equipment.

This peril does not include loss caused by smoke from agricultural smudging or industrial operations.

**h. Vandalism Or Malicious Mischief**

**i. Falling Objects**

This peril does not include loss to property contained in a building unless the roof or an outside wall of the building is first damaged by a falling object. Damage to the falling object itself is not included.

**j. Weight Of Ice, Snow Or Sleet**

This peril means weight of ice, snow or sleet which causes damage to property contained in a building.

**k. Accidental Discharge Or Overflow Of Water Or Steam**

(1) This peril means accidental discharge or overflow of water or steam from within a plumbing, heating, air conditioning or automatic fire protective sprinkler system or from within a household appliance.

(2) This peril does not include loss:

(a) To the system or appliance from which the water or steam escaped;

(b) Caused by or resulting from freezing except as provided in **m.** Freezing below;

(c) On the "residence premises" caused by accidental discharge or overflow which occurs off the "residence premises"; or

(d) Caused by mold, fungus or wet rot unless hidden within the walls or ceilings or beneath the floors or above the ceilings of a structure.

(3) In this peril, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment.

**I. Sudden And Accidental Tearing Apart, Cracking, Burning Or Bulging**

This peril means sudden and accidental tearing apart, cracking, burning or bulging of a steam or hot water heating system, an air conditioning or automatic fire protective sprinkler system, or an appliance for heating water.

We do not cover loss caused by or resulting from freezing under this peril.

**m. Freezing**

(1) This peril means freezing of a plumbing, heating, air conditioning or automatic fire protective sprinkler system or of a household appliance but only if you have used reasonable care to:

- (a) Maintain heat in the building; or
- (b) Shut off the water supply and drain all systems and appliances of water.

However, if the building is protected by an automatic fire protective sprinkler system, you must use reasonable care to continue the water supply and maintain heat in the building for coverage to apply.

(2) In this peril, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment.

**n. Sudden And Accidental Damage From Artificially Generated Electrical Current**

This peril does not include loss to tubes, transistors, electronic components or circuitry that is a part of appliances, fixtures, computers, home entertainment units or other types of electronic apparatus.

**o. Volcanic Eruption**

This peril does not include loss caused by earthquake, land shock waves or tremors.

This limit is the most we will pay in any one loss regardless of the number of appliances, carpeting or other household furnishings involved in the loss.

This coverage does not increase the limit of liability applying to the damaged property.

**11. Ordinance Or Law**

a. You may use up to 10% of the limit of liability that applies to Coverage A for the increased costs you incur due to the enforcement of any ordinance or law which requires or regulates:

- (1) The construction, demolition, remodeling, renovation or repair of that part of a covered building or other structure damaged by a Peril Insured Against;
- (2) The demolition and reconstruction of the undamaged part of a covered building or other structure, when that building or other structure must be totally demolished because of damage by a Peril Insured Against to another part of that covered building or other structure; or
- (3) The remodeling, removal or replacement of the portion of the undamaged part of a covered building or other structure necessary to complete the remodeling, repair or replacement of that part of the covered building or other structure damaged by a Peril Insured Against.

b. You may use all or part of this ordinance or law coverage to pay for the increased costs you incur to remove debris resulting from the construction, demolition, remodeling, renovation, repair or replacement of property as stated in a. above.

c. We do not cover:

- (1) The loss in value to any covered building or other structure due to the requirements of any ordinance or law; or
- (2) The costs to comply with any ordinance or law which requires any "insured" or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants in or on any covered building or other structure.  
Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

This coverage is additional insurance.

## 12. Grave Markers

We will pay up to \$5,000 for grave markers, including mausoleums, on or away from the "residence premises" for loss caused by a Peril Insured Against.

This coverage does not increase the limits of liability that apply to the damaged covered property.

### SECTION I – PERILS INSURED AGAINST

We insure against direct physical loss to property described in Coverages **A**, **B** and **C**.

We do not insure, however, for loss:

#### A. Under Coverages **A**, **B** and **C**:

1. Excluded under Section I – Exclusions;
2. Caused by:

a. Freezing of a plumbing, heating, air conditioning or automatic fire protective sprinkler system or of a household appliance, or by discharge, leakage or overflow from within the system or appliance caused by freezing. This provision does not apply if you have used reasonable care to:

- (1) Maintain heat in the building; or
- (2) Shut off the water supply and drain all systems and appliances of water.

However, if the building is protected by an automatic fire protective sprinkler system, you must use reasonable care to continue the water supply and maintain heat in the building for coverage to apply.

For purposes of this provision, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment;

b. Freezing, thawing, pressure or weight of water or ice, whether driven by wind or not, to a:

- (1) Fence, pavement, patio or swimming pool;
- (2) Footing, foundation, bulkhead, wall, or any other structure or device, that supports all or part of a building or other structure;
- (3) Retaining wall or bulkhead that does not support all or part of a building or other structure; or
- (4) Pier, wharf or dock;

c. Theft in or to a dwelling under construction, or of materials and supplies for use in the construction until the dwelling is finished and occupied;

d. Mold, fungus or wet rot. However, we do insure for loss caused by mold, fungus or wet rot that is hidden within the walls or ceilings or beneath the floors or above the ceilings of a structure if such loss results from the accidental discharge or overflow of water or steam from within:

- (1) A plumbing, heating, air conditioning or automatic fire protective sprinkler system, or a household appliance, on the "residence premises"; or
- (2) A storm drain, or water, steam or sewer pipes, off the "residence premises".

For purposes of this provision, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment; or

e. Any of the following:

- (1) Wear and tear, marring, deterioration;
- (2) Mechanical breakdown, latent defect, inherent vice or any quality in property that causes it to damage or destroy itself;
- (3) Smog, rust or other corrosion, or dry rot;
- (4) Smoke from agricultural smudging or industrial operations;
- (5) Discharge, dispersal, seepage, migration, release or escape of pollutants unless the discharge, dispersal, seepage, migration, release or escape is itself caused by a Peril Insured Against in **a.** through **d.** as listed in **E.10. Landlord's Furnishings** under Section I – Property Coverages.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed;

- (6) Settling, shrinking, bulging or expansion, including resultant cracking, of bulkheads, pavements, patios, footings, foundations, walls, floors, roofs or ceilings;
- (7) Birds, rodents or insects;

- (8) Nesting or infestation, or discharge or release of waste products or secretions, by any animals; or
- (9) Animals owned or kept by an "insured".

**Exception To 2.e.**

Unless the loss is otherwise excluded, we cover loss to property covered under Coverage **A**, **B** or **C** resulting from an accidental discharge or overflow of water or steam from within a:

- (i) Storm drain, or water, steam or sewer pipe, off the "residence premises"; or
- (ii) Plumbing, heating, air conditioning or automatic fire protective sprinkler system or household appliance on the "residence premises". This includes the cost to tear out and replace any part of a building, or other structure, on the "residence premises", but only when necessary to repair the system or appliance. However, such tear out and replacement coverage only applies to other structures if the water or steam causes actual damage to a building on the "residence premises".

We do not cover loss to the system or appliance from which this water or steam escaped.

For purposes of this provision, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment.

Section **I** – Exclusion **A.3**. Water, Paragraphs **a.** and **c.** that apply to surface water and water below the surface of the ground do not apply to loss by water covered under **d.** and **e.** above.

Under **2.a.** through **e.** above, any ensuing loss to property described in Coverages **A**, **B** and **C** not precluded by any other provision in this policy is covered.

**B. Under Coverages A and B:**

- 1. Caused by vandalism and malicious mischief, and any ensuing loss caused by any intentional and wrongful act committed in the course of the vandalism or malicious mischief, if the dwelling has been vacant for more than 60 consecutive days immediately before the loss. A dwelling being constructed is not considered vacant;

- 2. Involving collapse, including any of the following conditions of property or any part of the property:

- a. An abrupt falling down or caving in;
- b. Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or
- c. Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to **a.** or **b.** above;

other than as provided in **E.8**. Collapse under Section **I** – Property Coverages. However, any ensuing loss to property described in Coverages **A** and **B** not precluded by any other provision in this policy is covered.

**C. Under Coverage C caused by:**

- 1. Breakage of eyeglasses, glassware, statuary, marble, bric-a-brac, porcelains and similar fragile articles other than jewelry, watches, bronzes, cameras and photographic lenses.

However, there is coverage for breakage of the property by or resulting from:

- a. Fire, lightning, windstorm, hail;
- b. Smoke, other than smoke from agricultural smudging or industrial operations;
- c. Explosion, riot, civil commotion;
- d. Aircraft, vehicles, vandalism and malicious mischief;
- e. Collapse of a building or any part of a building;
- f. Water not otherwise excluded;
- g. Theft or attempted theft; or
- h. Sudden and accidental tearing apart, cracking, burning or bulging of:

- (1) A steam or hot water heating system;
- (2) An air conditioning or automatic fire protective sprinkler system; or
- (3) An appliance for heating water;

- 2. Dampness of atmosphere or extremes of temperature unless the direct cause of loss is rain, snow, sleet or hail;
- 3. Refinishing, renovating or repairing property other than watches, jewelry and furs;
- 4. Collision, other than collision with a land vehicle, sinking, swamping or stranding of watercraft, including their trailers, furnishings, equipment and outboard engines or motors; or

5. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body. However, any ensuing loss to property described in Coverage **C** not precluded by any other provision in this policy is covered.

## SECTION I – EXCLUSIONS

**A.** We do not insure for loss caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event contributing concurrently or in any sequence to the loss. These exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

### 1. Ordinance Or Law

Ordinance Or Law means any ordinance or law:

- a. Requiring or regulating the construction, demolition, remodeling, renovation or repair of property, including removal of any resulting debris. This Exclusion **A.1.a.** does not apply to the amount of coverage that may be provided for in **E.11**. Ordinance Or Law under Section I – Property Coverages;
- b. The requirements of which result in a loss in value to property; or
- c. Requiring any "insured" or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

This Exclusion **A.1.** applies whether or not the property has been physically damaged.

### 2. Earth Movement

Earth Movement means:

- a. Earthquake, including land shock waves or tremors before, during or after a volcanic eruption;
- b. Landslide, mudslide or mudflow;
- c. Subsidence or sinkhole; or
- d. Any other earth movement including earth sinking, rising or shifting.

This Exclusion **A.2.** applies regardless of whether any of the above, in **A.2.a.** through **A.2.d.**, is caused by an act of nature or is otherwise caused.

However, direct loss by fire, explosion or theft resulting from any of the above, in **A.2.a.** through **A.2.d.**, is covered.

### 3. Water

This means:

- a. Flood, surface water, waves, including tidal wave and tsunami, tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind, including storm surge;
- b. Water which:
  - (1) Backs up through sewers or drains; or
  - (2) Overflows or is otherwise discharged from a sump, sump pump or related equipment;
- c. Water below the surface of the ground, including water which exerts pressure on, or seeps, leaks or flows through a building, sidewalk, driveway, patio, foundation, swimming pool or other structure; or
- d. Waterborne material carried or otherwise moved by any of the water referred to in **A.3.a.** through **A.3.c.** of this exclusion.

This Exclusion **A.3.** applies regardless of whether any of the above, in **A.3.a.** through **A.3.d.**, is caused by an act of nature or is otherwise caused.

This Exclusion **A.3.** applies to, but is not limited to, escape, overflow or discharge, for any reason, of water or waterborne material from a dam, levee, seawall or any other boundary or containment system.

However, direct loss by fire, explosion or theft resulting from any of the above, in **A.3.a.** through **A.3.d.**, is covered.

This exclusion does not apply to property described in Coverage **C** that is away from a premises or location owned, rented, occupied or controlled by an "insured".

This exclusion applies to property described in Coverage **C** that is on a premises or location owned, rented, occupied or controlled by an "insured" even if weather conditions contribute in any way to produce the loss.

### 4. Power Failure

Power Failure means the failure of power or other utility service if the failure takes place off the "residence premises". But if the failure results in a loss, from a Peril Insured Against on the "residence premises", we will pay for the loss caused by that peril.

**5. Neglect**

Neglect means neglect of an "insured" to use all reasonable means to save and preserve property at and after the time of a loss.

**6. War**

War includes the following and any consequence of any of the following:

- a. Undeclared war, civil war, insurrection, rebellion or revolution;
- b. Warlike act by a military force or military personnel; or
- c. Destruction, seizure or use for a military purpose.

Discharge of a nuclear weapon will be deemed a warlike act even if accidental.

**7. Nuclear Hazard**

This Exclusion **A.7.** pertains to Nuclear Hazard to the extent set forth in **N.** Nuclear Hazard Clause under Section **I – Conditions.**

**8. Intentional Loss**

Intentional Loss means any loss arising out of any act an "insured" commits or conspires to commit with the intent to cause a loss.

In the event of such loss, no "insured" is entitled to coverage, even "insureds" who did not commit or conspire to commit the act causing the loss.

**9. Governmental Action**

Governmental Action means the destruction, confiscation or seizure of property described in Coverage **A, B** or **C** by order of any governmental or public authority.

This exclusion does not apply to such acts ordered by any governmental or public authority that are taken at the time of a fire to prevent its spread, if the loss caused by fire would be covered under this policy.

**B.** We do not insure for loss to property described in Coverages **A** and **B** caused by any of the following. However, any ensuing loss to property described in Coverages **A** and **B** not precluded by any other provision in this policy is covered.

- 1. Weather conditions. However, this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in **A.** above to produce the loss.
- 2. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
- 3. Faulty, inadequate or defective:
  - a. Planning, zoning, development, surveying, siting;

- b. Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
- c. Materials used in repair, construction, renovation or remodeling; or
- d. Maintenance;
  - of part or all of any property whether on or off the "residence premises".

**SECTION I – CONDITIONS**

**A. Insurable Interest And Limit Of Liability**

Even if more than one person has an insurable interest in the property covered, we will not be liable in any one loss:

- 1. To an "insured" for more than the amount of such "insured's" interest at the time of loss; or
- 2. For more than the applicable limit of liability.

**B. Deductible**

Unless otherwise noted in this policy, the following deductible provision applies:

With respect to any one loss:

- 1. Subject to the applicable limit of liability, we will pay only that part of the total of all loss payable that exceeds the deductible amount shown in the Declarations.
- 2. If two or more deductibles under this policy apply to the loss, only the highest deductible amount will apply.

**C. Duties After Loss**

In case of a loss to covered property, we have no duty to provide coverage under this policy if the failure to comply with the following duties is prejudicial to us. These duties must be performed either by you, or an "insured" seeking coverage, or a representative of either:

- 1. Give prompt notice to us or our agent;
- 2. Notify the police in case of loss by theft;
- 3. Notify the credit card or electronic fund transfer card or access device company in case of loss as provided for in **E.6.** Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money under Section **I – Property Coverages;**
- 4. Protect the property from further damage. If repairs to the property are required, you must:
  - a. Make reasonable and necessary repairs to protect the property; and
  - b. Keep an accurate record of repair expenses;
- 5. Cooperate with us in the investigation of a claim;

6. Prepare an inventory of damaged personal property showing the quantity, description, actual cash value and amount of loss. Attach all bills, receipts and related documents that justify the figures in the inventory;
7. As often as we reasonably require:
  - a. Show the damaged property;
  - b. Provide us with records and documents we request and permit us to make copies; and
  - c. Submit to examination under oath, while not in the presence of another "insured", and sign the same;
8. Send to us, within 60 days after our request, your signed, sworn proof of loss which sets forth, to the best of your knowledge and belief:
  - a. The time and cause of loss;
  - b. The interests of all "insureds" and all others in the property involved and all liens on the property;
  - c. Other insurance which may cover the loss;
  - d. Changes in title or occupancy of the property during the term of the policy;
  - e. Specifications of damaged buildings and detailed repair estimates;
  - f. The inventory of damaged personal property described in 6. above;
  - g. Receipts for additional living expenses incurred and records that support the fair rental value loss; and
  - h. Evidence or affidavit that supports a claim under E.6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money under Section I – Property Coverages, stating the amount and cause of loss.

**D. Loss Settlement**

In this Condition D., the terms "cost to repair or replace" and "replacement cost" do not include the increased costs incurred to comply with the enforcement of any ordinance or law, except to the extent that coverage for these increased costs is provided in E.11. Ordinance Or Law under Section I – Property Coverages. Covered property losses are settled as follows:

1. Property of the following types:
  - a. Personal property;
  - b. Awnings, carpeting, household appliances, outdoor antennas and outdoor equipment, whether or not attached to buildings;
  - c. Structures that are not buildings; and
  - d. Grave markers, including mausoleums;

at actual cash value at the time of loss but not more than the amount required to repair or replace.

2. Buildings covered under Coverage A or B at replacement cost without deduction for depreciation, subject to the following:
  - a. If, at the time of loss, the amount of insurance in this policy on the damaged building is 80% or more of the full replacement cost of the building immediately before the loss, we will pay the cost to repair or replace, without deduction for depreciation, but not more than the least of the following amounts:
    - (1) The limit of liability under this policy that applies to the building;
    - (2) The replacement cost of that part of the building damaged with material of like kind and quality and for like use; or
    - (3) The necessary amount actually spent to repair or replace the damaged building.

If the building is rebuilt at a new premises, the cost described in (2) above is limited to the cost which would have been incurred if the building had been built at the original premises.
  - b. If, at the time of loss, the amount of insurance in this policy on the damaged building is less than 80% of the full replacement cost of the building immediately before the loss, we will pay the greater of the following amounts, but not more than the limit of liability under this policy that applies to the building:
    - (1) The actual cash value of that part of the building damaged; or
    - (2) That proportion of the cost to repair or replace, without deduction for depreciation, that part of the building damaged, which the total amount of insurance in this policy on the damaged building bears to 80% of the replacement cost of the building.
  - c. To determine the amount of insurance required to equal 80% of the full replacement cost of the building immediately before the loss, do not include the value of:
    - (1) Excavations, footings, foundations, piers, or any other structures or devices that support all or part of the building, which are below the undersurface of the lowest basement floor;

(2) Those supports described in (1) above which are below the surface of the ground inside the foundation walls, if there is no basement; and

(3) Underground flues, pipes, wiring and drains.

d. We will pay no more than the actual cash value of the damage until actual repair or replacement is complete. Once actual repair or replacement is complete, we will settle the loss as noted in 2.a. and b. above.

However, if the cost to repair or replace the damage is both:

(1) Less than 5% of the amount of insurance in this policy on the building; and

(2) Less than \$2,500;

we will settle the loss as noted in 2.a. and b. above whether or not actual repair or replacement is complete.

e. You may disregard the replacement cost loss settlement provisions and make claim under this policy for loss to buildings on an actual cash value basis. You may then make claim for any additional liability according to the provisions of this Condition D. Loss Settlement, provided you notify us, within 180 days after the date of loss, of your intent to repair or replace the damaged building.

#### **E. Loss To A Pair Or Set**

In case of loss to a pair or set we may elect to:

1. Repair or replace any part to restore the pair or set to its value before the loss; or
2. Pay the difference between actual cash value of the property before and after the loss.

#### **F. Appraisal**

If you and we fail to agree on the amount of loss, either may demand an appraisal of the loss. In this event, each party will choose a competent and impartial appraiser within 20 days after receiving a written request from the other. The two appraisers will choose an umpire. If they cannot agree upon an umpire within 15 days, you or we may request that the choice be made by a judge of a court of record in the state where the "residence premises" is located. The appraisers will separately set the amount of loss. If the appraisers submit a written report of an agreement to us, the amount agreed upon will be the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of loss.

Each party will:

1. Pay its own appraiser; and
2. Bear the other expenses of the appraisal and umpire equally.

#### **G. Other Insurance And Service Agreement**

If a loss covered by this policy is also covered by:

1. Other insurance, we will pay only the proportion of the loss that the limit of liability that applies under this policy bears to the total amount of insurance covering the loss; or
2. A service agreement, this insurance is excess over any amounts payable under any such agreement. Service agreement means a service plan, property restoration plan, home warranty or other similar service warranty agreement, even if it is characterized as insurance.

#### **H. Suit Against Us**

No action can be brought against us unless there has been full compliance with all of the terms under Section I of this policy and the action is started within two years after the date of loss.

#### **I. Our Option**

If we give you written notice within 30 days after we receive your signed, sworn proof of loss, we may repair or replace any part of the damaged property with material or property of like kind and quality.

#### **J. Loss Payment**

We will adjust all losses with you. We will pay you unless some other person is named in the policy or is legally entitled to receive payment. Loss will be payable 60 days after we receive your proof of loss and:

1. Reach an agreement with you;
2. There is an entry of a final judgment; or
3. There is a filing of an appraisal award with us.

#### **K. Abandonment Of Property**

We need not accept any property abandoned by an "insured".

#### **L. Mortgage Clause**

1. If a mortgagee is named in this policy, any loss payable under Coverage A or B will be paid to the mortgagee and you, as interests appear. If more than one mortgagee is named, the order of payment will be the same as the order of precedence of the mortgages.

2. If we deny your claim, that denial will not apply to a valid claim of the mortgagee, if the mortgagee:
  - a. Notifies us of any change in ownership, occupancy or substantial change in risk of which the mortgagee is aware;
  - b. Pays any premium due under this policy on demand if you have neglected to pay the premium; and
  - c. Submits a signed, sworn statement of loss within 60 days after receiving notice from us of your failure to do so. Paragraphs **F.** Appraisal, **H.** Suit Against Us and **J.** Loss Payment under Section **I** – Conditions also apply to the mortgagee.
3. If we decide to cancel or not to renew this policy, the mortgagee will be notified at least 10 days before the date cancellation or nonrenewal takes effect.
4. If we pay the mortgagee for any loss and deny payment to you:
  - a. We are subrogated to all the rights of the mortgagee granted under the mortgage on the property; or
  - b. At our option, we may pay to the mortgagee the whole principal on the mortgage plus any accrued interest. In this event, we will receive a full assignment and transfer of the mortgage and all securities held as collateral to the mortgage debt.
5. Subrogation will not impair the right of the mortgagee to recover the full amount of the mortgagee's claim.

**M. No Benefit To Bailee**

We will not recognize any assignment or grant any coverage that benefits a person or organization holding, storing or moving property for a fee regardless of any other provision of this policy.

**N. Nuclear Hazard Clause**

1. "Nuclear Hazard" means any nuclear reaction, radiation, or radioactive contamination, all whether controlled or uncontrolled or however caused, or any consequence of any of these.
2. Loss caused by the nuclear hazard will not be considered loss caused by fire, explosion, or smoke, whether these perils are specifically named in or otherwise included within the Perils Insured Against.
3. This policy does not apply under Section **I** to loss caused directly or indirectly by nuclear hazard, except that direct loss by fire resulting from the nuclear hazard is covered.

**O. Recovered Property**

If you or we recover any property for which we have made payment under this policy, you or we will notify the other of the recovery. At your option, the property will be returned to or retained by you or it will become our property. If the recovered property is returned to or retained by you, the loss payment will be adjusted based on the amount you received for the recovered property.

**P. Volcanic Eruption Period**

One or more volcanic eruptions that occur within a 72-hour period will be considered as one volcanic eruption.

**Q. Policy Period**

This policy applies only to loss which occurs during the policy period.

**R. Concealment Or Fraud**

We provide coverage to no "insureds" under this policy if, whether before or after a loss, an "insured" has:

1. Intentionally concealed or misrepresented any material fact or circumstance;
  2. Engaged in fraudulent conduct; or
  3. Made false statements;
- relating to this insurance.

**S. Loss Payable Clause**

If the Declarations shows a loss payee for certain listed insured personal property, the definition of "insured" is changed to include that loss payee with respect to that property.

If we decide to cancel or not renew this policy, that loss payee will be notified in writing.

**SECTION II – LIABILITY COVERAGES**

**A. Coverage E – Personal Liability**

If a claim is made or a suit is brought against an "insured" for damages because of "bodily injury" or "property damage" caused by an "occurrence" to which this coverage applies, we will:

1. Pay up to our limit of liability for the damages for which an "insured" is legally liable. Damages include prejudgment interest awarded against an "insured"; and
2. Provide a defense at our expense by counsel of our choice, even if the suit is groundless, false or fraudulent. We may investigate and settle any claim or suit that we decide is appropriate. Our duty to settle or defend ends when our limit of liability for the "occurrence" has been exhausted by payment of a judgment or settlement.

## B. Coverage F – Medical Payments To Others

We will pay the necessary medical expenses that are incurred or medically ascertained within three years from the date of an accident causing "bodily injury". Medical expenses means reasonable charges for medical, surgical, x-ray, dental, ambulance, hospital, professional nursing, prosthetic devices and funeral services. This coverage does not apply to you or regular residents of your household except "residence employees". As to others, this coverage applies only:

1. To a person on the "insured location" with the permission of an "insured"; or
2. To a person off the "insured location", if the "bodily injury":
  - a. Arises out of a condition on the "insured location" or the ways immediately adjoining;
  - b. Is caused by the activities of an "insured";
  - c. Is caused by a "residence employee" in the course of the "residence employee's" employment by an "insured"; or
  - d. Is caused by an animal owned by or in the care of an "insured".

## SECTION II – EXCLUSIONS

### A. "Motor Vehicle Liability"

1. Coverages E and F do not apply to any "motor vehicle liability" if, at the time and place of an "occurrence", the involved "motor vehicle":
  - a. Is registered for use on public roads or property;
  - b. Is not registered for use on public roads or property, but such registration is required by a law, or regulation issued by a government agency, for it to be used at the place of the "occurrence"; or
  - c. Is being:
    - (1) Operated in, or practicing for, any prearranged or organized race, speed contest or other competition;
    - (2) Rented to others;
    - (3) Used to carry persons or cargo for a charge; or
    - (4) Used for any "business" purpose except for a motorized golf cart while on a golfing facility.
2. If Exclusion A.1. does not apply, there is still no coverage for "motor vehicle liability", unless the "motor vehicle" is:
  - a. In dead storage on an "insured location";
  - b. Used solely to service a residence;
  - c. Designed to assist the handicapped and, at the time of an "occurrence", it is:
    - (1) Being used to assist a handicapped person; or
    - (2) Parked on an "insured location";
  - d. Designed for recreational use off public roads and:
    - (1) Not owned by an "insured"; or
    - (2) Owned by an "insured" provided the "occurrence" takes place:
      - (a) On an "insured location" as defined in Definition B.6.a., b., d., e. or h.; or
      - (b) Off an "insured location" and the "motor vehicle" is:
        - (i) Designed as a toy vehicle for use by children under seven years of age;
        - (ii) Powered by one or more batteries; and
        - (iii) Not built or modified after manufacture to exceed a speed of five miles per hour on level ground;
  - e. A motorized golf cart that is owned by an "insured", designed to carry up to four persons, not built or modified after manufacture to exceed a speed of 25 miles per hour on level ground and, at the time of an "occurrence", is within the legal boundaries of:
    - (1) A golfing facility and is parked or stored there, or being used by an "insured" to:
      - (a) Play the game of golf or for other recreational or leisure activity allowed by the facility;
      - (b) Travel to or from an area where "motor vehicles" or golf carts are parked or stored; or
      - (c) Cross public roads at designated points to access other parts of the golfing facility; or
    - (2) A private residential community, including its public roads upon which a motorized golf cart can legally travel, which is subject to the authority of a property owners association and contains an "insured's" residence.

## B. "Watercraft Liability"

1. Coverages **E** and **F** do not apply to any "watercraft liability" if, at the time of an "occurrence", the involved watercraft is being:
  - a. Operated in, or practicing for, any prearranged or organized race, speed contest or other competition. This exclusion does not apply to a sailing vessel or a predicted log cruise;
  - b. Rented to others;
  - c. Used to carry persons or cargo for a charge; or
  - d. Used for any "business" purpose.
2. If Exclusion **B.1.** does not apply, there is still no coverage for "watercraft liability" unless, at the time of the "occurrence", the watercraft:
  - a. Is stored;
  - b. Is a sailing vessel, with or without auxiliary power, that is:
    - (1) Less than 26 feet in overall length; or
    - (2) 26 feet or more in overall length and not owned by or rented to an "insured"; or
  - c. Is not a sailing vessel and is powered by:
    - (1) An inboard or inboard-outdrive engine or motor, including those that power a water jet pump, of:
      - (a) 50 horsepower or less and not owned by an "insured"; or
      - (b) More than 50 horsepower and not owned by or rented to an "insured"; or
    - (2) One or more outboard engines or motors with:
      - (a) 25 total horsepower or less;
      - (b) More than 25 horsepower if the outboard engine or motor is not owned by an "insured";
      - (c) More than 25 horsepower if the outboard engine or motor is owned by an "insured" who acquired it during the policy period; or
      - (d) More than 25 horsepower if the outboard engine or motor is owned by an "insured" who acquired it before the policy period, but only if:
        - (i) You declare them at policy inception; or
        - (ii) Your intent to insure them is reported to us in writing within 45 days after you acquire them.

The coverages in (c) and (d) above apply for the policy period.

Horsepower means the maximum power rating assigned to the engine or motor by the manufacturer.

## C. "Aircraft Liability"

This policy does not cover "aircraft liability".

## D. "Hovercraft Liability"

This policy does not cover "hovercraft liability".

## E. Coverage E – Personal Liability And Coverage F – Medical Payments To Others

Coverages **E** and **F** do not apply to the following:

### 1. Expected Or Intended Injury

"Bodily injury" or "property damage" which is expected or intended by an "insured", even if the resulting "bodily injury" or "property damage":

- a. Is of a different kind, quality or degree than initially expected or intended; or
- b. Is sustained by a different person, entity or property than initially expected or intended.

However, this Exclusion **E.1.** does not apply to "bodily injury" or "property damage" resulting from the use of reasonable force by an "insured" to protect persons or property;

### 2. "Business"

- a. "Bodily injury" or "property damage" arising out of or in connection with a "business" conducted from an "insured location" or engaged in by an "insured", whether or not the "business" is owned or operated by an "insured" or employs an "insured".

This Exclusion **E.2.** applies but is not limited to an act or omission, regardless of its nature or circumstance, involving a service or duty rendered, promised, owed, or implied to be provided because of the nature of the "business".

- b. This Exclusion **E.2.** does not apply to:

- (1) The rental or holding for rental of an "insured location";
  - (a) On an occasional basis if used only as a residence;
  - (b) In part for use only as a residence, unless a single-family unit is intended for use by the occupying family to lodge more than two roomers or boarders; or
  - (c) In part, as an office, school, studio or private garage; and

- (2) An "insured" under the age of 21 years involved in a part-time or occasional, self-employed "business" with no employees;

### 3. Professional Services

"Bodily injury" or "property damage" arising out of the rendering of or failure to render professional services;

### 4. "Insured's" Premises Not An "Insured Location"

"Bodily injury" or "property damage" arising out of a premises:

- a. Owned by an "insured";
- b. Rented to an "insured"; or
- c. Rented to others by an "insured";

that is not an "insured location";

### 5. War

"Bodily injury" or "property damage" caused directly or indirectly by war, including the following and any consequence of any of the following:

- a. Undeclared war, civil war, insurrection, rebellion or revolution;
- b. Warlike act by a military force or military personnel; or
- c. Destruction, seizure or use for a military purpose.

Discharge of a nuclear weapon will be deemed a warlike act even if accidental;

### 6. Communicable Disease

"Bodily injury" or "property damage" which arises out of the transmission of a communicable disease by an "insured";

### 7. Sexual Molestation, Corporal Punishment Or Physical Or Mental Abuse

"Bodily injury" or "property damage" arising out of sexual molestation, corporal punishment or physical or mental abuse; or

### 8. Controlled Substance

"Bodily injury" or "property damage" arising out of the use, sale, manufacture, delivery, transfer or possession by any person of a Controlled Substance as defined by the Federal Food and Drug Law at 21 U.S.C.A. Sections 811 and 812. Controlled Substances include but are not limited to cocaine, LSD, marijuana and all narcotic drugs. However, this exclusion does not apply to the legitimate use of prescription drugs by a person following the lawful orders of a licensed health care professional.

Exclusions **A.** "Motor Vehicle Liability", **B.** "Watercraft Liability", **C.** "Aircraft Liability", **D.** "Hovercraft Liability" and **E.4.** "Insured's" Premises Not An "Insured Location" do not apply to "bodily injury" to a "residence employee" arising out of and in the course of the "residence employee's" employment by an "insured".

## F. Coverage E – Personal Liability

Coverage E does not apply to:

### 1. Liability:

- a. For any loss assessment charged against you as a member of an association, corporation or community of property owners, except as provided in **D.** Loss Assessment under Section II – Additional Coverages;

- b. Under any contract or agreement entered into by an "insured". However, this exclusion does not apply to written contracts:

- (1) That directly relate to the ownership, maintenance or use of an "insured location"; or

- (2) Where the liability of others is assumed by you prior to an "occurrence";

unless excluded in **a.** above or elsewhere in this policy;

2. "Property damage" to property owned by an "insured". This includes costs or expenses incurred by an "insured" or others to repair, replace, enhance, restore or maintain such property to prevent injury to a person or damage to property of others, whether on or away from an "insured location";

3. "Property damage" to property rented to, occupied or used by or in the care of an "insured". This exclusion does not apply to "property damage" caused by fire, smoke or explosion;

4. "Bodily injury" to any person eligible to receive any benefits voluntarily provided or required to be provided by an "insured" under any:

- a. Workers' compensation law;
- b. Non-occupational disability law; or
- c. Occupational disease law;

5. "Bodily injury" or "property damage" for which an "insured" under this policy:

- a. Is also an insured under a nuclear energy liability policy issued by the:

- (1) Nuclear Energy Liability Insurance Association;

(2) Mutual Atomic Energy Liability Underwriters;

(3) Nuclear Insurance Association of Canada;

or any of their successors; or

b. Would be an insured under such a policy but for the exhaustion of its limit of liability; or

6. "Bodily injury" to you or an "insured" as defined under Definition 5.a. or b.

This exclusion also applies to any claim made or suit brought against you or an "insured" to:

a. Repay; or

b. Share damages with;

another person who may be obligated to pay damages because of "bodily injury" to an "insured".

#### G. Coverage F – Medical Payments To Others

Coverage F does not apply to "bodily injury":

1. To a "residence employee" if the "bodily injury":

a. Occurs off the "insured location"; and

b. Does not arise out of or in the course of the "residence employee's" employment by an "insured";

2. To any person eligible to receive benefits voluntarily provided or required to be provided under any:

a. Workers' compensation law;

b. Non-occupational disability law; or

c. Occupational disease law;

3. From any:

a. Nuclear reaction;

b. Nuclear radiation; or

c. Radioactive contamination;

all whether controlled or uncontrolled or however caused; or

d. Any consequence of any of these; or

4. To any person, other than a "residence employee" of an "insured", regularly residing on any part of the "insured location".

#### SECTION II – ADDITIONAL COVERAGES

We cover the following in addition to the limits of liability:

##### A. Claim Expenses

We pay:

1. Expenses we incur and costs taxed against an "insured" in any suit we defend;

2. Premiums on bonds required in a suit we defend, but not for bond amounts more than the Coverage E limit of liability. We need not apply for or furnish any bond;

3. Reasonable expenses incurred by an "insured" at our request, including actual loss of earnings (but not loss of other income) up to \$250 per day, for assisting us in the investigation or defense of a claim or suit; and

4. Interest on the entire judgment which accrues after entry of the judgment and before we pay or tender, or deposit in court that part of the judgment which does not exceed the limit of liability that applies.

##### B. First Aid Expenses

We will pay expenses for first aid to others incurred by an "insured" for "bodily injury" covered under this policy. We will not pay for first aid to an "insured".

##### C. Damage To Property Of Others

1. We will pay, at replacement cost, up to \$1,000 per "occurrence" for "property damage" to property of others caused by an "insured".

2. We will not pay for "property damage":

a. To the extent of any amount recoverable under Section I;

b. Caused intentionally by an "insured" who is 13 years of age or older;

c. To property owned by an "insured";

d. To property owned by or rented to a tenant of an "insured" or a resident in your household; or

e. Arising out of:

(1) A "business" engaged in by an "insured";

(2) Any act or omission in connection with a premises owned, rented or controlled by an "insured", other than the "insured location"; or

(3) The ownership, maintenance, occupancy, operation, use, loading or unloading of aircraft, hovercraft, watercraft or "motor vehicles".

This Exclusion e.(3) does not apply to a "motor vehicle" that:

(a) Is designed for recreational use off public roads;

(b) Is not owned by an "insured"; and

- (c) At the time of the "occurrence", is not required by law, or regulation issued by a government agency, to have been registered for it to be used on public roads or property.

**D. Loss Assessment**

1. We will pay up to \$1,000 for your share of loss assessment charged against you, as owner or tenant of the "residence premises", during the policy period by a corporation or association of property owners, when the assessment is made as a result of:
  - a. "Bodily injury" or "property damage" not excluded from coverage under Section II – Exclusions; or
  - b. Liability for an act of a director, officer or trustee in the capacity as a director, officer or trustee, provided such person:
    - (1) Is elected by the members of a corporation or association of property owners; and
    - (2) Serves without deriving any income from the exercise of duties which are solely on behalf of a corporation or association of property owners.
2. Paragraph I. Policy Period under Section II – Conditions does not apply to this Loss Assessment Coverage.
3. Regardless of the number of assessments, the limit of \$1,000 is the most we will pay for loss arising out of:
  - a. One accident, including continuous or repeated exposure to substantially the same general harmful condition; or
  - b. A covered act of a director, officer or trustee. An act involving more than one director, officer or trustee is considered to be a single act.
4. We do not cover assessments charged against you or a corporation or association of property owners by any governmental body.

**SECTION II – CONDITIONS**

**A. Limit Of Liability**

Our total liability under Coverage E for all damages resulting from any one "occurrence" will not be more than the Coverage E Limit Of Liability shown in the Declarations. This limit is the same regardless of the number of "insureds", claims made or persons injured. All "bodily injury" and "property damage" resulting from any one accident or from continuous or repeated exposure to substantially the same general harmful conditions shall be considered to be the result of one "occurrence".

Our total liability under Coverage F for all medical expense payable for "bodily injury" to one person as the result of one accident will not be more than the Coverage F Limit Of Liability shown in the Declarations.

**B. Severability Of Insurance**

This insurance applies separately to each "insured". This condition will not increase our limit of liability for any one "occurrence".

**C. Duties After "Occurrence"**

In case of an "occurrence", you or another "insured" will perform the following duties that apply. We have no duty to provide coverage under this policy if your failure to comply with the following duties is prejudicial to us. You will help us by seeing that these duties are performed:

1. Give written notice to us or our agent as soon as is practical, which sets forth:
  - a. The identity of the policy and the "named insured" shown in the Declarations;
  - b. Reasonably available information on the time, place and circumstances of the "occurrence"; and
  - c. Names and addresses of any claimants and witnesses;
2. Cooperate with us in the investigation, settlement or defense of any claim or suit;
3. Promptly forward to us every notice, demand, summons or other process relating to the "occurrence";
4. At our request, help us:
  - a. To make settlement;
  - b. To enforce any right of contribution or indemnity against any person or organization who may be liable to an "insured";
  - c. With the conduct of suits and attend hearings and trials; and
  - d. To secure and give evidence and obtain the attendance of witnesses;
5. With respect to C. Damage To Property Of Others under Section II – Additional Coverages, submit to us within 60 days after the loss a sworn statement of loss and show the damaged property, if in an "insured's" control;
6. No "insured" shall, except at such "insured's" own cost, voluntarily make payment, assume obligation or incur expense other than for first aid to others at the time of the "bodily injury".

**D. Duties Of An Injured Person – Coverage F – Medical Payments To Others**

1. The injured person or someone acting for the injured person will:
  - a. Give us written proof of claim, under oath if required, as soon as is practical; and
  - b. Authorize us to obtain copies of medical reports and records.
2. The injured person will submit to a physical exam by a doctor of our choice when and as often as we reasonably require.

**E. Payment Of Claim – Coverage F – Medical Payments To Others**

Payment under this coverage is not an admission of liability by an "insured" or us.

**F. Suit Against Us**

1. No action can be brought against us unless there has been full compliance with all of the terms under this Section II.
2. No one will have the right to join us as a party to any action against an "insured".
3. Also, no action with respect to Coverage E can be brought against us until the obligation of such "insured" has been determined by final judgment or agreement signed by us.

**G. Bankruptcy Of An "Insured"**

Bankruptcy or insolvency of an "insured" will not relieve us of our obligations under this policy.

**H. Other Insurance**

This insurance is excess over other valid and collectible insurance except insurance written specifically to cover as excess over the limits of liability that apply in this policy.

**I. Policy Period**

This policy applies only to "bodily injury" or "property damage" which occurs during the policy period.

**J. Concealment Or Fraud**

We do not provide coverage to an "insured" who, whether before or after a loss, has:

1. Intentionally concealed or misrepresented any material fact or circumstance;
  2. Engaged in fraudulent conduct; or
  3. Made false statements;
- relating to this insurance.

**SECTIONS I AND II – CONDITIONS**

**A. Liberalization Clause**

If we make a change which broadens coverage under this edition of our policy without additional premium charge, that change will automatically apply to your insurance as of the date we implement the change in your state, provided that this implementation date falls within 60 days prior to or during the policy period stated in the Declarations.

This Liberalization Clause does not apply to changes implemented with a general program revision that includes both broadenings and restrictions in coverage, whether that general program revision is implemented through introduction of:

1. A subsequent edition of this policy; or
2. An amendatory endorsement.

**B. Waiver Or Change Of Policy Provisions**

A waiver or change of a provision of this policy must be in writing by us to be valid. Our request for an appraisal or examination will not waive any of our rights.

**C. Cancellation**

1. You may cancel this policy at any time by returning it to us or by letting us know in writing of the date cancellation is to take effect.
2. We may cancel this policy only for the reasons stated below by letting you know in writing of the date cancellation takes effect. This cancellation notice may be delivered to you, or mailed to you at your mailing address shown in the Declarations. Proof of mailing will be sufficient proof of notice.
  - a. When you have not paid the premium, we may cancel at any time by letting you know at least 10 days before the date cancellation takes effect.
  - b. When this policy has been in effect for less than 60 days and is not a renewal with us, we may cancel for any reason by letting you know at least 10 days before the date cancellation takes effect.
  - c. When this policy has been in effect for 60 days or more, or at any time if it is a renewal with us, we may cancel:
    - (1) If there has been a material misrepresentation of fact which if known to us would have caused us not to issue the policy; or

(2) If the risk has changed substantially since the policy was issued.

This can be done by letting you know at least 30 days before the date cancellation takes effect.

d. When this policy is written for a period of more than one year, we may cancel for any reason at anniversary by letting you know at least 30 days before the date cancellation takes effect.

3. When this policy is canceled, the premium for the period from the date of cancellation to the expiration date will be refunded pro rata.

4. If the return premium is not refunded with the notice of cancellation or when this policy is returned to us, we will refund it within a reasonable time after the date cancellation takes effect.

#### **D. Nonrenewal**

We may elect not to renew this policy. We may do so by delivering to you, or mailing to you at your mailing address shown in the Declarations, written notice at least 30 days before the expiration date of this policy. Proof of mailing will be sufficient proof of notice.

#### **E. Assignment**

Assignment of this policy will not be valid unless we give our written consent.

#### **F. Subrogation**

An "insured" may waive in writing before a loss all rights of recovery against any person. If not waived, we may require an assignment of rights of recovery for a loss to the extent that payment is made by us.

If an assignment is sought, an "insured" must sign and deliver all related papers and cooperate with us.

Subrogation does not apply to Coverage **F** or Paragraph **C. Damage To Property Of Others** under Section **II – Additional Coverages**.

#### **G. Death**

If any person named in the Declarations or the spouse, if a resident of the same household, dies, the following apply:

1. We insure the legal representative of the deceased but only with respect to the premises and property of the deceased covered under the policy at the time of death; and

2. "Insured" includes:

a. An "insured" who is a member of your household at the time of your death, but only while a resident of the "residence premises"; and

b. With respect to your property, the person having proper temporary custody of the property until appointment and qualification of a legal representative.

## HOMEOWNERS 6 – UNIT-OWNERS FORM

### AGREEMENT

We will provide the insurance described in this policy in return for the premium and compliance with all applicable provisions of this policy.

### DEFINITIONS

- A.** In this policy, "you" and "your" refer to the "named insured" shown in the Declarations and the spouse if a resident of the same household. "We", "us" and "our" refer to the Company providing this insurance.
- B.** In addition, certain words and phrases are defined as follows:
- 1.** "Aircraft Liability", "Hovercraft Liability", "Motor Vehicle Liability" and "Watercraft Liability", subject to the provisions in **b.** below, mean the following:
    - a.** Liability for "bodily injury" or "property damage" arising out of the:
      - (1)** Ownership of such vehicle or craft by an "insured";
      - (2)** Maintenance, occupancy, operation, use, loading or unloading of such vehicle or craft by any person;
      - (3)** Entrustment of such vehicle or craft by an "insured" to any person;
      - (4)** Failure to supervise or negligent supervision of any person involving such vehicle or craft by an "insured"; or
      - (5)** Vicarious liability, whether or not imposed by law, for the actions of a child or minor involving such vehicle or craft.
    - b.** For the purpose of this definition:
      - (1)** Aircraft means any contrivance used or designed for flight except model or hobby aircraft not used or designed to carry people or cargo;
      - (2)** Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;
      - (3)** Watercraft means a craft principally designed to be propelled on or in water by wind, engine power or electric motor; and
      - (4)** Motor vehicle means a "motor vehicle" as defined in **7.** below.
  - 2.** "Bodily injury" means bodily harm, sickness or disease, including required care, loss of services and death that results.
  - 3.** "Business" means:
    - a.** A trade, profession or occupation engaged in on a full-time, part-time or occasional basis; or
    - b.** Any other activity engaged in for money or other compensation, except the following:
      - (1)** One or more activities, not described in **(2)** through **(4)** below, for which no "insured" receives more than \$2,000 in total compensation for the 12 months before the beginning of the policy period;
      - (2)** Volunteer activities for which no money is received other than payment for expenses incurred to perform the activity;
      - (3)** Providing home day care services for which no compensation is received, other than the mutual exchange of such services; or
      - (4)** The rendering of home day care services to a relative of an "insured".
  - 4.** "Employee" means an employee of an "insured", or an employee leased to an "insured" by a labor leasing firm under an agreement between an "insured" and the labor leasing firm, whose duties are other than those performed by a "residence employee".
  - 5.** "Insured" means:
    - a.** You and residents of your household who are:
      - (1)** Your relatives; or
      - (2)** Other persons under the age of 21 and in your care or the care of a resident of your household who is your relative;
    - b.** A student enrolled in school full-time, as defined by the school, who was a resident of your household before moving out to attend school, provided the student is under the age of:
      - (1)** 24 and your relative; or
      - (2)** 21 and in your care or the care of a resident of your household who is your relative; or

**c. Under Section II:**

- (1)** With respect to animals or watercraft to which this policy applies, any person or organization legally responsible for these animals or watercraft which are owned by you or any person described in **5.a.** or **b.** "Insured" does not mean a person or organization using or having custody of these animals or watercraft in the course of any "business" or without consent of the owner; or
- (2)** With respect to a "motor vehicle" to which this policy applies:
  - (a)** Persons while engaged in your employ or that of any person described in **5.a.** or **b.**; or
  - (b)** Other persons using the vehicle on an "insured location" with your consent.

Under both Sections I and II, when the word an immediately precedes the word "insured", the words an "insured" together mean one or more "insureds".

**6. "Insured location" means:**

- a.** The "residence premises";
- b.** The part of other premises, other structures and grounds used by you as a residence; and
  - (1)** Which is shown in the Declarations; or
  - (2)** Which is acquired by you during the policy period for your use as a residence;
- c.** Any premises used by you in connection with a premises described in **a.** and **b.** above;
- d.** Any part of a premises:
  - (1)** Not owned by an "insured"; and
  - (2)** Where an "insured" is temporarily residing;
- e.** Vacant land, other than farm land, owned by or rented to an "insured";
- f.** Land owned by or rented to an "insured" on which a one-, two-, three- or four-family dwelling is being built as a residence for an "insured";
- g.** Individual or family cemetery plots or burial vaults of an "insured"; or
- h.** Any part of a premises occasionally rented to an "insured" for other than "business" use.

**7. "Motor vehicle" means:**

- a.** A self-propelled land or amphibious vehicle; or
  - b.** Any trailer or semitrailer which is being carried on, towed by or hitched for towing by a vehicle described in **a.** above.
- 8. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions, which results, during the policy period, in:**
- a.** "Bodily injury"; or
  - b.** "Property damage".
- 9. "Property damage" means physical injury to, destruction of, or loss of use of tangible property.**
- 10. "Residence employee" means:**
- a.** An employee of an "insured", or an employee leased to an "insured" by a labor leasing firm, under an agreement between an "insured" and the labor leasing firm, whose duties are related to the maintenance or use of the "residence premises", including household or domestic services; or
  - b.** One who performs similar duties elsewhere not related to the "business" of an "insured".
- A "residence employee" does not include a temporary employee who is furnished to an "insured" to substitute for a permanent "residence employee" on leave or to meet seasonal or short-term workload conditions.
- 11. "Residence premises" means the unit where you reside shown as the "residence premises" in the Declarations.**

**SECTION I – PROPERTY COVERAGES**

**A. Coverage A – Dwelling**

**1. We cover:**

- a.** The alterations, appliances, fixtures and improvements which are part of the building contained within the "residence premises";
- b.** Items of real property which pertain exclusively to the "residence premises";
- c.** Property which is your insurance responsibility under a corporation or association of property owners agreement; or
- d.** Structures owned solely by you, other than the "residence premises", at the location of the "residence premises".

2. We do not cover:
- a. Land, including land on which the "residence premises", real property or structures are located;
  - b. Structures rented or held for rental to any person not a tenant of the dwelling, unless used solely as a private garage;
  - c. Structures from which any "business" is conducted; or
  - d. Structures used to store "business" property. However, we do cover a structure that contains "business" property solely owned by an "insured" or a tenant of the dwelling, provided that "business" property does not include gaseous or liquid fuel, other than fuel in a permanently installed fuel tank of a vehicle or craft parked or stored in the structure.

**B. Coverage C – Personal Property**

**1. Covered Property**

We cover personal property owned or used by an "insured" while it is anywhere in the world. After a loss and at your request, we will cover personal property owned by:

- a. Others while the property is on the part of the "residence premises" occupied by an "insured"; or
- b. A guest or a "residence employee", while the property is in any residence occupied by an "insured".

**2. Limit For Property At Other Locations**

**a. Other Residences**

Our limit of liability for personal property usually located at an "insured's" residence, other than the "residence premises", is 10% of the limit of liability for Coverage C, or \$1,000, whichever is greater. However, this limitation does not apply to personal property:

- (1) Moved from the "residence premises" because it is:
  - (a) Being repaired, renovated or rebuilt; and
  - (b) Not fit to live in or store property in; or
- (2) In a newly acquired principal residence for 30 days from the time you begin to move the property there.

**b. Self-storage Facilities**

Our limit of liability for personal property owned or used by an "insured" and located in a self-storage facility is 10% of the limit of liability for Coverage C, or \$1,000, whichever is greater. However, this limitation does not apply to personal property:

- (1) Moved from the "residence premises" because it is:
  - (a) Being repaired, renovated or rebuilt; and
  - (b) Not fit to live in or store property in; or
- (2) Usually located in an "insured's" residence, other than the "residence premises".

**3. Special Limits Of Liability**

The special limit for each category shown below is the total limit for each loss for all property in that category. These special limits do not increase the Coverage C limit of liability.

- a. \$200 on money, bank notes, bullion, gold other than goldware, silver other than silverware, platinum other than platinumware, coins, medals, scrip, stored value cards and smart cards.
- b. \$1,500 on securities, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, personal records, passports, tickets and stamps. This dollar limit applies to these categories regardless of the medium (such as paper or computer software) on which the material exists.
 

This limit includes the cost to research, replace or restore the information from the lost or damaged material.
- c. \$1,500 on watercraft of all types, including their trailers, furnishings, equipment and outboard engines or motors.
- d. \$1,500 on trailers or semitrailers not used with watercraft of all types.
- e. \$1,500 for loss by theft of jewelry, watches, furs, precious and semiprecious stones.
- f. \$2,500 for loss by theft of firearms and related equipment.
- g. \$2,500 for loss by theft of silverware, silver-plated ware, goldware, gold-plated ware, platinumware, platinum-plated ware and pewterware. This includes flatware, hollowware, tea sets, trays and trophies made of or including silver, gold or pewter.

- h. \$2,500 on property, on the "residence premises", used primarily for "business" purposes.
- i. \$1,500 on property, away from the "residence premises", used primarily for "business" purposes. However, this limit does not apply to antennas, tapes, wires, records, disks or other media that are:
  - (1) Used with electronic equipment that reproduces, receives or transmits audio, visual or data signals; and
  - (2) In or upon a "motor vehicle".
- j. \$1,500 on portable electronic equipment that:
  - (1) Reproduces, receives or transmits audio, visual or data signals;
  - (2) Is designed to be operated by more than one power source, one of which is a "motor vehicle's" electrical system; and
  - (3) Is in or upon a "motor vehicle".
- k. \$250 on antennas, tapes, wires, records, disks or other media that are:
  - (1) Used with electronic equipment that reproduces, receives or transmits audio, visual or data signals; and
  - (2) In or upon a "motor vehicle".

**4. Property Not Covered**

We do not cover:

- a. Articles separately described and specifically insured, regardless of the limit for which they are insured, in this or other insurance;
- b. Animals, birds or fish;
- c. "Motor vehicles".

This includes a "motor vehicle's" equipment and parts.

However, this Paragraph 4.c. does not apply to:

- (1) Portable electronic equipment that:
  - (a) Reproduces, receives or transmits audio, visual or data signals; and
  - (b) Is designed so that it may be operated from a power source other than a "motor vehicle's" electrical system.

(2) "Motor vehicles" not required to be registered for use on public roads or property which are:

- (a) Used solely to service a residence; or
- (b) Designed to assist the handicapped;
- d. Aircraft, meaning any contrivance used or designed for flight, including any parts whether or not attached to the aircraft.
 

We do cover model or hobby aircraft not used or designed to carry people or cargo;
- e. Hovercraft and parts. Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;
- f. Property of roomers, boarders and other tenants, except property of roomers and boarders related to an "insured";
- g. Property in an apartment regularly rented or held for rental to others by an "insured";
- h. Property rented or held for rental to others off the "residence premises";
- i. "Business" data, including such data stored in:

- (1) Books of account, drawings or other paper records; or
- (2) Computers and related equipment.

We do cover the cost of blank recording or storage media and of prerecorded computer programs available on the retail market;

- j. Credit cards, electronic fund transfer cards or access devices used solely for deposit, withdrawal or transfer of funds except as provided in D.6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money under Section I – Property Coverages; or
- k. Water or steam.

**C. Coverage D – Loss Of Use**

The limit of liability for Coverage D is the total limit for the coverages in 1. Additional Living Expense, 2. Fair Rental Value and 3. Civil Authority Prohibits Use below.

**1. Additional Living Expense**

If a loss by a Peril Insured Against under this policy to covered property or the building containing the property makes the "residence premises" not fit to live in, we cover any necessary increase in living expenses incurred by you so that your household can maintain its normal standard of living.

Payment will be for the shortest time required to repair or replace the damage or, if you permanently relocate, the shortest time required for your household to settle elsewhere.

## 2. Fair Rental Value

If a loss covered under Section I makes that part of the "residence premises" rented to others or held for rental by you not fit to live in, we cover the fair rental value of such premises less any expenses that do not continue while it is not fit to live in.

Payment will be for the shortest time required to repair or replace such premises.

## 3. Civil Authority Prohibits Use

If a civil authority prohibits you from use of the "residence premises" as a result of direct damage to neighboring premises by a Peril Insured Against, we cover the loss as provided in 1. Additional Living Expense and 2. Fair Rental Value above for no more than two weeks.

## 4. Loss Or Expense Not Covered

We do not cover loss or expense due to cancellation of a lease or agreement.

The periods of time under 1. Additional Living Expense, 2. Fair Rental Value and 3. Civil Authority Prohibits Use above are not limited by expiration of this policy.

## D. Additional Coverages

### 1. Debris Removal

a. We will pay your reasonable expense for the removal of:

- (1) Debris of covered property if a Peril Insured Against that applies to the damaged property causes the loss; or
- (2) Ash, dust or particles from a volcanic eruption that has caused direct loss to a building or property contained in a building.

This expense is included in the limit of liability that applies to the damaged property. If the amount to be paid for the actual damage to the property plus the debris removal expense is more than the limit of liability for the damaged property, an additional 5% of that limit is available for such expense.

b. We will also pay your reasonable expense, up to \$1,000, for the removal from the "residence premises" of:

- (1) Trees you solely own felled by the peril of Windstorm or Hail or Weight of Ice, Snow or Sleet; or
- (2) A neighbor's trees felled by a Peril Insured Against under Coverage C;  
provided the trees damage a covered structure.

The \$1,000 limit is the most we will pay in any one loss, regardless of the number of fallen trees. No more than \$500 of this limit will be paid for the removal of any one tree.

This coverage is additional insurance.

### 2. Reasonable Repairs

a. We will pay the reasonable cost incurred by you for the necessary measures taken solely to protect covered property that is damaged by a Peril Insured Against from further damage.

b. If the measures taken involve repair to other damaged property, we will only pay if that property is covered under this policy and the damage is caused by a Peril Insured Against. This coverage does not:

- (1) Increase the limit of liability that applies to the covered property; or
- (2) Relieve you of your duties, in case of a loss to covered property, described in C.4. under Section I – Conditions.

### 3. Trees, Shrubs And Other Plants

We cover trees, shrubs, plants or lawns, you solely own at the location of the "residence premises", for loss caused by the following Perils Insured Against:

- a. Fire or Lightning;
- b. Explosion;
- c. Riot or Civil Commotion;
- d. Aircraft;
- e. Vehicles not owned or operated by a resident of the "residence premises";
- f. Vandalism or Malicious Mischief; or
- g. Theft.

We will pay up to 10% of the limit of liability that applies to Coverage C for all trees, shrubs, plants or lawns. No more than \$500 of this limit will be paid for any one tree, shrub or plant. We do not cover property grown for "business" purposes.

This coverage is additional insurance.

#### 4. Fire Department Service Charge

We will pay up to \$500 for your liability assumed by contract or agreement for fire department charges incurred when the fire department is called to save or protect covered property from a Peril Insured Against. We do not cover fire department service charges if the property is located within the limits of the city, municipality or protection district furnishing the fire department response.

This coverage is additional insurance. No deductible applies to this coverage.

#### 5. Property Removed

We insure covered property against direct loss from any cause while being removed from a premises endangered by a Peril Insured Against and for no more than 30 days while removed.

This coverage does not change the limit of liability that applies to the property being removed.

#### 6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money

a. We will pay up to \$500 for:

- (1) The legal obligation of an "insured" to pay because of the theft or unauthorized use of credit cards issued to or registered in an "insured's" name;
- (2) Loss resulting from theft or unauthorized use of an electronic fund transfer card or access device used for deposit, withdrawal or transfer of funds, issued to or registered in an "insured's" name;
- (3) Loss to an "insured" caused by forgery or alteration of any check or negotiable instrument; and
- (4) Loss to an "insured" through acceptance in good faith of counterfeit United States or Canadian paper currency.

All loss resulting from a series of acts committed by any one person or in which any one person is concerned or implicated is considered to be one loss.

This coverage is additional insurance. No deductible applies to this coverage.

b. We do not cover:

- (1) Use of a credit card, electronic fund transfer card or access device:
  - (a) By a resident of your household;

- (b) By a person who has been entrusted with either type of card or access device; or

- (c) If an "insured" has not complied with all terms and conditions under which the cards are issued or the devices accessed; or

- (2) Loss arising out of "business" use or dishonesty of an "insured".

c. If the coverage in a. above applies, the following defense provisions also apply:

- (1) We may investigate and settle any claim or suit that we decide is appropriate. Our duty to defend a claim or suit ends when the amount we pay for the loss equals our limit of liability.

- (2) If a suit is brought against an "insured" for liability under a.(1) or (2) above, we will provide a defense at our expense by counsel of our choice.

- (3) We have the option to defend at our expense an "insured" or an "insured's" bank against any suit for the enforcement of payment under a.(3) above.

#### 7. Loss Assessment

a. We will pay up to \$1,000 for your share of loss assessment charged during the policy period against you, as owner or tenant of the "residence premises", by a corporation or association of property owners. The assessment must be made as a result of direct loss to property, owned by all members collectively, of the type that would be covered by this policy if owned by you, caused by a Peril Insured Against under Coverage A, other than:

- (1) Earthquake; or

- (2) Land shock waves or tremors before, during or after a volcanic eruption.

The limit of \$1,000 is the most we will pay with respect to any one loss, regardless of the number of assessments. We will only apply one deductible, per unit, to the total amount of any one loss to the property described above, regardless of the number of assessments.

b. We do not cover assessments charged against you or a corporation or association of property owners by any governmental body.

- c. Paragraph Q. Policy Period under Section I – Conditions does not apply to this coverage.

This coverage is additional insurance.

## 8. Collapse

- a. The coverage provided under this Additional Coverage – Collapse applies only to an abrupt collapse.
- b. For the purpose of this Additional Coverage – Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.
- c. This Additional Coverage – Collapse does not apply to:
  - (1) A building or any part of a building that is in danger of falling down or caving in;
  - (2) A part of a building that is standing, even if it has separated from another part of the building; or
  - (3) A building or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
- d. We insure for direct physical loss to covered property involving abrupt collapse of a building or any part of a building if such collapse was caused by one or more of the following:
  - (1) The Perils Insured Against named under Coverage C;
  - (2) Decay, of a building or any part of a building, that is hidden from view, unless the presence of such decay is known to an "insured" prior to collapse;
  - (3) Insect or vermin damage, to a building or any part of a building, that is hidden from view, unless the presence of such damage is known to an "insured" prior to collapse;
  - (4) Weight of contents, equipment, animals or people;
  - (5) Weight of rain which collects on a roof; or
  - (6) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.

- e. Loss to an awning, fence, patio, deck, pavement, swimming pool, underground pipe, flue, drain, cesspool, septic tank, foundation, retaining wall, bulkhead, pier, wharf or dock is not included under d.(2) through (6) above, unless the loss is a direct result of the collapse of a building or any part of a building.
- f. This coverage does not increase the limit of liability that applies to the damaged covered property.

## 9. Glass Or Safety Glazing Material

- a. We cover:
  - (1) The breakage of glass or safety glazing material which is part of a building, storm door or storm window and covered under Coverage A;
  - (2) The breakage of glass or safety glazing material which is part of a building, storm door or storm window and covered under Coverage A when caused directly by earth movement; and
  - (3) The direct physical loss to covered property caused solely by the pieces, fragments or splinters of broken glass or safety glazing material which is part of a building, storm door or storm window.
- b. This coverage does not include loss:
  - (1) To covered property which results because the glass or safety glazing material has been broken, except as provided in a.(3) above; or
  - (2) To the "residence premises" if the building containing the "residence premises" has been vacant for more than 60 consecutive days immediately before the loss, except when the breakage results directly from earth movement as provided in a.(2) above. A building being constructed is not considered vacant.
- c. This coverage does not increase the limit of liability that applies to the damaged property.

## 10. Ordinance Or Law

- a. You may use up to 10% of the limit of liability that applies to Coverage **A** for the increased costs you incur due to the enforcement of any ordinance or law which requires or regulates:
- (1) The construction, demolition, remodeling, renovation or repair of that part of property covered under Coverage **A** damaged by a Peril Insured Against;
  - (2) The demolition and reconstruction of the undamaged part of property covered under Coverage **A**, when that property must be totally demolished because of damage by a Peril Insured Against to another part of that property covered under Coverage **A**; or
  - (3) The remodeling, removal or replacement of the portion of the undamaged part of property covered under Coverage **A** necessary to complete the remodeling, repair or replacement of that part of the property covered under Coverage **A** damaged by a Peril Insured Against.
- b. You may use all or part of this ordinance or law coverage to pay for the increased costs you incur to remove debris resulting from the construction, demolition, remodeling, renovation, repair or replacement of property as stated in **a.** above.
- c. We do not cover:
- (1) The loss in value to any property covered under Coverage **A** due to the requirements of any ordinance or law; or
  - (2) The costs to comply with any ordinance or law which requires any "insured" or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants in or on any property covered under Coverage **A**.
- Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

This coverage is additional insurance.

## 11. Grave Markers

We will pay up to \$5,000 for grave markers, including mausoleums, away from the "residence premises" for loss caused by a Peril Insured Against.

This coverage does not increase the limits of liability that apply to the damaged covered property.

### SECTION I – PERILS INSURED AGAINST

We insure for direct physical loss to the property described in Coverages **A** and **C** caused by any of the following perils unless the loss is excluded in Section I – Exclusions.

#### 1. Fire Or Lightning

#### 2. Windstorm Or Hail

This peril includes loss to watercraft of all types and their trailers, furnishings, equipment, and outboard engines or motors, only while inside a fully enclosed building.

This peril does not include loss to the inside of a building or the property contained in a building caused by rain, snow, sleet, sand or dust unless the direct force of wind or hail damages the building causing an opening in a roof or wall and the rain, snow, sleet, sand or dust enters through this opening.

#### 3. Explosion

#### 4. Riot Or Civil Commotion

#### 5. Aircraft

This peril includes self-propelled missiles and spacecraft.

#### 6. Vehicles

This peril does not include loss to a fence, driveway or walk caused by a vehicle owned or operated by a resident of the "residence premises".

#### 7. Smoke

This peril means sudden and accidental damage from smoke, including the emission or puffback of smoke, soot, fumes or vapors from a boiler, furnace or related equipment.

This peril does not include loss caused by smoke from agricultural smudging or industrial operations.

## 8. Vandalism Or Malicious Mischief

This peril does not include loss to property which pertains to the "residence premises", and any ensuing loss caused by any intentional and wrongful act committed in the course of the vandalism or malicious mischief, if the building containing the "residence premises" has been vacant for more than 60 consecutive days immediately before the loss. A building being constructed is not considered vacant.

## 9. Theft

- a. This peril includes attempted theft and loss of property from a known place when it is likely that the property has been stolen.
- b. This peril does not include loss caused by theft:
  - (1) Committed by an "insured";
  - (2) In or to a "residence premises" under construction, or of materials and supplies for use in the construction until the "residence premises" is finished and occupied;
  - (3) From that part of a "residence premises" rented by an "insured" to someone other than another "insured"; or
  - (4) That occurs away from the "residence premises" or the location of the "residence premises" of:
    - (a) Trailers, semitrailers and campers;
    - (b) Watercraft of all types, and their furnishings, equipment and outboard engines or motors; or
    - (c) Property while at any other residence owned by, rented to, or occupied by an "insured", except while an "insured" is temporarily living there. Property of an "insured" who is a student is covered while at the residence the student occupies to attend school as long as the student has been there at any time during the 90 days immediately before the loss.

## 10. Falling Objects

This peril does not include loss to the inside of a building or property contained in the building unless the roof or an outside wall of the building is first damaged by a falling object. Damage to the falling object itself is not included.

## 11. Weight Of Ice, Snow Or Sleet

This peril means weight of ice, snow or sleet which causes damage to a building or property contained in a building.

This peril does not include loss to an awning, fence, patio, pavement, swimming pool, foundation, retaining wall, bulkhead, pier, wharf, or dock.

## 12. Accidental Discharge Or Overflow Of Water Or Steam

- a. This peril means accidental discharge or overflow of water or steam from within a plumbing, heating, air conditioning or automatic fire protective sprinkler system or from within a household appliance. We also pay to tear out and replace any part of a building or other structure owned solely by you which is covered under Coverage **A** and at the location of the "residence premises", but only when necessary to repair the system or appliance from which the water or steam escaped. However, such tear out and replacement coverage only applies to other structures if the water or steam causes actual damage to a building owned solely by you at the location of the "residence premises".
- b. This peril does not include loss:
  - (1) To or within the "residence premises", if the building containing the "residence premises" has been vacant for more than 60 consecutive days immediately before the loss. A building being constructed is not considered vacant;
  - (2) To the system or appliance from which the water or steam escaped;
  - (3) Caused by or resulting from freezing except as provided in Peril Insured Against **14. Freezing**;
  - (4) To or within the "residence premises" caused by accidental discharge or overflow which occurs away from the building where the "residence premises" is located; or
  - (5) Caused by mold, fungus or wet rot unless hidden within the walls or ceilings or beneath the floors or above the ceilings of a structure.
- c. In this peril, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment.
- d. Section **I** – Exclusion **3. Water**, Paragraphs **a.** and **c.** that apply to surface water and water below the surface of the ground do not apply to loss by water covered under this peril.

### 13. Sudden And Accidental Tearing Apart, Cracking, Burning Or Bulging

This peril means sudden and accidental tearing apart, cracking, burning or bulging of a steam or hot water heating system, an air conditioning or automatic fire protective sprinkler system, or an appliance for heating water.

This peril does not include loss caused by or resulting from freezing except as provided in Peril Insured Against 14. Freezing below.

### 14. Freezing

a. This peril means freezing of a plumbing, heating, air conditioning or automatic fire protective sprinkler system or of a household appliance, but only if you have used reasonable care to:

- (1) Maintain heat in the building; or
- (2) Shut off the water supply and drain all systems and appliances of water.

However, if the building is protected by an automatic fire protective sprinkler system, you must use reasonable care to continue the water supply and maintain heat in the "residence premises" for coverage to apply.

b. In this peril, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment.

### 15. Sudden And Accidental Damage From Artificially Generated Electrical Current

This peril does not include loss to tubes, transistors, electronic components or circuitry that is a part of appliances, fixtures, computers, home entertainment units or other types of electronic apparatus.

### 16. Volcanic Eruption

This peril does not include loss caused by earthquake, land shock waves or tremors.

## SECTION I – EXCLUSIONS

We do not insure for loss caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event contributing concurrently or in any sequence to the loss. These exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

## 1. Ordinance Or Law

Ordinance Or Law means any ordinance or law:

- a. Requiring or regulating the construction, demolition, remodeling, renovation or repair of property, including removal of any resulting debris. This Exclusion 1.a. does not apply to the amount of coverage that may be provided for in D.10. Ordinance Or Law under Section I – Property Coverages;
- b. The requirements of which result in a loss in value to property; or
- c. Requiring any "insured" or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

This Exclusion 1. applies whether or not the property has been physically damaged.

## 2. Earth Movement

Earth Movement means:

- a. Earthquake, including land shock waves or tremors before, during or after a volcanic eruption;
- b. Landslide, mudslide or mudflow;
- c. Subsidence or sinkhole; or
- d. Any other earth movement including earth sinking, rising or shifting.

This Exclusion 2. applies regardless of whether any of the above, in 2.a. through 2.d., is caused by an act of nature or is otherwise caused.

However, direct loss by fire, explosion or theft resulting from any of the above, in 2.a. through 2.d., is covered.

## 3. Water

This means:

- a. Flood, surface water, waves, including tidal wave and tsunami, tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind, including storm surge;
- b. Water which:
  - (1) Backs up through sewers or drains; or
  - (2) Overflows or is otherwise discharged from a sump, sump pump or related equipment;

- c. Water below the surface of the ground, including water which exerts pressure on, or seeps, leaks or flows through a building, sidewalk, driveway, patio, foundation, swimming pool or other structure; or
- d. Waterborne material carried or otherwise moved by any of the water referred to in **3.a.** through **3.c.** of this exclusion.

This Exclusion **3.** applies regardless of whether any of the above, in **3.a.** through **3.d.**, is caused by an act of nature or is otherwise caused.

This Exclusion **3.** applies to, but is not limited to, escape, overflow or discharge, for any reason, of water or waterborne material from a dam, levee, seawall or any other boundary or containment system.

However, direct loss by fire, explosion or theft resulting from any of the above, in **3.a.** through **3.d.**, is covered.

**4. Power Failure**

Power Failure means the failure of power or other utility service if the failure takes place off the "residence premises". But if the failure results in a loss, from a Peril Insured Against on the "residence premises", we will pay for the loss caused by that peril.

**5. Neglect**

Neglect means neglect of an "insured" to use all reasonable means to save and preserve property at and after the time of a loss.

**6. War**

War includes the following and any consequence of any of the following:

- a. Undeclared war, civil war, insurrection, rebellion or revolution;
- b. Warlike act by a military force or military personnel; or
- c. Destruction, seizure or use for a military purpose.

Discharge of a nuclear weapon will be deemed a warlike act even if accidental.

**7. Nuclear Hazard**

This Exclusion **7.** pertains to Nuclear Hazard to the extent set forth in **N.** Nuclear Hazard Clause under Section **I** – Conditions.

**8. Intentional Loss**

Intentional Loss means any loss arising out of any act an "insured" commits or conspires to commit with the intent to cause a loss.

In the event of such loss, no "insured" is entitled to coverage, even "insureds" who did not commit or conspire to commit the act causing the loss.

**9. Governmental Action**

Governmental Action means the destruction, confiscation or seizure of property described in Coverage **A** or **C** by order of any governmental or public authority.

This exclusion does not apply to such acts ordered by any governmental or public authority that are taken at the time of a fire to prevent its spread, if the loss caused by fire would be covered under this policy.

**SECTION I – CONDITIONS**

**A. Insurable Interest And Limit Of Liability**

Even if more than one person has an insurable interest in the property covered, we will not be liable in any one loss:

1. To an "insured" for more than the amount of such "insured's" interest at the time of loss; or
2. For more than the applicable limit of liability.

**B. Deductible**

Unless otherwise noted in this policy, the following deductible provision applies:

With respect to any one loss:

1. Subject to the applicable limit of liability, we will pay only that part of the total of all loss payable that exceeds the deductible amount shown in the Declarations.
2. If two or more deductibles under this policy apply to the loss, the highest deductible amount will apply.

**C. Duties After Loss**

In case of a loss to covered property, we have no duty to provide coverage under this policy if the failure to comply with the following duties is prejudicial to us. These duties must be performed either by you, an "insured" seeking coverage, or a representative of either:

1. Give prompt notice to us or our agent;
2. Notify the police in case of loss by theft;
3. Notify the credit card or electronic fund transfer card or access device company in case of loss as provided for in **D.6.** Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money under Section **I** – Property Coverages;
4. Protect the property from further damage. If repairs to the property are required, you must:
  - a. Make reasonable and necessary repairs to protect the property; and
  - b. Keep an accurate record of repair expenses;

5. Cooperate with us in the investigation of a claim;
6. Prepare an inventory of damaged personal property showing the quantity, description, actual cash value and amount of loss. Attach all bills, receipts and related documents that justify the figures in the inventory;
7. As often as we reasonably require:
  - a. Show the damaged property;
  - b. Provide us with records and documents we request and permit us to make copies; and
  - c. Submit to examination under oath, while not in the presence of another "insured", and sign the same;
8. Send to us, within 60 days after our request, your signed, sworn proof of loss which sets forth, to the best of your knowledge and belief:
  - a. The time and cause of loss;
  - b. The interests of all "insureds" and all others in the property involved and all liens on the property;
  - c. Other insurance which may cover the loss;
  - d. Changes in title or occupancy of the property during the term of the policy;
  - e. Specifications of damaged buildings and detailed repair estimates;
  - f. The inventory of damaged personal property described in 6. above;
  - g. Receipts for additional living expenses incurred and records that support the fair rental value loss; and
  - h. Evidence or affidavit that supports a claim under D.6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money under Section I – Property Coverages, stating the amount and cause of loss.

**D. Loss Settlement**

Covered property losses are settled as follows:

1. Personal property and grave markers, including mausoleums, at actual cash value at the time of loss but not more than the amount required to repair or replace.
2. Coverage A – Dwelling:
  - a. If the damage is repaired or replaced within a reasonable time, at the actual cost to repair or replace;
  - b. If the damage is not repaired or replaced within a reasonable time, at actual cash value but not more than the amount required to repair or replace.

In this provision, the terms "repaired" or "replaced" do not include the increased costs incurred to comply with the enforcement of any ordinance or law, except to the extent that coverage for these increased costs is provided in D.10. Ordinance Or Law under Section I – Property Coverages.

**E. Loss To A Pair Or Set**

In case of loss to a pair or set we may elect to:

1. Repair or replace any part to restore the pair or set to its value before the loss; or
2. Pay the difference between actual cash value of the property before and after the loss.

**F. Appraisal**

If you and we fail to agree on the amount of loss, either may demand an appraisal of the loss. In this event, each party will choose a competent and impartial appraiser within 20 days after receiving a written request from the other. The two appraisers will choose an umpire. If they cannot agree upon an umpire within 15 days, you or we may request that the choice be made by a judge of a court of record in the state where the "residence premises" is located. The appraisers will separately set the amount of loss. If the appraisers submit a written report of an agreement to us, the amount agreed upon will be the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of loss.

Each party will:

1. Pay its own appraiser; and
2. Bear the other expenses of the appraisal and umpire equally.

**G. Other Insurance And Service Agreement**

1. If a loss covered by this policy is also covered by:
  - a. Other insurance, except insurance in the name of a corporation or association of property owners, we will pay only the proportion of the loss that the limit of liability that applies under this policy bears to the total amount of insurance covering the loss; or
  - b. A service agreement, except a service agreement in the name of a corporation or association of property owners, this insurance is excess over any amounts payable under any such agreement.

2. Subject to Paragraph **G.1.**, if, at the time of loss, there is other insurance or a service agreement in the name of a corporation or association of property owners covering the same property covered by this policy, this insurance is:
  - a. Excess over the amount due under such other insurance or service agreement, whether the corporation or association of property owners has collected that amount or not; and
  - b. Primary with respect to any amount of the loss covered by this policy and not due under such other insurance or service agreement because of the application of a deductible.
3. As used in this Paragraph **G.**, a service agreement means a service plan, property restoration plan, home warranty or other similar service warranty agreement, even if it is characterized as insurance.

#### **H. Suit Against Us**

No action can be brought against us unless there has been full compliance with all of the terms under Section **I** of this policy and the action is started within two years after the date of loss.

#### **I. Our Option**

If we give you written notice within 30 days after we receive your signed, sworn proof of loss, we may repair or replace any part of the damaged property with material or property of like kind and quality.

#### **J. Loss Payment**

We will adjust all losses with you. We will pay you unless some other person is named in the policy or is legally entitled to receive payment. Loss will be payable 60 days after we receive your proof of loss and:

1. Reach an agreement with you;
2. There is an entry of a final judgment; or
3. There is a filing of an appraisal award with us.

#### **K. Abandonment Of Property**

We need not accept any property abandoned by an "insured".

#### **L. Mortgage Clause**

1. If a mortgagee is named in this policy, any loss payable under Coverage **A** will be paid to the mortgagee and you, as interests appear. If more than one mortgagee is named, the order of payment will be the same as the order of precedence of the mortgages.

2. If we deny your claim, that denial will not apply to a valid claim of the mortgagee, if the mortgagee:
  - a. Notifies us of any change in ownership, occupancy or substantial change in risk of which the mortgagee is aware;
  - b. Pays any premium due under this policy on demand if you have neglected to pay the premium; and
  - c. Submits a signed, sworn statement of loss within 60 days after receiving notice from us of your failure to do so. Paragraphs **F.** Appraisal, **H.** Suit Against Us and **J.** Loss Payment under Section **I** – Conditions also apply to the mortgagee.
3. If we decide to cancel or not to renew this policy, the mortgagee will be notified at least 10 days before the date cancellation or nonrenewal takes effect.
4. If we pay the mortgagee for any loss and deny payment to you:
  - a. We are subrogated to all the rights of the mortgagee granted under the mortgage on the property; or
  - b. At our option, we may pay to the mortgagee the whole principal on the mortgage plus any accrued interest. In this event, we will receive a full assignment and transfer of the mortgage and all securities held as collateral to the mortgage debt.
5. Subrogation will not impair the right of the mortgagee to recover the full amount of the mortgagee's claim.

#### **M. No Benefit To Bailee**

We will not recognize any assignment or grant any coverage that benefits a person or organization holding, storing or moving property for a fee regardless of any other provision of this policy.

#### **N. Nuclear Hazard Clause**

1. "Nuclear Hazard" means any nuclear reaction, radiation, or radioactive contamination, all whether controlled or uncontrolled or however caused, or any consequence of any of these.
2. Loss caused by the nuclear hazard will not be considered loss caused by fire, explosion, or smoke, whether these perils are specifically named in or otherwise included within the Perils Insured Against.
3. This policy does not apply under Section **I** to loss caused directly or indirectly by nuclear hazard, except that direct loss by fire resulting from the nuclear hazard is covered.

## O. Recovered Property

If you or we recover any property for which we have made payment under this policy, you or we will notify the other of the recovery. At your option, the property will be returned to or retained by you or it will become our property. If the recovered property is returned to or retained by you, the loss payment will be adjusted based on the amount you received for the recovered property.

## P. Volcanic Eruption Period

One or more volcanic eruptions that occur within a 72-hour period will be considered as one volcanic eruption.

## Q. Policy Period

This policy applies only to loss which occurs during the policy period.

## R. Concealment Or Fraud

We provide coverage to no "insureds" under this policy if, whether before or after a loss, an "insured" has:

1. Intentionally concealed or misrepresented any material fact or circumstance;
  2. Engaged in fraudulent conduct; or
  3. Made false statements;
- relating to this insurance.

## S. Loss Payable Clause

If the Declarations shows a loss payee for certain listed insured personal property, the definition of "insured" is changed to include that loss payee with respect to that property.

If we decide to cancel or not renew this policy, that loss payee will be notified in writing.

## SECTION II – LIABILITY COVERAGES

### A. Coverage E – Personal Liability

If a claim is made or a suit is brought against an "insured" for damages because of "bodily injury" or "property damage" caused by an "occurrence" to which this coverage applies, we will:

1. Pay up to our limit of liability for the damages for which an "insured" is legally liable. Damages include prejudgment interest awarded against an "insured"; and
2. Provide a defense at our expense by counsel of our choice, even if the suit is groundless, false or fraudulent. We may investigate and settle any claim or suit that we decide is appropriate. Our duty to settle or defend ends when our limit of liability for the "occurrence" has been exhausted by payment of a judgment or settlement.

### B. Coverage F – Medical Payments To Others

We will pay the necessary medical expenses that are incurred or medically ascertained within three years from the date of an accident causing "bodily injury". Medical expenses means reasonable charges for medical, surgical, x-ray, dental, ambulance, hospital, professional nursing, prosthetic devices and funeral services. This coverage does not apply to you or regular residents of your household except "residence employees". As to others, this coverage applies only:

1. To a person on the "insured location" with the permission of an "insured"; or
2. To a person off the "insured location", if the "bodily injury":
  - a. Arises out of a condition on the "insured location" or the ways immediately adjoining;
  - b. Is caused by the activities of an "insured";
  - c. Is caused by a "residence employee" in the course of the "residence employee's" employment by an "insured"; or
  - d. Is caused by an animal owned by or in the care of an "insured".

## SECTION II – EXCLUSIONS

### A. "Motor Vehicle Liability"

1. Coverages E and F do not apply to any "motor vehicle liability" if, at the time and place of an "occurrence", the involved "motor vehicle":
  - a. Is registered for use on public roads or property;
  - b. Is not registered for use on public roads or property, but such registration is required by a law, or regulation issued by a government agency, for it to be used at the place of the "occurrence"; or
  - c. Is being:
    - (1) Operated in, or practicing for, any prearranged or organized race, speed contest or other competition;
    - (2) Rented to others;
    - (3) Used to carry persons or cargo for a charge; or
    - (4) Used for any "business" purpose except for a motorized golf cart while on a golfing facility.
2. If Exclusion A.1. does not apply, there is still no coverage for "motor vehicle liability", unless the "motor vehicle" is:
  - a. In dead storage on an "insured location";

- b. Used solely to service a residence;
- c. Designed to assist the handicapped and, at the time of an "occurrence", it is:
  - (1) Being used to assist a handicapped person; or
  - (2) Parked on an "insured location";
- d. Designed for recreational use off public roads and:
  - (1) Not owned by an "insured"; or
  - (2) Owned by an "insured" provided the "occurrence" takes place:
    - (a) On an "insured location" as defined in Definition **B.6.a., b., d., e. or h.**; or
    - (b) Off an "insured location" and the "motor vehicle" is:
      - (i) Designed as a toy vehicle for use by children under seven years of age;
      - (ii) Powered by one or more batteries; and
      - (iii) Not built or modified after manufacture to exceed a speed of five miles per hour on level ground;
- e. A motorized golf cart that is owned by an "insured", designed to carry up to four persons, not built or modified after manufacture to exceed a speed of 25 miles per hour on level ground and, at the time of an "occurrence", is within the legal boundaries of:
  - (1) A golfing facility and is parked or stored there, or being used by an "insured" to:
    - (a) Play the game of golf or for other recreational or leisure activity allowed by the facility;
    - (b) Travel to or from an area where "motor vehicles" or golf carts are parked or stored; or
    - (c) Cross public roads at designated points to access other parts of the golfing facility; or
  - (2) A private residential community, including its public roads upon which a motorized golf cart can legally travel, which is subject to the authority of a property owners association and contains an "insured's" residence.

## **B. "Watercraft Liability"**

1. Coverages **E** and **F** do not apply to any "watercraft liability" if, at the time of an "occurrence", the involved watercraft is being:
  - a. Operated in, or practicing for, any prearranged or organized race, speed contest or other competition. This exclusion does not apply to a sailing vessel or a predicted log cruise;
  - b. Rented to others;
  - c. Used to carry persons or cargo for a charge; or
  - d. Used for any "business" purpose.
2. If Exclusion **B.1.** does not apply, there is still no coverage for "watercraft liability" unless, at the time of the "occurrence", the watercraft:
  - a. Is stored;
  - b. Is a sailing vessel, with or without auxiliary power, that is:
    - (1) Less than 26 feet in overall length; or
    - (2) 26 feet or more in overall length and not owned by or rented to an "insured"; or
  - c. Is not a sailing vessel and is powered by:
    - (1) An inboard or inboard-outdrive engine or motor, including those that power a water jet pump, of:
      - (a) 50 horsepower or less and not owned by an "insured"; or
      - (b) More than 50 horsepower and not owned by or rented to an "insured"; or
    - (2) One or more outboard engines or motors with:
      - (a) 25 total horsepower or less;
      - (b) More than 25 horsepower if the outboard engine or motor is not owned by an "insured";
      - (c) More than 25 horsepower if the outboard engine or motor is owned by an "insured" who acquired it during the policy period; or
      - (d) More than 25 horsepower if the outboard engine or motor is owned by an "insured" who acquired it before the policy period, but only if:
        - (i) You declare them at policy inception; or

- (ii) Your intent to insure them is reported to us in writing within 45 days after you acquire them.

The coverages in (c) and (d) above apply for the policy period.

Horsepower means the maximum power rating assigned to the engine or motor by the manufacturer.

**C. "Aircraft Liability"**

This policy does not cover "aircraft liability".

**D. "Hovercraft Liability"**

This policy does not cover "hovercraft liability".

**E. Coverage E – Personal Liability And Coverage F – Medical Payments To Others**

Coverages E and F do not apply to the following:

**1. Expected Or Intended Injury**

"Bodily injury" or "property damage" which is expected or intended by an "insured", even if the resulting "bodily injury" or "property damage":

- a. Is of a different kind, quality or degree than initially expected or intended; or
- b. Is sustained by a different person, entity or property than initially expected or intended.

However, this Exclusion E.1. does not apply to "bodily injury" or "property damage" resulting from the use of reasonable force by an "insured" to protect persons or property;

**2. "Business"**

- a. "Bodily injury" or "property damage" arising out of or in connection with a "business" conducted from an "insured location" or engaged in by an "insured", whether or not the "business" is owned or operated by an "insured" or employs an "insured".

This Exclusion E.2. applies but is not limited to an act or omission, regardless of its nature or circumstance, involving a service or duty rendered, promised, owed, or implied to be provided because of the nature of the "business".

- b. This Exclusion E.2. does not apply to:

(1) The rental or holding for rental of an "insured location";

- (a) On an occasional basis if used only as a residence;
- (b) In part for use only as a residence, unless a single-family unit is intended for use by the occupying family to lodge more than two roomers or boarders; or

- (c) In part, as an office, school, studio or private garage; and

(2) An "insured" under the age of 21 years involved in a part-time or occasional, self-employed "business" with no employees;

**3. Professional Services**

"Bodily injury" or "property damage" arising out of the rendering of or failure to render professional services;

**4. "Insured's" Premises Not An "Insured Location"**

"Bodily injury" or "property damage" arising out of a premises:

- a. Owned by an "insured";
  - b. Rented to an "insured"; or
  - c. Rented to others by an "insured";
- that is not an "insured location";

**5. War**

"Bodily injury" or "property damage" caused directly or indirectly by war, including the following and any consequence of any of the following:

- a. Undeclared war, civil war, insurrection, rebellion or revolution;
- b. Warlike act by a military force or military personnel; or
- c. Destruction, seizure or use for a military purpose.

Discharge of a nuclear weapon will be deemed a warlike act even if accidental;

**6. Communicable Disease**

"Bodily injury" or "property damage" which arises out of the transmission of a communicable disease by an "insured";

**7. Sexual Molestation, Corporal Punishment Or Physical Or Mental Abuse**

"Bodily injury" or "property damage" arising out of sexual molestation, corporal punishment or physical or mental abuse; or

## 8. Controlled Substance

"Bodily injury" or "property damage" arising out of the use, sale, manufacture, delivery, transfer or possession by any person of a Controlled Substance as defined by the Federal Food and Drug Law at 21 U.S.C.A. Sections 811 and 812. Controlled Substances include but are not limited to cocaine, LSD, marijuana and all narcotic drugs. However, this exclusion does not apply to the legitimate use of prescription drugs by a person following the lawful orders of a licensed health care professional.

Exclusions **A.** "Motor Vehicle Liability", **B.** "Watercraft Liability", **C.** "Aircraft Liability", **D.** "Hovercraft Liability" and **E.4.** "Insured's Premises Not An "Insured Location" do not apply to "bodily injury" to a "residence employee" arising out of and in the course of the "residence employee's" employment by an "insured".

## F. Coverage E – Personal Liability

Coverage **E** does not apply to:

1. Liability:
  - a. For any loss assessment charged against you as a member of an association, corporation or community of property owners, except as provided in **D.** Loss Assessment under Section **II** – Additional Coverages;
  - b. Under any contract or agreement entered into by an "insured". However, this exclusion does not apply to written contracts:
    - (1) That directly relate to the ownership, maintenance or use of an "insured location"; or
    - (2) Where the liability of others is assumed by you prior to an "occurrence";  
unless excluded in **a.** above or elsewhere in this policy;
2. "Property damage" to property owned by an "insured". This includes costs or expenses incurred by an "insured" or others to repair, replace, enhance, restore or maintain such property to prevent injury to a person or damage to property of others, whether on or away from an "insured location";
3. "Property damage" to property rented to, occupied or used by or in the care of an "insured". This exclusion does not apply to "property damage" caused by fire, smoke or explosion;

4. "Bodily injury" to any person eligible to receive any benefits voluntarily provided or required to be provided by an "insured" under any:
  - a. Workers' compensation law;
  - b. Non-occupational disability law; or
  - c. Occupational disease law;
5. "Bodily injury" or "property damage" for which an "insured" under this policy:
  - a. Is also an insured under a nuclear energy liability policy issued by the:
    - (1) Nuclear Energy Liability Insurance Association;
    - (2) Mutual Atomic Energy Liability Underwriters;
    - (3) Nuclear Insurance Association of Canada;or any of their successors; or
  - b. Would be an insured under such a policy but for the exhaustion of its limit of liability; or
6. "Bodily injury" to you or an "insured" as defined under Definition **5.a.** or **b.**  
This exclusion also applies to any claim made or suit brought against you or an "insured" to:
  - a. Repay; or
  - b. Share damages with;  
another person who may be obligated to pay damages because of "bodily injury" to an "insured".

## G. Coverage F – Medical Payments To Others

Coverage **F** does not apply to "bodily injury":

1. To a "residence employee" if the "bodily injury":
  - a. Occurs off the "insured location"; and
  - b. Does not arise out of or in the course of the "residence employee's" employment by an "insured";
2. To any person eligible to receive benefits voluntarily provided or required to be provided under any:
  - a. Workers' compensation law;
  - b. Non-occupational disability law; or
  - c. Occupational disease law;
3. From any:
  - a. Nuclear reaction;
  - b. Nuclear radiation; or

c. Radioactive contamination;  
all whether controlled or uncontrolled or  
however caused; or

d. Any consequence of any of these; or

4. To any person, other than a "residence employee" of an "insured", regularly residing on any part of the "insured location".

## SECTION II – ADDITIONAL COVERAGES

We cover the following in addition to the limits of liability:

### A. Claim Expenses

We pay:

1. Expenses we incur and costs taxed against an "insured" in any suit we defend;
2. Premiums on bonds required in a suit we defend, but not for bond amounts more than the Coverage E limit of liability. We need not apply for or furnish any bond;
3. Reasonable expenses incurred by an "insured" at our request, including actual loss of earnings (but not loss of other income) up to \$250 per day, for assisting us in the investigation or defense of a claim or suit; and
4. Interest on the entire judgment which accrues after entry of the judgment and before we pay or tender, or deposit in court that part of the judgment which does not exceed the limit of liability that applies.

### B. First Aid Expenses

We will pay expenses for first aid to others incurred by an "insured" for "bodily injury" covered under this policy. We will not pay for first aid to an "insured".

### C. Damage To Property Of Others

1. We will pay, at replacement cost, up to \$1,000 per "occurrence" for "property damage" to property of others caused by an "insured".
2. We will not pay for "property damage":
  - a. To the extent of any amount recoverable under Section I;
  - b. Caused intentionally by an "insured" who is 13 years of age or older;
  - c. To property owned by an "insured";
  - d. To property owned by or rented to a tenant of an "insured" or a resident in your household; or
  - e. Arising out of:
    - (1) A "business" engaged in by an "insured";

(2) Any act or omission in connection with a premises owned, rented or controlled by an "insured", other than the "insured location"; or

(3) The ownership, maintenance, occupancy, operation, use, loading or unloading of aircraft, hovercraft, watercraft or "motor vehicles".

This Exclusion e.(3) does not apply to a "motor vehicle" that:

(a) Is designed for recreational use off public roads;

(b) Is not owned by an "insured"; and

(c) At the time of the "occurrence", is not required by law, or regulation issued by a government agency, to have been registered for it to be used on public roads or property.

### D. Loss Assessment

1. We will pay up to \$1,000 for your share of loss assessment charged against you, as owner or tenant of the "residence premises", during the policy period by a corporation or association of property owners, when the assessment is made as a result of:
  - a. "Bodily injury" or "property damage" not excluded from coverage under Section II – Exclusions; or
  - b. Liability for an act of a director, officer or trustee in the capacity as a director, officer or trustee, provided such person:
    - (1) Is elected by the members of a corporation or association of property owners; and
    - (2) Serves without deriving any income from the exercise of duties which are solely on behalf of a corporation or association of property owners.
2. Paragraph I. Policy Period under Section II – Conditions does not apply to this Loss Assessment Coverage.
3. Regardless of the number of assessments, the limit of \$1,000 is the most we will pay for loss arising out of:
  - a. One accident, including continuous or repeated exposure to substantially the same general harmful condition; or
  - b. A covered act of a director, officer or trustee. An act involving more than one director, officer or trustee is considered to be a single act.

4. We do not cover assessments charged against you or a corporation or association of property owners by any governmental body.

## **SECTION II – CONDITIONS**

### **A. Limit Of Liability**

Our total liability under Coverage **E** for all damages resulting from any one "occurrence" will not be more than the Coverage **E** Limit Of Liability shown in the Declarations. This limit is the same regardless of the number of "insureds", claims made or persons injured. All "bodily injury" and "property damage" resulting from any one accident or from continuous or repeated exposure to substantially the same general harmful conditions shall be considered to be the result of one "occurrence".

Our total liability under Coverage **F** for all medical expense payable for "bodily injury" to one person as the result of one accident will not be more than the Coverage **F** Limit Of Liability shown in the Declarations.

### **B. Severability Of Insurance**

This insurance applies separately to each "insured". This condition will not increase our limit of liability for any one "occurrence".

### **C. Duties After "Occurrence"**

In case of an "occurrence", you or another "insured" will perform the following duties that apply. We have no duty to provide coverage under this policy if your failure to comply with the following duties is prejudicial to us. You will help us by seeing that these duties are performed:

1. Give written notice to us or our agent as soon as is practical, which sets forth:
  - a. The identity of the policy and the "named insured" shown in the Declarations;
  - b. Reasonably available information on the time, place and circumstances of the "occurrence"; and
  - c. Names and addresses of any claimants and witnesses;
2. Cooperate with us in the investigation, settlement or defense of any claim or suit;
3. Promptly forward to us every notice, demand, summons or other process relating to the "occurrence";
4. At our request, help us:
  - a. To make settlement;
  - b. To enforce any right of contribution or indemnity against any person or organization who may be liable to an "insured";

- c. With the conduct of suits and attend hearings and trials; and
- d. To secure and give evidence and obtain the attendance of witnesses;

5. With respect to **C. Damage To Property Of Others** under Section **II – Additional Coverages**, submit to us within 60 days after the loss a sworn statement of loss and show the damaged property, if in an "insured's" control;

6. No "insured" shall, except at such "insured's" own cost, voluntarily make payment, assume obligation or incur expense other than for first aid to others at the time of the "bodily injury".

### **D. Duties Of An Injured Person – Coverage F – Medical Payments To Others**

1. The injured person or someone acting for the injured person will:
  - a. Give us written proof of claim, under oath if required, as soon as is practical; and
  - b. Authorize us to obtain copies of medical reports and records.
2. The injured person will submit to a physical exam by a doctor of our choice when and as often as we reasonably require.

### **E. Payment Of Claim – Coverage F – Medical Payments To Others**

Payment under this coverage is not an admission of liability by an "insured" or us.

### **F. Suit Against Us**

1. No action can be brought against us unless there has been full compliance with all of the terms under this Section **II**.
2. No one will have the right to join us as a party to any action against an "insured".
3. Also, no action with respect to Coverage **E** can be brought against us until the obligation of such "insured" has been determined by final judgment or agreement signed by us.

### **G. Bankruptcy Of An "Insured"**

Bankruptcy or insolvency of an "insured" will not relieve us of our obligations under this policy.

### **H. Other Insurance**

This insurance is excess over other valid and collectible insurance except insurance written specifically to cover as excess over the limits of liability that apply in this policy.

### **I. Policy Period**

This policy applies only to "bodily injury" or "property damage" which occurs during the policy period.

## J. Concealment Or Fraud

We do not provide coverage to an "insured" who, whether before or after a loss, has:

1. Intentionally concealed or misrepresented any material fact or circumstance;
  2. Engaged in fraudulent conduct; or
  3. Made false statements;
- relating to this insurance.

## SECTIONS I AND II – CONDITIONS

### A. Liberalization Clause

If we make a change which broadens coverage under this edition of our policy without additional premium charge, that change will automatically apply to your insurance as of the date we implement the change in your state, provided that this implementation date falls within 60 days prior to or during the policy period stated in the Declarations.

This Liberalization Clause does not apply to changes implemented with a general program revision that includes both broadenings and restrictions in coverage, whether that general program revision is implemented through introduction of:

1. A subsequent edition of this policy; or
2. An amendatory endorsement.

### B. Waiver Or Change Of Policy Provisions

A waiver or change of a provision of this policy must be in writing by us to be valid. Our request for an appraisal or examination will not waive any of our rights.

### C. Cancellation

1. You may cancel this policy at any time by returning it to us or by letting us know in writing of the date cancellation is to take effect.
2. We may cancel this policy only for the reasons stated below by letting you know in writing of the date cancellation takes effect. This cancellation notice may be delivered to you, or mailed to you at your mailing address shown in the Declarations. Proof of mailing will be sufficient proof of notice.
  - a. When you have not paid the premium, we may cancel at any time by letting you know at least 10 days before the date cancellation takes effect.
  - b. When this policy has been in effect for less than 60 days and is not a renewal with us, we may cancel for any reason by letting you know at least 10 days before the date cancellation takes effect.

- c. When this policy has been in effect for 60 days or more, or at any time if it is a renewal with us, we may cancel:

- (1) If there has been a material misrepresentation of fact which if known to us would have caused us not to issue the policy; or
- (2) If the risk has changed substantially since the policy was issued.

This can be done by letting you know at least 30 days before the date cancellation takes effect.

- d. When this policy is written for a period of more than one year, we may cancel for any reason at anniversary by letting you know at least 30 days before the date cancellation takes effect.
3. When this policy is canceled, the premium for the period from the date of cancellation to the expiration date will be refunded pro rata.
4. If the return premium is not refunded with the notice of cancellation or when this policy is returned to us, we will refund it within a reasonable time after the date cancellation takes effect.

### D. Nonrenewal

We may elect not to renew this policy. We may do so by delivering to you, or mailing to you at your mailing address shown in the Declarations, written notice at least 30 days before the expiration date of this policy. Proof of mailing will be sufficient proof of notice.

### E. Assignment

Assignment of this policy will not be valid unless we give our written consent.

### F. Subrogation

An "insured" may waive in writing before a loss all rights of recovery against any person. If not waived, we may require an assignment of rights of recovery for a loss to the extent that payment is made by us.

If an assignment is sought, an "insured" must sign and deliver all related papers and cooperate with us.

Subrogation does not apply to Coverage F or Paragraph C. Damage To Property Of Others under Section II – Additional Coverages.

## **G. Death**

If any person named in the Declarations or the spouse, if a resident of the same household, dies, the following apply:

1. We insure the legal representative of the deceased but only with respect to the premises and property of the deceased covered under the policy at the time of death; and
2. "Insured" includes:
  - a. An "insured" who is a member of your household at the time of your death, but only while a resident of the "residence premises"; and
  - b. With respect to your property, the person having proper temporary custody of the property until appointment and qualification of a legal representative.

## HOMEOWNERS 8 – MODIFIED COVERAGE FORM

### AGREEMENT

We will provide the insurance described in this policy in return for the premium and compliance with all applicable provisions of this policy.

### DEFINITIONS

- A.** In this policy, "you" and "your" refer to the "named insured" shown in the Declarations and the spouse if a resident of the same household. "We", "us" and "our" refer to the Company providing this insurance.
- B.** In addition, certain words and phrases are defined as follows:
- 1.** "Aircraft Liability", "Hovercraft Liability", "Motor Vehicle Liability" and "Watercraft Liability", subject to the provisions in **b.** below, mean the following:
    - a.** Liability for "bodily injury" or "property damage" arising out of the:
      - (1)** Ownership of such vehicle or craft by an "insured";
      - (2)** Maintenance, occupancy, operation, use, loading or unloading of such vehicle or craft by any person;
      - (3)** Entrustment of such vehicle or craft by an "insured" to any person;
      - (4)** Failure to supervise or negligent supervision of any person involving such vehicle or craft by an "insured"; or
      - (5)** Vicarious liability, whether or not imposed by law, for the actions of a child or minor involving such vehicle or craft.
    - b.** For the purpose of this definition:
      - (1)** Aircraft means any contrivance used or designed for flight except model or hobby aircraft not used or designed to carry people or cargo;
      - (2)** Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;
      - (3)** Watercraft means a craft principally designed to be propelled on or in water by wind, engine power or electric motor; and
      - (4)** Motor vehicle means a "motor vehicle" as defined in **7.** below.
  - 2.** "Bodily injury" means bodily harm, sickness or disease, including required care, loss of services and death that results.
  - 3.** "Business" means:
    - a.** A trade, profession or occupation engaged in on a full-time, part-time or occasional basis; or
    - b.** Any other activity engaged in for money or other compensation, except the following:
      - (1)** One or more activities, not described in **(2)** through **(4)** below, for which no "insured" receives more than \$2,000 in total compensation for the 12 months before the beginning of the policy period;
      - (2)** Volunteer activities for which no money is received other than payment for expenses incurred to perform the activity;
      - (3)** Providing home day care services for which no compensation is received, other than the mutual exchange of such services; or
      - (4)** The rendering of home day care services to a relative of an "insured".
  - 4.** "Employee" means an employee of an "insured", or an employee leased to an "insured" by a labor leasing firm under an agreement between an "insured" and the labor leasing firm, whose duties are other than those performed by a "residence employee".
  - 5.** "Insured" means:
    - a.** You and residents of your household who are:
      - (1)** Your relatives; or
      - (2)** Other persons under the age of 21 and in your care or the care of a resident of your household who is your relative;
    - b.** A student enrolled in school full-time, as defined by the school, who was a resident of your household before moving out to attend school, provided the student is under the age of:
      - (1)** 24 and your relative; or
      - (2)** 21 and in your care or the care of a resident of your household who is your relative; or

**c. Under Section II:**

- (1)** With respect to animals or watercraft to which this policy applies, any person or organization legally responsible for these animals or watercraft which are owned by you or any person described in **5.a.** or **b.** "Insured" does not mean a person or organization using or having custody of these animals or watercraft in the course of any "business" or without consent of the owner; or
- (2)** With respect to a "motor vehicle" to which this policy applies:
  - (a)** Persons while engaged in your employ or that of any person described in **5.a.** or **b.**; or
  - (b)** Other persons using the vehicle on an "insured location" with your consent.

Under both Sections I and II, when the word an immediately precedes the word "insured", the words an "insured" together mean one or more "insureds".

**6. "Insured location" means:**

- a.** The "residence premises";
- b.** The part of other premises, other structures and grounds used by you as a residence; and
  - (1)** Which is shown in the Declarations; or
  - (2)** Which is acquired by you during the policy period for your use as a residence;
- c.** Any premises used by you in connection with a premises described in **a.** and **b.** above;
- d.** Any part of a premises:
  - (1)** Not owned by an "insured"; and
  - (2)** Where an "insured" is temporarily residing;
- e.** Vacant land, other than farm land, owned by or rented to an "insured";
- f.** Land owned by or rented to an "insured" on which a one-, two-, three- or four-family dwelling is being built as a residence for an "insured";
- g.** Individual or family cemetery plots or burial vaults of an "insured"; or
- h.** Any part of a premises occasionally rented to an "insured" for other than "business" use.

**7. "Motor vehicle" means:**

- a.** A self-propelled land or amphibious vehicle; or
  - b.** Any trailer or semitrailer which is being carried on, towed by or hitched for towing by a vehicle described in **a.** above.
- 8. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions, which results, during the policy period, in:**
- a.** "Bodily injury"; or
  - b.** "Property damage".
- 9. "Property damage" means physical injury to, destruction of, or loss of use of tangible property.**
- 10. "Residence employee" means:**
- a.** An employee of an "insured", or an employee leased to an "insured" by a labor leasing firm, under an agreement between an "insured" and the labor leasing firm, whose duties are related to the maintenance or use of the "residence premises", including household or domestic services; or
  - b.** One who performs similar duties elsewhere not related to the "business" of an "insured".

A "residence employee" does not include a temporary employee who is furnished to an "insured" to substitute for a permanent "residence employee" on leave or to meet seasonal or short-term workload conditions.

**11. "Residence premises" means:**

- a.** The one-family dwelling where you reside;
- b.** The two-, three- or four-family dwelling where you reside in at least one of the family units; or
- c.** That part of any other building where you reside;

and which is shown as the "residence premises" in the Declarations.

"Residence premises" also includes other structures and grounds at that location.

**SECTION I – PROPERTY COVERAGES**

**A. Coverage A – Dwelling**

**1. We cover:**

- a.** The dwelling on the "residence premises" shown in the Declarations, including structures attached to the dwelling; and

- b. Materials and supplies located on or next to the "residence premises" used to construct, alter or repair the dwelling or other structures on the "residence premises".

- 2. We do not cover land, including land on which the dwelling is located.

## **B. Coverage B – Other Structures**

- 1. We cover other structures on the "residence premises" set apart from the dwelling by clear space. This includes structures connected to the dwelling by only a fence, utility line, or similar connection.
- 2. We do not cover:
  - a. Land, including land on which the other structures are located;
  - b. Other structures rented or held for rental to any person not a tenant of the dwelling, unless used solely as a private garage;
  - c. Other structures from which any "business" is conducted; or
  - d. Other structures used to store "business" property. However, we do cover a structure that contains "business" property solely owned by an "insured" or a tenant of the dwelling, provided that "business" property does not include gaseous or liquid fuel, other than fuel in a permanently installed fuel tank of a vehicle or craft parked or stored in the structure.
- 3. The limit of liability for this coverage will not be more than 10% of the limit of liability that applies to Coverage A. Use of this coverage does not reduce the Coverage A limit of liability.

## **C. Coverage C – Personal Property**

### **1. Covered Property**

We cover personal property owned or used by an "insured" while on the "residence premises". After a loss and at your request, we will cover personal property owned by others while the property is on the part of the "residence premises" occupied by an "insured".

### **2. Limit For Property At Other Locations**

We also cover personal property owned or used by an "insured" while it is anywhere in the world but our limit of liability will not be more than 10% of the limit of liability for Coverage C, or \$1,000, whichever is greater. However, this limitation does not apply to personal property:

- a. Moved from the "residence premises" because it is:
  - (1) Being repaired, renovated or rebuilt; and
  - (2) Not fit to live in or store property in; or
- b. In a newly acquired principal residence for 30 days from the time you begin to move the property there.

### **3. Special Limits Of Liability**

The special limit for each category shown below is the total limit for each loss for all property in that category. These special limits do not increase the Coverage C limit of liability.

- a. \$200 on money, bank notes, bullion, gold other than goldware, silver other than silverware, platinum other than platinumware, coins, medals, scrip, stored value cards and smart cards.
- b. \$1,500 on securities, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, personal records, passports, tickets and stamps. This dollar limit applies to these categories regardless of the medium (such as paper or computer software) on which the material exists.

This limit includes the cost to research, replace or restore the information from the lost or damaged material.
- c. \$1,500 on watercraft of all types, including their trailers, furnishings, equipment and outboard engines or motors.
- d. \$1,500 on trailers or semitrailers not used with watercraft of all types.
- e. \$2,500 on property, on the "residence premises", used primarily for "business" purposes.

f. \$1,500 on property, away from the "residence premises", used primarily for "business" purposes. However, this limit does not apply to antennas, tapes, wires, records, disks or other media that are:

(1) Used with electronic equipment that reproduces, receives or transmits audio, visual or data signals; and

(2) In or upon a "motor vehicle".

g. \$1,500 on portable electronic equipment that:

(1) Reproduces, receives or transmits audio, visual or data signals;

(2) Is designed to be operated by more than one power source, one of which is a "motor vehicle's" electrical system; and

(3) Is in or upon a "motor vehicle".

h. \$250 on antennas, tapes, wires, records, disks or other media that are:

(1) Used with electronic equipment that reproduces, receives or transmits audio, visual or data signals; and

(2) In or upon a "motor vehicle".

#### 4. Property Not Covered

We do not cover:

a. Articles separately described and specifically insured, regardless of the limit for which they are insured, in this or other insurance;

b. Animals, birds or fish;

c. "Motor vehicles".

This includes a "motor vehicle's" equipment and parts.

However, this Paragraph 4.c. does not apply to:

(1) Portable electronic equipment that:

(a) Reproduces, receives or transmits audio, visual or data signals; and

(b) Is designed so that it may be operated from a power source other than a "motor vehicle's" electrical system.

(2) "Motor vehicles" not required to be registered for use on public roads or property which are:

(a) Used solely to service a residence; or

(b) Designed to assist the handicapped;

d. Aircraft, meaning any contrivance used or designed for flight, including any parts whether or not attached to the aircraft.

We do cover model or hobby aircraft not used or designed to carry people or cargo;

e. Hovercraft and parts. Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;

f. Property of roomers, boarders and other tenants, except property of roomers and boarders related to an "insured";

g. Property in an apartment regularly rented or held for rental to others by an "insured";

h. Property rented or held for rental to others off the "residence premises";

i. "Business" data, including such data stored in:

(1) Books of account, drawings or other paper records; or

(2) Computers and related equipment.

We do cover the cost of blank recording or storage media and of prerecorded computer programs available on the retail market;

j. Credit cards, electronic fund transfer cards or access devices used solely for deposit, withdrawal or transfer of funds except as provided in E.6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money under Section I – Property Coverages; or

k. Water or steam.

#### D. Coverage D – Loss Of Use

The limit of liability for Coverage D is the total limit for the coverages in 1. Additional Living Expense, 2. Fair Rental Value and 3. Civil Authority Prohibits Use below.

##### 1. Additional Living Expense

If a loss covered under Section I makes that part of the "residence premises" where you reside not fit to live in, we cover any necessary increase in living expenses incurred by you so that your household can maintain its normal standard of living.

Payment will be for the shortest time required to repair or replace the damage or, if you permanently relocate, the shortest time required for your household to settle elsewhere.

## 2. Fair Rental Value

If a loss covered under Section I makes that part of the "residence premises" rented to others or held for rental by you not fit to live in, we cover the fair rental value of such premises less any expenses that do not continue while it is not fit to live in.

Payment will be for the shortest time required to repair or replace such premises.

## 3. Civil Authority Prohibits Use

If a civil authority prohibits you from use of the "residence premises" as a result of direct damage to neighboring premises by a Peril Insured Against, we cover the loss as provided in 1. Additional Living Expense and 2. Fair Rental Value above for no more than two weeks.

## 4. Loss Or Expense Not Covered

We do not cover loss or expense due to cancellation of a lease or agreement.

The periods of time under 1. Additional Living Expense, 2. Fair Rental Value and 3. Civil Authority Prohibits Use above are not limited by expiration of this policy.

## E. Additional Coverages

### 1. Debris Removal

a. We will pay your reasonable expense for the removal of:

- (1) Debris of covered property if a Peril Insured Against that applies to the damaged property causes the loss; or
- (2) Ash, dust or particles from a volcanic eruption that has caused direct loss to a building or property contained in a building.

This expense is included in the limit of liability that applies to the damaged property.

b. We will also pay your reasonable expense, up to \$1,000, for the removal from the "residence premises" of:

- (1) Your trees felled by the peril of Windstorm or Hail; or
- (2) A neighbor's trees felled by a Peril Insured Against under Coverage C;

provided the trees:

- (3) Damage a covered structure; or

(4) Do not damage a covered structure, but:

- (a) Block a driveway on the "residence premises" which prevents a "motor vehicle", that is registered for use on public roads or property, from entering or leaving the "residence premises"; or
- (b) Block a ramp or other fixture designed to assist a handicapped person to enter or leave the dwelling building.

The \$1,000 limit is the most we will pay in any one loss, regardless of the number of fallen trees. No more than \$500 of this limit will be paid for the removal of any one tree.

This coverage is additional insurance.

## 2. Reasonable Repairs

a. We will pay the reasonable cost incurred by you for the necessary measures taken solely to protect covered property that is damaged by a Peril Insured Against from further damage.

b. If the measures taken involve repair to other damaged property, we will only pay if that property is covered under this policy and the damage is caused by a Peril Insured Against. This coverage does not:

- (1) Increase the limit of liability that applies to the covered property; or
- (2) Relieve you of your duties, in case of a loss to covered property, described in C.4. under Section I – Conditions.

## 3. Trees, Shrubs And Other Plants

We cover trees, shrubs, plants or lawns, on the "residence premises", for loss caused by the following Perils Insured Against:

- a. Fire or Lightning;
- b. Explosion;
- c. Riot or Civil Commotion;
- d. Aircraft;
- e. Vehicles not owned or operated by a resident of the "residence premises";
- f. Vandalism or Malicious Mischief; or
- g. Theft.

We will pay up to 5% of the limit of liability that applies to the dwelling for all trees, shrubs, plants or lawns. No more than \$250 of this limit will be paid for any one tree, shrub or plant. We do not cover property grown for "business" purposes.

This coverage is additional insurance.

#### 4. Fire Department Service Charge

We will pay up to \$500 for your liability assumed by contract or agreement for fire department charges incurred when the fire department is called to save or protect covered property from a Peril Insured Against. We do not cover fire department service charges if the property is located within the limits of the city, municipality or protection district furnishing the fire department response.

This coverage is additional insurance. No deductible applies to this coverage.

#### 5. Property Removed

We insure covered property against direct loss from any cause while being removed from a premises endangered by a Peril Insured Against and for no more than 30 days while removed.

This coverage does not change the limit of liability that applies to the property being removed.

#### 6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money

a. We will pay up to \$500 for:

- (1) The legal obligation of an "insured" to pay because of the theft or unauthorized use of credit cards issued to or registered in an "insured's" name;
- (2) Loss resulting from theft or unauthorized use of an electronic fund transfer card or access device used for deposit, withdrawal or transfer of funds, issued to or registered in an "insured's" name;
- (3) Loss to an "insured" caused by forgery or alteration of any check or negotiable instrument; and
- (4) Loss to an "insured" through acceptance in good faith of counterfeit United States or Canadian paper currency.

All loss resulting from a series of acts committed by any one person or in which any one person is concerned or implicated is considered to be one loss.

This coverage is additional insurance. No deductible applies to this coverage.

b. We do not cover:

- (1) Use of a credit card, electronic fund transfer card or access device:
  - (a) By a resident of your household;

- (b) By a person who has been entrusted with either type of card or access device; or

- (c) If an "insured" has not complied with all terms and conditions under which the cards are issued or the devices accessed; or

- (2) Loss arising out of "business" use or dishonesty of an "insured".

c. If the coverage in a. applies, the following defense provisions also apply:

- (1) We may investigate and settle any claim or suit that we decide is appropriate. Our duty to defend a claim or suit ends when the amount we pay for the loss equals our limit of liability.

- (2) If a suit is brought against an "insured" for liability under a.(1) or (2) above, we will provide a defense at our expense by counsel of our choice.

- (3) We have the option to defend at our expense an "insured" or an "insured's" bank against any suit for the enforcement of payment under a.(3) above.

#### 7. Loss Assessment

a. We will pay up to \$1,000 for your share of loss assessment charged during the policy period against you, as owner or tenant of the "residence premises", by a corporation or association of property owners. The assessment must be made as a result of direct loss to property, owned by all members collectively, of the type that would be covered by this policy if owned by you, caused by a Peril Insured Against under Coverage A, other than:

- (1) Earthquake; or

- (2) Land shock waves or tremors before, during or after a volcanic eruption.

The limit of \$1,000 is the most we will pay with respect to any one loss, regardless of the number of assessments. We will only apply one deductible, per unit, to the total amount of any one loss to the property described above, regardless of the number of assessments.

b. We do not cover assessments charged against you or a corporation or association of property owners by any governmental body.

- c. Paragraph Q. Policy Period under Section I – Conditions does not apply to this coverage.

This coverage is additional insurance.

## 8. Glass Or Safety Glazing Material

- a. We cover:

- (1) The breakage of glass or safety glazing material which is part of a covered building, storm door or storm window;
- (2) The breakage of glass or safety glazing material which is part of a covered building, storm door or storm window when caused directly by earth movement; and
- (3) The direct physical loss to covered property caused solely by the pieces, fragments or splinters of broken glass or safety glazing material which is part of a building, storm door or storm window.

- b. This coverage does not include loss:

- (1) To covered property which results because the glass or safety glazing material has been broken, except as provided in a.(3) above; or
- (2) On the "residence premises" if the dwelling has been vacant for more than 60 consecutive days immediately before the loss, except when the breakage results directly from earth movement as provided in a.(2) above. A dwelling being constructed is not considered vacant.

- c. We will pay up to \$100 for loss under this coverage.

- d. This coverage does not increase the limit of liability that applies to the damaged property.

## SECTION I – PERILS INSURED AGAINST

We insure for direct physical loss to the property described in Coverages A, B and C caused by any of the following perils unless the loss is excluded in Section I – Exclusions.

### 1. Fire Or Lightning

### 2. Windstorm Or Hail

This peril includes loss to watercraft of all types and their trailers, furnishings, equipment, and outboard engines or motors, only while inside a fully enclosed building.

This peril does not include loss to the inside of a building or the property contained in a building caused by rain, snow, sleet, sand or dust unless the direct force of wind or hail damages the building causing an opening in a roof or wall and the rain, snow, sleet, sand or dust enters through this opening.

### 3. Explosion

### 4. Riot Or Civil Commotion

### 5. Aircraft

This peril includes self-propelled missiles and spacecraft.

### 6. Vehicles

This peril does not include loss caused by a vehicle owned or operated by a resident of the "residence premises".

### 7. Smoke

This peril means sudden and accidental damage from smoke, including the emission or puffback of smoke, soot, fumes or vapors from a boiler, furnace or related equipment.

This peril does not include loss caused by smoke from fireplaces or from agricultural smudging or industrial operations.

### 8. Vandalism Or Malicious Mischief

This peril does not include loss to property on the "residence premises", and any ensuing loss caused by any intentional and wrongful act committed in the course of the vandalism or malicious mischief, if the dwelling has been vacant for more than 60 consecutive days immediately before the loss. A dwelling being constructed is not considered vacant.

### 9. Theft

- a. This peril includes attempted theft and loss of property from a known place on the "residence premises" when it is likely that the property has been stolen.

- b. This peril does not include loss caused by theft:

- (1) Committed by an "insured";
- (2) In or to a dwelling under construction, or of materials and supplies for use in the construction until the dwelling is finished and occupied;
- (3) From that part of a "residence premises" rented by an "insured" to someone other than another "insured"; or
- (4) That occurs off the "residence premises".

- c. Personal property contained in any bank, trust or safe deposit company, public warehouse or self-storage facility will be considered on the "residence premises".
- d. Our liability will not be more than \$1,000 in any one loss caused by theft.

## 10. Volcanic Eruption

This peril does not include loss caused by earthquake, land shock waves or tremors.

## SECTION I – EXCLUSIONS

We do not insure for loss caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event contributing concurrently or in any sequence to the loss. These exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

### 1. Ordinance Or Law

Ordinance Or Law means any ordinance or law:

- a. Requiring or regulating the construction, demolition, remodeling, renovation or repair of property, including removal of any resulting debris;
- b. The requirements of which result in a loss in value to property; or
- c. Requiring any "insured" or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

This Exclusion 1. applies whether or not the property has been physically damaged.

### 2. Earth Movement

Earth Movement means:

- a. Earthquake, including land shock waves or tremors before, during or after a volcanic eruption;
- b. Landslide, mudslide or mudflow;
- c. Subsidence or sinkhole; or
- d. Any other earth movement including earth sinking, rising or shifting.

This Exclusion 2. applies regardless of whether any of the above, in 2.a. through 2.d., is caused by an act of nature or is otherwise caused.

However, direct loss by fire, explosion or theft resulting from any of the above, in 2.a. through 2.d., is covered.

### 3. Water

This means:

- a. Flood, surface water, waves, including tidal wave and tsunami, tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind, including storm surge;
- b. Water which:
  - (1) Backs up through sewers or drains; or
  - (2) Overflows or is otherwise discharged from a sump, sump pump or related equipment;
- c. Water below the surface of the ground, including water which exerts pressure on, or seeps, leaks or flows through a building, sidewalk, driveway, patio, foundation, swimming pool or other structure; or
- d. Waterborne material carried or otherwise moved by any of the water referred to in 3.a. through 3.c. of this exclusion.

This Exclusion 3. applies regardless of whether any of the above, in 3.a. through 3.d., is caused by an act of nature or is otherwise caused.

This Exclusion 3. applies to, but is not limited to, escape, overflow or discharge, for any reason, of water or waterborne material from a dam, levee, seawall or any other boundary or containment system.

However, direct loss by fire, explosion or theft resulting from any of the above, in 3.a. through 3.d., is covered.

### 4. Power Failure

Power Failure means the failure of power or other utility service if the failure takes place off the "residence premises". But if the failure results in a loss, from a Peril Insured Against on the "residence premises", we will pay for the loss caused by that peril.

### 5. Neglect

Neglect means neglect of an "insured" to use all reasonable means to save and preserve property at and after the time of a loss.

### 6. War

War includes the following and any consequence of any of the following:

- a. Undeclared war, civil war, insurrection, rebellion or revolution;
- b. Warlike act by a military force or military personnel; or
- c. Destruction, seizure or use for a military purpose.

Discharge of a nuclear weapon will be deemed a warlike act even if accidental.

## 7. Nuclear Hazard

This Exclusion 7. pertains to Nuclear Hazard to the extent set forth in **N. Nuclear Hazard Clause** under Section I – Conditions.

## 8. Intentional Loss

Intentional Loss means any loss arising out of any act an "insured" commits or conspires to commit with the intent to cause a loss.

In the event of such loss, no "insured" is entitled to coverage, even "insureds" who did not commit or conspire to commit the act causing the loss.

## 9. Governmental Action

Governmental Action means the destruction, confiscation or seizure of property described in Coverage **A, B** or **C** by order of any governmental or public authority.

This exclusion does not apply to such acts ordered by any governmental or public authority that are taken at the time of a fire to prevent its spread, if the loss caused by fire would be covered under this policy.

## SECTION I – CONDITIONS

### A. Insurable Interest And Limit Of Liability

Even if more than one person has an insurable interest in the property covered, we will not be liable in any one loss:

1. To an "insured" for more than the amount of such "insured's" interest at the time of loss; or
2. For more than the applicable limit of liability.

### B. Deductible

Unless otherwise noted in this policy, the following deductible provision applies:

With respect to any one loss:

1. Subject to the applicable limit of liability, we will pay only that part of the total of all loss payable that exceeds the deductible amount shown in the Declarations.
2. If two or more deductibles under this policy apply to the loss, only the highest deductible amount will apply.

### C. Duties After Loss

In case of a loss to covered property, we have no duty to provide coverage under this policy if the failure to comply with the following duties is prejudicial to us. These duties must be performed either by you, an "insured" seeking coverage, or a representative of either:

1. Give prompt notice to us or our agent;
2. Notify the police in case of loss by theft;

3. Notify the credit card or electronic fund transfer card or access device company in case of loss as provided for in **E.6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money** under Section I – Property Coverages;
4. Protect the property from further damage. If repairs to the property are required, you must:
  - a. Make reasonable and necessary repairs to protect the property; and
  - b. Keep an accurate record of repair expenses;
5. Cooperate with us in the investigation of a claim;
6. Prepare an inventory of damaged personal property showing the quantity, description, actual cash value and amount of loss. Attach all bills, receipts and related documents that justify the figures in the inventory;
7. As often as we reasonably require:
  - a. Show the damaged property;
  - b. Provide us with records and documents we request and permit us to make copies; and
  - c. Submit to examination under oath, while not in the presence of another "insured", and sign the same;
8. Send to us, within 60 days after our request, your signed, sworn proof of loss which sets forth, to the best of your knowledge and belief:
  - a. The time and cause of loss;
  - b. The interests of all "insureds" and all others in the property involved and all liens on the property;
  - c. Other insurance which may cover the loss;
  - d. Changes in title or occupancy of the property during the term of the policy;
  - e. Specifications of damaged buildings and detailed repair estimates;
  - f. The inventory of damaged personal property described in **6.** above;
  - g. Receipts for additional living expenses incurred and records that support the fair rental value loss; and
  - h. Evidence or affidavit that supports a claim under **E.6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money** under Section I – Property Coverages, stating the amount and cause of loss.

#### **D. Loss Settlement**

Covered property losses are settled as follows:

**1. Property of the following types:**

- a.** Personal property;
- b.** Awnings, carpeting, household appliances, outdoor antennas and outdoor equipment, whether or not attached to buildings; and
- c.** Structures that are not buildings;

at actual cash value at the time of loss but not more than the amount required to repair or replace.

**2. Buildings under Coverage A or B:**

- a.** If you repair or replace the loss to restore the building structure for the same occupancy and use at the same site within 180 days of the date of loss, we will pay the lesser of the following amounts:

- (1)** The limit of liability that applies to the damaged or destroyed building structure; or
- (2)** The necessary amount actually spent to repair or replace the loss to the building structure but no more than the cost of using common construction materials and methods where functionally equivalent to and less costly than obsolete, antique or custom construction materials and methods.

- b.** If you do not make claim under Paragraph **a.** above, we will pay the least of the following amounts:

- (1)** The limit of liability that applies to the damaged or destroyed building structure;
- (2)** The market value at the time of loss of the damaged or destroyed building structure exclusive of land value; or
- (3)** The amount which it would cost to repair or replace that part of the building structure damaged or destroyed with material of like kind and quality less allowance for physical deterioration and depreciation.

In this provision, the terms "repair" and "replace" do not include the increased costs incurred to comply with the enforcement of any ordinance or law.

#### **E. Loss To A Pair Or Set**

In case of loss to a pair or set we may elect to:

- 1.** Repair or replace any part to restore the pair or set to its value before the loss; or

- 2.** Pay the difference between actual cash value of the property before and after the loss.

#### **F. Appraisal**

If you and we fail to agree on the amount of loss, either may demand an appraisal of the loss. In this event, each party will choose a competent and impartial appraiser within 20 days after receiving a written request from the other. The two appraisers will choose an umpire. If they cannot agree upon an umpire within 15 days, you or we may request that the choice be made by a judge of a court of record in the state where the "residence premises" is located. The appraisers will separately set the amount of loss. If the appraisers submit a written report of an agreement to us, the amount agreed upon will be the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of loss.

Each party will:

- 1.** Pay its own appraiser; and
- 2.** Bear the other expenses of the appraisal and umpire equally.

#### **G. Other Insurance And Service Agreement**

If a loss covered by this policy is also covered by:

- 1.** Other insurance, we will pay only the proportion of the loss that the limit of liability that applies under this policy bears to the total amount of insurance covering the loss; or
- 2.** A service agreement, this insurance is excess over any amounts payable under any such agreement. Service agreement means a service plan, property restoration plan, home warranty or other similar service warranty agreement, even if it is characterized as insurance.

#### **H. Suit Against Us**

No action can be brought against us unless there has been full compliance with all of the terms under Section I of this policy and the action is started within two years after the date of loss.

#### **I. Our Option**

If we give you written notice within 30 days after we receive your signed, sworn proof of loss, we may repair or replace any part of the damaged property with material or property of like kind and quality.

## **J. Loss Payment**

We will adjust all losses with you. We will pay you unless some other person is named in the policy or is legally entitled to receive payment. Loss will be payable 60 days after we receive your proof of loss and:

1. Reach an agreement with you;
2. There is an entry of a final judgment; or
3. There is a filing of an appraisal award with us.

## **K. Abandonment Of Property**

We need not accept any property abandoned by an "insured".

## **L. Mortgage Clause**

1. If a mortgagee is named in this policy, any loss payable under Coverage **A** or **B** will be paid to the mortgagee and you, as interests appear. If more than one mortgagee is named, the order of payment will be the same as the order of precedence of the mortgages.
2. If we deny your claim, that denial will not apply to a valid claim of the mortgagee, if the mortgagee:
  - a. Notifies us of any change in ownership, occupancy or substantial change in risk of which the mortgagee is aware;
  - b. Pays any premium due under this policy on demand if you have neglected to pay the premium; and
  - c. Submits a signed, sworn statement of loss within 60 days after receiving notice from us of your failure to do so. Paragraphs **F.** Appraisal, **H.** Suit Against Us and **J.** Loss Payment under Section **I** – Conditions above also apply to the mortgagee.
3. If we decide to cancel or not to renew this policy, the mortgagee will be notified at least 10 days before the date cancellation or nonrenewal takes effect.
4. If we pay the mortgagee for any loss and deny payment to you:
  - a. We are subrogated to all the rights of the mortgagee granted under the mortgage on the property; or
  - b. At our option, we may pay to the mortgagee the whole principal on the mortgage plus any accrued interest. In this event, we will receive a full assignment and transfer of the mortgage and all securities held as collateral to the mortgage debt.
5. Subrogation will not impair the right of the mortgagee to recover the full amount of the mortgagee's claim.

## **M. No Benefit To Bailee**

We will not recognize any assignment or grant any coverage that benefits a person or organization holding, storing or moving property for a fee regardless of any other provision of this policy.

## **N. Nuclear Hazard Clause**

1. "Nuclear Hazard" means any nuclear reaction, radiation, or radioactive contamination, all whether controlled or uncontrolled or however caused, or any consequence of any of these.
2. Loss caused by the nuclear hazard will not be considered loss caused by fire, explosion, or smoke, whether these perils are specifically named in or otherwise included within the Perils Insured Against.
3. This policy does not apply under Section **I** to loss caused directly or indirectly by nuclear hazard, except that direct loss by fire resulting from the nuclear hazard is covered.

## **O. Recovered Property**

If you or we recover any property for which we have made payment under this policy, you or we will notify the other of the recovery. At your option, the property will be returned to or retained by you or it will become our property. If the recovered property is returned to or retained by you, the loss payment will be adjusted based on the amount you received for the recovered property.

## **P. Volcanic Eruption Period**

One or more volcanic eruptions that occur within a 72-hour period will be considered as one volcanic eruption.

## **Q. Policy Period**

This policy applies only to loss which occurs during the policy period.

## **R. Concealment Or Fraud**

We provide coverage to no "insureds" under this policy if, whether before or after a loss, an "insured" has:

1. Intentionally concealed or misrepresented any material fact or circumstance;
  2. Engaged in fraudulent conduct; or
  3. Made false statements;
- relating to this insurance.

## **S. Loss Payable Clause**

If the Declarations shows a loss payee for certain listed insured personal property, the definition of "insured" is changed to include that loss payee with respect to that property.

If we decide to cancel or not renew this policy, that loss payee will be notified in writing.

## SECTION II – LIABILITY COVERAGES

### A. Coverage E – Personal Liability

If a claim is made or a suit is brought against an "insured" for damages because of "bodily injury" or "property damage" caused by an "occurrence" to which this coverage applies, we will:

1. Pay up to our limit of liability for the damages for which an "insured" is legally liable. Damages include prejudgment interest awarded against an "insured"; and
2. Provide a defense at our expense by counsel of our choice, even if the suit is groundless, false or fraudulent. We may investigate and settle any claim or suit that we decide is appropriate. Our duty to settle or defend ends when our limit of liability for the "occurrence" has been exhausted by payment of a judgment or settlement.

### B. Coverage F – Medical Payments To Others

We will pay the necessary medical expenses that are incurred or medically ascertained within three years from the date of an accident causing "bodily injury". Medical expenses means reasonable charges for medical, surgical, x-ray, dental, ambulance, hospital, professional nursing, prosthetic devices and funeral services. This coverage does not apply to you or regular residents of your household except "residence employees". As to others, this coverage applies only:

1. To a person on the "insured location" with the permission of an "insured"; or
2. To a person off the "insured location", if the "bodily injury":
  - a. Arises out of a condition on the "insured location" or the ways immediately adjoining;
  - b. Is caused by the activities of an "insured";
  - c. Is caused by a "residence employee" in the course of the "residence employee's" employment by an "insured"; or
  - d. Is caused by an animal owned by or in the care of an "insured".

## SECTION II – EXCLUSIONS

### A. "Motor Vehicle Liability"

1. Coverages E and F do not apply to any "motor vehicle liability" if, at the time and place of an "occurrence", the involved "motor vehicle":
  - a. Is registered for use on public roads or property;

- b. Is not registered for use on public roads or property, but such registration is required by a law, or regulation issued by a government agency, for it to be used at the place of the "occurrence"; or
  - c. Is being:
    - (1) Operated in, or practicing for, any prearranged or organized race, speed contest or other competition;
    - (2) Rented to others;
    - (3) Used to carry persons or cargo for a charge; or
    - (4) Used for any "business" purpose except for a motorized golf cart while on a golfing facility.
2. If Exclusion A.1. does not apply, there is still no coverage for "motor vehicle liability", unless the "motor vehicle" is:
    - a. In dead storage on an "insured location";
    - b. Used solely to service a residence;
    - c. Designed to assist the handicapped and, at the time of an "occurrence", it is:
      - (1) Being used to assist a handicapped person; or
      - (2) Parked on an "insured location";
    - d. Designed for recreational use off public roads and:
      - (1) Not owned by an "insured"; or
      - (2) Owned by an "insured" provided the "occurrence" takes place:
        - (a) On an "insured location" as defined in Definition B.6.a., b., d., e. or h.; or
        - (b) Off an "insured location" and the "motor vehicle" is:
          - (i) Designed as a toy vehicle for use by children under seven years of age;
          - (ii) Powered by one or more batteries; and
          - (iii) Not built or modified after manufacture to exceed a speed of five miles per hour on level ground;

e. A motorized golf cart that is owned by an "insured", designed to carry up to four persons, not built or modified after manufacture to exceed a speed of 25 miles per hour on level ground and, at the time of an "occurrence", is within the legal boundaries of:

- (1) A golfing facility and is parked or stored there, or being used by an "insured" to:
  - (a) Play the game of golf or for other recreational or leisure activity allowed by the facility;
  - (b) Travel to or from an area where "motor vehicles" or golf carts are parked or stored; or
  - (c) Cross public roads at designated points to access other parts of the golfing facility; or
- (2) A private residential community, including its public roads upon which a motorized golf cart can legally travel, which is subject to the authority of a property owners association and contains an "insured's" residence.

#### B. "Watercraft Liability"

1. Coverages E and F do not apply to any "watercraft liability" if, at the time of an "occurrence", the involved watercraft is being:
  - a. Operated in, or practicing for, any prearranged or organized race, speed contest or other competition. This exclusion does not apply to a sailing vessel or a predicted log cruise;
  - b. Rented to others;
  - c. Used to carry persons or cargo for a charge; or
  - d. Used for any "business" purpose.
2. If Exclusion B.1. does not apply, there is still no coverage for "watercraft liability" unless, at the time of the "occurrence", the watercraft:
  - a. Is stored;
  - b. Is a sailing vessel, with or without auxiliary power, that is:
    - (1) Less than 26 feet in overall length; or
    - (2) 26 feet or more in overall length and not owned by or rented to an "insured"; or
  - c. Is not a sailing vessel and is powered by:
    - (1) An inboard or inboard-outdrive engine or motor, including those that power a water jet pump, of:
      - (a) 50 horsepower or less and not owned by an "insured"; or

- (b) More than 50 horsepower and not owned by or rented to an "insured"; or
- (2) One or more outboard engines or motors with:
  - (a) 25 total horsepower or less;
  - (b) More than 25 horsepower if the outboard engine or motor is not owned by an "insured";
  - (c) More than 25 horsepower if the outboard engine or motor is owned by an "insured" who acquired it during the policy period; or
  - (d) More than 25 horsepower if the outboard engine or motor is owned by an "insured" who acquired it before the policy period, but only if:
    - (i) You declare them at policy inception; or
    - (ii) Your intent to insure them is reported to us in writing within 45 days after you acquire them.

The coverages in (c) and (d) above apply for the policy period.

Horsepower means the maximum power rating assigned to the engine or motor by the manufacturer.

#### C. "Aircraft Liability"

This policy does not cover "aircraft liability".

#### D. "Hovercraft Liability"

This policy does not cover "hovercraft liability".

#### E. Coverage E – Personal Liability And Coverage F – Medical Payments To Others

Coverages E and F do not apply to the following:

##### 1. Expected Or Intended Injury

"Bodily injury" or "property damage" which is expected or intended by an "insured", even if the resulting "bodily injury" or "property damage":

- a. Is of a different kind, quality or degree than initially expected or intended; or
- b. Is sustained by a different person, entity or property than initially expected or intended.

However, this Exclusion E.1. does not apply to "bodily injury" or "property damage" resulting from the use of reasonable force by an "insured" to protect persons or property;

**2. "Business"**

- a. "Bodily injury" or "property damage" arising out of or in connection with a "business" conducted from an "insured location" or engaged in by an "insured", whether or not the "business" is owned or operated by an "insured" or employs an "insured".

This Exclusion **E.2.** applies but is not limited to an act or omission, regardless of its nature or circumstance, involving a service or duty rendered, promised, owed, or implied to be provided because of the nature of the "business".

- b. This Exclusion **E.2.** does not apply to:

- (1) The rental or holding for rental of an "insured location";
  - (a) On an occasional basis if used only as a residence;
  - (b) In part for use only as a residence, unless a single-family unit is intended for use by the occupying family to lodge more than two roomers or boarders; or
  - (c) In part, as an office, school, studio or private garage; and
- (2) An "insured" under the age of 21 years involved in a part-time or occasional, self-employed "business" with no employees;

**3. Professional Services**

"Bodily injury" or "property damage" arising out of the rendering of or failure to render professional services;

**4. "Insured's" Premises Not An "Insured Location"**

"Bodily injury" or "property damage" arising out of a premises:

- a. Owned by an "insured";
  - b. Rented to an "insured"; or
  - c. Rented to others by an "insured";
- that is not an "insured location";

**5. War**

"Bodily injury" or "property damage" caused directly or indirectly by war, including the following and any consequence of any of the following:

- a. Undeclared war, civil war, insurrection, rebellion or revolution;
- b. Warlike act by a military force or military personnel; or

- c. Destruction, seizure or use for a military purpose.

Discharge of a nuclear weapon will be deemed a warlike act even if accidental;

**6. Communicable Disease**

"Bodily injury" or "property damage" which arises out of the transmission of a communicable disease by an "insured";

**7. Sexual Molestation, Corporal Punishment Or Physical Or Mental Abuse**

"Bodily injury" or "property damage" arising out of sexual molestation, corporal punishment or physical or mental abuse; or

**8. Controlled Substance**

"Bodily injury" or "property damage" arising out of the use, sale, manufacture, delivery, transfer or possession by any person of a Controlled Substance as defined by the Federal Food and Drug Law at 21 U.S.C.A. Sections 811 and 812. Controlled Substances include but are not limited to cocaine, LSD, marijuana and all narcotic drugs. However, this exclusion does not apply to the legitimate use of prescription drugs by a person following the lawful orders of a licensed health care professional.

Exclusions **A.** "Motor Vehicle Liability", **B.** "Watercraft Liability", **C.** "Aircraft Liability", **D.** "Hovercraft Liability" and **E.4.** "Insured's" Premises Not An "Insured Location" do not apply to "bodily injury" to a "residence employee" arising out of and in the course of the "residence employee's" employment by an "insured".

**F. Coverage E – Personal Liability**

Coverage **E** does not apply to:

- 1. Liability:
  - a. For any loss assessment charged against you as a member of an association, corporation or community of property owners, except as provided in **D.** Loss Assessment under Section **II** – Additional Coverages;
  - b. Under any contract or agreement entered into by an "insured". However, this exclusion does not apply to written contracts:
    - (1) That directly relate to the ownership, maintenance or use of an "insured location"; or
    - (2) Where the liability of others is assumed by you prior to an "occurrence";
 unless excluded in **a.** above or elsewhere in this policy;

2. "Property damage" to property owned by an "insured". This includes costs or expenses incurred by an "insured" or others to repair, replace, enhance, restore or maintain such property to prevent injury to a person or damage to property of others, whether on or away from an "insured location";
3. "Property damage" to property rented to, occupied or used by or in the care of an "insured". This exclusion does not apply to "property damage" caused by fire, smoke or explosion;
4. "Bodily injury" to any person eligible to receive any benefits voluntarily provided or required to be provided by an "insured" under any:
  - a. Workers' compensation law;
  - b. Non-occupational disability law; or
  - c. Occupational disease law;
5. "Bodily injury" or "property damage" for which an "insured" under this policy:
  - a. Is also an insured under a nuclear energy liability policy issued by the:
    - (1) Nuclear Energy Liability Insurance Association;
    - (2) Mutual Atomic Energy Liability Underwriters;
    - (3) Nuclear Insurance Association of Canada;
 or any of their successors; or
  - b. Would be an insured under such a policy but for the exhaustion of its limit of liability; or
6. "Bodily injury" to you or an "insured" as defined under Definition 5.a. or b.

This exclusion also applies to any claim made or suit brought against you or an "insured" to:

- a. Repay; or
- b. Share damages with;

another person who may be obligated to pay damages because of "bodily injury" to an "insured".

#### **G. Coverage F – Medical Payments To Others**

Coverage F does not apply to "bodily injury":

1. To a "residence employee" if the "bodily injury":
  - a. Occurs off the "insured location"; and
  - b. Does not arise out of or in the course of the "residence employee's" employment by an "insured";

2. To any person eligible to receive benefits voluntarily provided or required to be provided under any:
  - a. Workers' compensation law;
  - b. Non-occupational disability law; or
  - c. Occupational disease law;
3. From any:
  - a. Nuclear reaction;
  - b. Nuclear radiation; or
  - c. Radioactive contamination;
 all whether controlled or uncontrolled or however caused; or
  - d. Any consequence of any of these; or
4. To any person, other than a "residence employee" of an "insured", regularly residing on any part of the "insured location".

#### **SECTION II – ADDITIONAL COVERAGES**

We cover the following in addition to the limits of liability:

##### **A. Claim Expenses**

We pay:

1. Expenses we incur and costs taxed against an "insured" in any suit we defend;
2. Premiums on bonds required in a suit we defend, but not for bond amounts more than the Coverage E limit of liability. We need not apply for or furnish any bond;
3. Reasonable expenses incurred by an "insured" at our request, including actual loss of earnings (but not loss of other income) up to \$250 per day, for assisting us in the investigation or defense of a claim or suit; and
4. Interest on the entire judgment which accrues after entry of the judgment and before we pay or tender, or deposit in court that part of the judgment which does not exceed the limit of liability that applies.

##### **B. First Aid Expenses**

We will pay expenses for first aid to others incurred by an "insured" for "bodily injury" covered under this policy. We will not pay for first aid to an "insured".

##### **C. Damage To Property Of Others**

1. We will pay, at replacement cost, up to \$1,000 per "occurrence" for "property damage" to property of others caused by an "insured".
2. We will not pay for "property damage":
  - a. To the extent of any amount recoverable under Section I;

- b. Caused intentionally by an "insured" who is 13 years of age or older;
- c. To property owned by an "insured";
- d. To property owned by or rented to a tenant of an "insured" or a resident in your household; or
- e. Arising out of:
  - (1) A "business" engaged in by an "insured";
  - (2) Any act or omission in connection with a premises owned, rented or controlled by an "insured", other than the "insured location"; or
  - (3) The ownership, maintenance, occupancy, operation, use, loading or unloading of aircraft, hovercraft, watercraft or "motor vehicles".

This Exclusion e.(3) does not apply to a "motor vehicle" that:

- (a) Is designed for recreational use off public roads;
- (b) Is not owned by an "insured"; and
- (c) At the time of the "occurrence", is not required by law, or regulation issued by a government agency, to have been registered for it to be used on public roads or property.

#### D. Loss Assessment

1. We will pay up to \$1,000 for your share of loss assessment charged against you, as owner or tenant of the "residence premises", during the policy period by a corporation or association of property owners, when the assessment is made as a result of:
  - a. "Bodily injury" or "property damage" not excluded from coverage under Section II – Exclusions; or
  - b. Liability for an act of a director, officer or trustee in the capacity as a director, officer or trustee, provided such person:
    - (1) Is elected by the members of a corporation or association of property owners; and
    - (2) Serves without deriving any income from the exercise of duties which are solely on behalf of a corporation or association of property owners.
2. Paragraph I. Policy Period under Section II – Conditions does not apply to this Loss Assessment Coverage.

3. Regardless of the number of assessments, the limit of \$1,000 is the most we will pay for loss arising out of:
  - a. One accident, including continuous or repeated exposure to substantially the same general harmful condition; or
  - b. A covered act of a director, officer or trustee. An act involving more than one director, officer or trustee is considered to be a single act.
4. We do not cover assessments charged against you or a corporation or association of property owners by any governmental body.

## SECTION II – CONDITIONS

### A. Limit Of Liability

Our total liability under Coverage E for all damages resulting from any one "occurrence" will not be more than the Coverage E Limit Of Liability shown in the Declarations. This limit is the same regardless of the number of "insureds", claims made or persons injured. All "bodily injury" and "property damage" resulting from any one accident or from continuous or repeated exposure to substantially the same general harmful conditions shall be considered to be the result of one "occurrence".

Our total liability under Coverage F for all medical expense payable for "bodily injury" to one person as the result of one accident will not be more than the Coverage F Limit Of Liability shown in the Declarations.

### B. Severability Of Insurance

This insurance applies separately to each "insured". This condition will not increase our limit of liability for any one "occurrence".

### C. Duties After "Occurrence"

In case of an "occurrence", you or another "insured" will perform the following duties that apply. We have no duty to provide coverage under this policy if your failure to comply with the following duties is prejudicial to us. You will help us by seeing that these duties are performed:

1. Give written notice to us or our agent as soon as is practical, which sets forth:
  - a. The identity of the policy and the "named insured" shown in the Declarations;
  - b. Reasonably available information on the time, place and circumstances of the "occurrence"; and
  - c. Names and addresses of any claimants and witnesses;

2. Cooperate with us in the investigation, settlement or defense of any claim or suit;
3. Promptly forward to us every notice, demand, summons or other process relating to the "occurrence";
4. At our request, help us:
  - a. To make settlement;
  - b. To enforce any right of contribution or indemnity against any person or organization who may be liable to an "insured";
  - c. With the conduct of suits and attend hearings and trials; and
  - d. To secure and give evidence and obtain the attendance of witnesses;
5. With respect to **C. Damage To Property Of Others** under Section II – Additional Coverages, submit to us within 60 days after the loss a sworn statement of loss and show the damaged property, if in an "insured's" control;
6. No "insured" shall, except at such "insured's" own cost, voluntarily make payment, assume obligation or incur expense other than for first aid to others at the time of the "bodily injury".

**D. Duties Of An Injured Person – Coverage F – Medical Payments To Others**

1. The injured person or someone acting for the injured person will:
  - a. Give us written proof of claim, under oath if required, as soon as is practical; and
  - b. Authorize us to obtain copies of medical reports and records.
2. The injured person will submit to a physical exam by a doctor of our choice when and as often as we reasonably require.

**E. Payment Of Claim – Coverage F – Medical Payments To Others**

Payment under this coverage is not an admission of liability by an "insured" or us.

**F. Suit Against Us**

1. No action can be brought against us unless there has been full compliance with all of the terms under this Section II.
2. No one will have the right to join us as a party to any action against an "insured".
3. Also, no action with respect to Coverage E can be brought against us until the obligation of such "insured" has been determined by final judgment or agreement signed by us.

**G. Bankruptcy Of An "Insured"**

Bankruptcy or insolvency of an "insured" will not relieve us of our obligations under this policy.

**H. Other Insurance**

This insurance is excess over other valid and collectible insurance except insurance written specifically to cover as excess over the limits of liability that apply in this policy.

**I. Policy Period**

This policy applies only to "bodily injury" or "property damage" which occurs during the policy period.

**J. Concealment Or Fraud**

We do not provide coverage to an "insured" who, whether before or after a loss, has:

1. Intentionally concealed or misrepresented any material fact or circumstance;
  2. Engaged in fraudulent conduct; or
  3. Made false statements;
- relating to this insurance.

**SECTIONS I AND II – CONDITIONS**

**A. Liberalization Clause**

If we make a change which broadens coverage under this edition of our policy without additional premium charge, that change will automatically apply to your insurance as of the date we implement the change in your state, provided that this implementation date falls within 60 days prior to or during the policy period stated in the Declarations.

This Liberalization Clause does not apply to changes implemented with a general program revision that includes both broadenings and restrictions in coverage, whether that general program revision is implemented through introduction of:

1. A subsequent edition of this policy; or
2. An amendatory endorsement.

**B. Waiver Or Change Of Policy Provisions**

A waiver or change of a provision of this policy must be in writing by us to be valid. Our request for an appraisal or examination will not waive any of our rights.

**C. Cancellation**

1. You may cancel this policy at any time by returning it to us or by letting us know in writing of the date cancellation is to take effect.

2. We may cancel this policy only for the reasons stated below by letting you know in writing of the date cancellation takes effect. This cancellation notice may be delivered to you, or mailed to you at your mailing address shown in the Declarations. Proof of mailing will be sufficient proof of notice.
  - a. When you have not paid the premium, we may cancel at any time by letting you know at least 10 days before the date cancellation takes effect.
  - b. When this policy has been in effect for less than 60 days and is not a renewal with us, we may cancel for any reason by letting you know at least 10 days before the date cancellation takes effect.
  - c. When this policy has been in effect for 60 days or more, or at any time if it is a renewal with us, we may cancel:
    - (1) If there has been a material misrepresentation of fact which if known to us would have caused us not to issue the policy; or
    - (2) If the risk has changed substantially since the policy was issued.
 

This can be done by letting you know at least 30 days before the date cancellation takes effect.
  - d. When this policy is written for a period of more than one year, we may cancel for any reason at anniversary by letting you know at least 30 days before the date cancellation takes effect.
3. When this policy is canceled, the premium for the period from the date of cancellation to the expiration date will be refunded pro rata.
4. If the return premium is not refunded with the notice of cancellation or when this policy is returned to us, we will refund it within a reasonable time after the date cancellation takes effect.

#### **D. Nonrenewal**

We may elect not to renew this policy. We may do so by delivering to you, or mailing to you at your mailing address shown in the Declarations, written notice at least 30 days before the expiration date of this policy. Proof of mailing will be sufficient proof of notice.

#### **E. Assignment**

Assignment of this policy will not be valid unless we give our written consent.

#### **F. Subrogation**

An "insured" may waive in writing before a loss all rights of recovery against any person. If not waived, we may require an assignment of rights of recovery for a loss to the extent that payment is made by us.

If an assignment is sought, an "insured" must sign and deliver all related papers and cooperate with us.

Subrogation does not apply to Coverage **F** or Paragraph **C. Damage To Property Of Others** under Section **II** – Additional Coverages.

#### **G. Death**

If any person named in the Declarations or the spouse, if a resident of the same household, dies, the following apply:

1. We insure the legal representative of the deceased but only with respect to the premises and property of the deceased covered under the policy at the time of death; and
2. "Insured" includes:
  - a. An "insured" who is a member of your household at the time of your death, but only while a resident of the "residence premises"; and
  - b. With respect to your property, the person having proper temporary custody of the property until appointment and qualification of a legal representative.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **SPECIAL PROVISIONS – NORTH CAROLINA**

### **DEFINITIONS**

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

3. "Business" includes any full- or part-time activity of any kind engaged in for economic gain, including the use of any part of any premises for such purposes.

The following definition is added to Paragraph **B.** in all forms:

#### **12. "Fungi"**

- a. "Fungi" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
- b. Under Section **II**, this does not include any fungi that are, are on, or are contained in any good or product intended for consumption.

### **SECTION I – PROPERTY COVERAGES**

#### **C. Coverage C – Personal Property**

##### **3. Special Limits Of Liability**

Paragraphs **f.** and **g.** are deleted in all forms except **HO 00 08**, and deleted in Endorsements **HO 32 95** and **HO 32 35** when made part of Forms **HO 00 04** and **HO 00 06**, respectively. Paragraphs **f.** and **g.** in those forms are replaced by the following:

- f. 10% of the Coverage **C** limit, subject to a maximum of \$10,000, for loss by theft\* of firearms and related equipment.
- g. 25% of the Coverage **C** limit, subject to a maximum of \$10,000, for loss by theft\* of silverware, silver-plated ware, goldware, gold-plated ware, platinumware, platinum-plated ware and pewterware. This includes flatware, hollowware, tea sets, trays and trophies made of or including silver, gold or pewter.

\* In Form **HO 00 05** and Endorsements **HO 32 95** and **HO 32 35**, theft includes misplacing or losing.

##### **4. Property Not Covered**

Paragraph **c.(2)(a)** is replaced by the following:

- (a) Used to service an "insured's" residence; or

### **E. Additional Coverages**

In all forms except **HO 00 06** and **HO 00 08**:

Paragraph **1. Debris Removal** is replaced by the following:

#### **1. Debris Removal**

- a. We will pay your reasonable expense for the removal of:
  - (1) Debris of covered property if a Peril Insured Against that applies to the damaged property causes the loss; or
  - (2) Ash, dust or particles from a volcanic eruption that has caused direct loss to a building or property contained in a building.

This expense is included in the limit of liability that applies to the damaged property. If the amount to be paid for the actual damage to the property plus the debris removal expense is more than the limit of liability for the damaged property, an additional 5% of that limit of liability is available for debris removal expense.

- b. We will also pay your reasonable expense, up to \$500, for the removal from the "residence premises" of:
  - (1) Your trees felled by the peril of Windstorm or Hail, or Weight of Ice, Snow or Sleet; or
  - (2) A neighbor's trees felled by a Peril Insured Against under Coverage **C**;  
provided the trees:
    - (3) Damage a covered structure; or
    - (4) Do not damage a covered structure, but:
      - (a) Block a driveway on the "residence premises" which prevents a "motor vehicle", that is registered for use on public roads or property, from entering or leaving the "residence premises"; or
      - (b) Block a ramp or other fixture designed to assist a handicapped person to enter or leave the dwelling building.

The \$500 limit is the most we will pay in any one loss, regardless of the number of fallen trees.

This coverage is additional insurance.

In Form **HO 00 06**:

Paragraph 1. **Debris Removal** is replaced by the following:

**1. Debris Removal**

a. We will pay your reasonable expense for the removal of:

- (1) Debris of covered property if a Peril Insured Against that applies to the damaged property causes the loss; or
- (2) Ash, dust or particles from a volcanic eruption that has caused direct loss to a building or property contained in a building.

This expense is included in the limit of liability that applies to the damaged property. If the amount to be paid for the actual damage to the property plus the debris removal expense is more than the limit of liability for the damaged property, an additional 5% of that limit of liability is available for debris removal expense.

b. We will also pay your reasonable expense, up to \$500, for the removal from the "residence premises" of:

- (1) Trees you solely own felled by the peril of Windstorm or Hail; or Weight of Ice, Snow or Sleet; or
- (2) A neighbor's trees felled by a Peril Insured Against under Coverage **C**;

provided the trees damage a covered structure. The \$500 limit is the most we will pay in any one loss, regardless of the number of fallen trees.

This coverage is additional insurance.

In Form **HO 00 08**:

Paragraph 1. **Debris Removal** is replaced by the following:

**1. Debris Removal**

a. We will pay your reasonable expense for the removal of:

- (1) Debris of covered property if a Peril Insured Against that applies to the damaged property causes the loss; or
- (2) Ash, dust or particles from a volcanic eruption that has caused direct loss to a building or property contained in a building.

This expense is included in the limit of liability that applies to the damaged property. If the amount to be paid for the actual damage to the property plus the debris removal expense is more than the limit of liability for the damaged property, an additional 5% of that limit of liability is available for debris removal expense.

b. We will also pay your reasonable expense, up to \$500, for the removal from the "residence premises" of:

- (1) Your trees felled by the peril of Windstorm or Hail; or
  - (2) A neighbor's trees felled by a Peril Insured Against under Coverage **C**;
- provided the trees:
- (3) Damage a covered structure; or
  - (4) Do not damage a covered structure, but:

(a) Block a driveway on the "residence premises" which prevents a "motor vehicle", that is registered for use on public roads or property, from entering or leaving the "residence premises"; or

(b) Block a ramp or other fixture designed to assist a handicapped person to enter or leave the dwelling building.

The \$500 limit is the most we will pay in any one loss, regardless of the number of fallen trees.

This coverage is additional insurance.

**10. Landlord's Furnishings**

**k. Accidental Discharge Or Overflow Of Water Or Steam**

Paragraph (2)(d) is replaced by the following in Form **HO 00 05**:

(d) Caused by constant or repeated seepage or leakage of water or the presence or condensation of humidity, moisture or vapor, over a period of weeks, months or years; or

The following Additional Coverage is added to all forms except **HO 00 04**:

**13. "Fungi", Wet Or Dry Rot, Or Bacteria**

- a. We will pay up to a total of \$5,000 for:
- (1) Direct physical loss to property covered under Section I – Coverage A – Dwelling, Coverage B – Other Structures and Coverage C – Personal Property caused by, resulting from, or consisting of "fungi", wet or dry rot, or bacteria if the direct result of a Peril Insured Against; and
  - (2) The necessary increase in costs which you incur to maintain your normal standard of living when the "residence premises" is uninhabitable due to a loss caused by, resulting from, or consisting of "fungi", wet or dry rot, or bacteria which is the direct result of a Peril Insured Against.

The coverage provided above is the only coverage under Section I – Coverage A – Dwelling, Coverage B – Other Structures, Coverage C – Personal Property and Coverage D – Loss Of Use for loss caused by, resulting from, or consisting of "fungi", wet or dry rot, or bacteria caused directly or indirectly regardless of any other cause or event contributing concurrently or in any sequence.

- b. The amount in a. above is the most we will pay for the cost:
- (1) To remove "fungi", wet or dry rot, or bacteria from covered property;
  - (2) To tear out and replace any part of the building or other covered property as needed to gain access to the "fungi", wet or dry rot, or bacteria; and
  - (3) Of any testing of air or property to confirm the absence, presence or level of "fungi", wet or dry rot, or bacteria whether performed prior to, during or after removal, repair, restoration or replacement. The cost of such testing will be provided only to the extent that there is a reason to believe that there is the presence of "fungi", wet or dry rot, or bacteria.

- c. The coverage provided above applies only when such loss or costs are the result of a Peril Insured Against that occurs during the policy period and only if all reasonable means were used to save and protect the property from further damage at or after the time of the occurrence of that Peril Insured Against.
- d. If there is covered loss to covered property, not caused, in whole or in part, by "fungi", wet or dry rot, or bacteria, loss payment will not be limited by the terms of this Additional Coverage, except to the extent that "fungi", wet or dry rot, or bacteria causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Additional Coverage.

This is additional insurance and is the most we will pay for the total of all loss or costs payable under the Additional Coverage regardless of the number of locations insured or the number of claims made. No deductible applies to this coverage.

(This is Additional Coverage 12. in Form **HO 00 06** and Additional Coverage 9. in Form **HO 00 08**.)

**SECTION I – PERILS INSURED AGAINST**

In Form **HO 00 03**:

**A. Coverage A – Dwelling And Coverage B – Other Structures**

Paragraph 2.c.(5) is replaced by the following:

- (5) Constant or repeated discharge, seepage or leakage of water or the presence or condensation of humidity, moisture or vapor, over a period of weeks, months or years; or

Paragraph 2.c.(6)(c) is replaced by the following:

- (c) Smog, rust or other corrosion;

**B. Coverage C – Personal Property**

**12. Accidental Discharge Or Overflow Of Water Or Steam**

Paragraph b.(4) is replaced by the following:

- (4) Caused by constant or repeated seepage or leakage of water or the presence or condensation of humidity, moisture or vapor, over a period of weeks, months or years.

In Form **HO 00 05**:

Paragraph **A.2.d.** is replaced by the following:

- d. Constant or repeated seepage or leakage of water or the presence or condensation of humidity, moisture or vapor, over a period of weeks, months or years; or

Paragraph **A.2.e.(3)** is replaced by the following:

- (3) Smog, rust or other corrosion;

In Forms **HO 00 02**, **HO 00 04** and **HO 00 06**:

## **12. Accidental Discharge Or Overflow Of Water Or Steam**

Paragraph **b.(5)** in Forms **HO 00 02** and **HO 00 06** and Paragraph **b.(4)** in Form **HO 00 04** are replaced by the following:

- (5) To a building caused by constant or repeated seepage or leakage of water or the presence or condensation of humidity, moisture or vapor, over a period of weeks, months or years.

## **SECTION I – EXCLUSIONS**

Paragraph **2. Earth Movement** is replaced by the following:

### **2. Earth Movement**

Earth Movement means:

- a. Earthquake, including land shock waves or tremors before, during or after a volcanic eruption;
- b. Landslide, mudslide or mudflow;
- c. Subsidence or sinkhole; or
- d. Any other earth movement including earth sinking, rising or shifting.

This Exclusion **2.** applies regardless of whether any of the above, in **2.a.** through **2.d.**, is caused by an act of nature, an act of man or is otherwise caused.

However, direct loss by fire, explosion or theft resulting from any of the above, in **2.a.** through **2.d.**, is covered.

(This is Paragraph **A.2.** in Forms **HO 00 03** and **HO 00 05.**)

In all forms except **HO 00 05**:

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

### **3. Water**

This means:

- a. Flood, including but not limited to flash flood, surface water, waves, including tidal wave and tsunami, seiche, tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind, including storm surge;
- b. Water which:
  - (1) Backs up through sewers or drains; or
  - (2) Overflows or is otherwise discharged from a sump, sump pump or related equipment;
- c. Water below the surface of the ground, including water which exerts pressure on, or seeps, leaks or flows through a building, sidewalk, driveway, patio, foundation, swimming pool or other structure; or
- d. Waterborne material carried or otherwise moved by any of the water referred to in **3.a.** through **3.c.** of this exclusion.

This Exclusion **3.** applies regardless of whether any of the above, in **3.a.** through **3.d.**, is caused by an act of nature, an act of man or is otherwise caused.

This Exclusion **3.** applies to, but is not limited to, escape, overflow or discharge, for any reason, of water or waterborne material from a dam, levee, seawall or any other boundary or containment system whether natural, man-made or is otherwise made.

However, direct loss by fire, explosion or theft resulting from any of the above, in **3.a.** through **3.d.**, is covered.

(This is Paragraph **A.3.** in Form **HO 00 03.**)

In Form **HO 00 05**:

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

### **3. Water**

This means:

- a. Flood, including but not limited to flash flood, surface water, waves, including tidal wave and tsunami, seiche, tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind, including storm surge;

- b. Water which:
  - (1) Backs up through sewers or drains; or
  - (2) Overflows or is otherwise discharged from a sump, sump pump or related equipment;
- c. Water below the surface of the ground, including water which exerts pressure on, or seeps, leaks or flows through a building, sidewalk, driveway, patio, foundation, swimming pool or other structure; or
- d. Waterborne material carried or otherwise moved by any of the water referred to in 3.a. through 3.c. of this exclusion.

This Exclusion **A.3.** applies regardless of whether any of the above, in **A.3.a.** through **A.3.d.**, is caused by an act of nature, an act of man or is otherwise caused.

This Exclusion **A.3.** applies to, but is not limited to, escape, overflow or discharge, for any reason, of water or waterborne material from a dam, levee, seawall or any other boundary or containment system whether natural, man-made or is otherwise made.

However, direct loss by fire, explosion or theft resulting from any of the above, in **A.3.a.** through **A.3.d.**, is covered.

This exclusion does not apply to property described in Coverage **C** that is away from a premises or location owned, rented, occupied or controlled by an "insured".

This exclusion applies to property described in Coverage **C** that is on a premises or location owned, rented, occupied or controlled by an "insured", even if weather conditions contribute in any way to produce the loss.

Paragraph **8. Intentional Loss** is replaced by the following:

**8. Intentional Loss**

Intentional Loss means any loss arising out of any act an "insured" commits or conspires to commit with the intent to cause a loss.

This exclusion only applies to an "insured" who commits or conspires to commit an act with the intent to cause a loss.

(This is Paragraph **A.8.** in Forms **HO 00 03** and **HO 00 05.**)

The following exclusion is added:

**10. "Fungi", Wet Or Dry Rot, Or Bacteria**

"Fungi", Wet Or Dry Rot, Or Bacteria means the presence, growth, proliferation, spread or any activity of "fungi", wet or dry rot, or bacteria other than as provided in Additional Coverage **13. "Fungi", Wet Or Dry Rot, Or Bacteria.**

(This is Exclusion **A.10.** in Forms **HO 00 03** and **HO 00 05.**)

**SECTION I – CONDITIONS**

**C. Duties After Loss**

The following is added to the end of Paragraph **8.**:

However, if a state of disaster is proclaimed or declared for the State of North Carolina or for an area within the state in accordance with North Carolina law and the covered property that has sustained loss is located within the geographic area designated in the disaster proclamation or declaration, this 60-day period shall not commence until the expiration of the disaster proclamation or declaration, including all renewals of the proclamation or 45 days, whichever is later.

**D. Loss Settlement**

In Forms **HO 00 02**, **HO 00 03** and **HO 00 05**, Subparagraph **2.a.** is replaced by the following:

**2.** Buildings covered under Coverage **A** or **B** at replacement cost without deduction for depreciation, subject to the following:

**a.** If, at the time of loss, the amount of insurance in this policy on the damaged building is 80% or more of the full replacement cost of the building immediately before the loss, we will pay the cost to repair or replace, without deduction for depreciation, but not more than the least of the following amounts:

- (1) The limit of liability under this policy that applies to the building;
- (2) The replacement cost of that part of the building damaged with material of like kind and quality and for like use; or
- (3) The necessary amount actually spent to repair or replace the damaged building on the "residence premises" or some other premises within the State of North Carolina.

Paragraph **F. Appraisal** is replaced by the following:

#### **F. Appraisal**

If you and we fail to agree on the value or amount of any item or loss, either may demand an appraisal of such item or loss. In this event, each party will choose a competent and disinterested appraiser within 20 days after receiving a written request from the other. The two appraisers will choose a competent and impartial umpire. If they cannot agree upon an umpire within 15 days, you or we may request that a choice be made by a judge of a court of record in the state where the "residence premises" is located. The appraisers will separately set the amount of loss. If the appraisers submit a written report of an agreement to us, the amount agreed upon will be the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of loss. Each party will:

1. Pay its own appraiser; and
2. Bear the other expenses of the appraisal and umpire equally.

In no event will an appraisal be used for the purpose of interpreting any policy provision, determining causation or determining whether any item or loss is covered under this policy. If there is an appraisal, we still retain the right to deny the claim.

Paragraph **H. Suit Against Us** is replaced by the following:

#### **H. Suit Against Us**

No action can be brought against us unless there has been full compliance with all of the terms under Section **I** of this policy and the action is started within three years after the date of loss.

Paragraph **J. Loss Payment** is replaced by the following:

#### **J. Loss Payment**

We will adjust all losses with you. We will pay you unless some other person is named in the policy or is legally entitled to receive payment. We will pay within 60 days after the amount is finally determined.

This amount may be determined by:

- a. Reaching an agreement with you;
- b. Entry of a final judgment; or
- c. The filing of an appraisal award with us.

### **SECTION II – EXCLUSIONS**

#### **A. "Motor Vehicle Liability"**

Paragraph **2.b.** is replaced in all forms by the following:

- b. Used to service an "insured's" residence;

#### **E. Coverage E – Personal Liability And Coverage F – Medical Payments To Others**

Paragraph **1. Expected Or Intended Injury** is replaced in all forms by the following:

##### **1. Expected Or Intended Injury**

"Bodily injury" or "property damage" which is intended by or which may reasonably be expected to result from the intentional acts or omissions or criminal acts or omissions of one or more "insured" persons. This exclusion applies even if:

- a. The "insured" persons lack the mental capacity to govern their own conduct;
- b. The "bodily injury" or "property damage" is of a different kind, quality or degree than intended or reasonably expected; or
- c. The "bodily injury" or "property damage" is sustained by a different person or entity than intended or reasonably expected.

This exclusion applies regardless of whether or not an "insured" person is actually charged with, or convicted of, a crime.

Paragraph **2. "Business"** is replaced by the following:

##### **2. "Business"**

- a. "Bodily injury" or "property damage" arising out of or in connection with a "business" engaged in by an "insured".

This Exclusion **E.2.** applies but is not limited to an act or omission, regardless of its nature or circumstance, involving a service or duty rendered, promised, owed, or implied to be provided because of the nature of the "business".

- b. This Exclusion **E.2.** does not apply to:

- (1) The rental or holding for rental of an "insured location":
  - (a) On an occasional basis if used only as a residence;
  - (b) In part, for use only as a residence, unless a single family unit is intended for use by the occupying family to lodge more than two roomers or boarders; or
  - (c) In part, as an office, school, studio or private garage; and
- (2) An insured minor involved in part-time, self-employed "business" pursuits normally undertaken by minors, unless the minor is employed by a "business". A minor means a person who has not attained his or her 19th birthday (or age 23 if a full-time student);

The following exclusion is added:

**9. "Fungi", Wet Or Dry Rot, Or Bacteria**

"Bodily injury" or "property damage" arising directly or indirectly, in whole or in part, out of the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of or presence of any "fungi", wet or dry rot, or bacteria.

**SECTIONS I AND II – CONDITIONS**

The following condition is added:

**Choice Of Law**

This policy is issued in accordance with the laws of North Carolina and covers property or risks principally located in North Carolina. Any and all claims or disputes in any way related to this policy shall be governed by the laws of North Carolina.

All other provisions of this policy apply.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **ABSOLUTE WINDSTORM OR HAIL EXCLUSION – NORTH CAROLINA**

### **SECTION I – PERILS INSURED AGAINST**

In all forms, coverage for the peril of windstorm or hail is deleted.

### **SECTION I – EXCLUSIONS**

The following exclusion is added. In Forms **HO 00 03** and **HO 00 05**, it is added to Paragraph **A**:

#### **WINDSTORM OR HAIL**

However, this exclusion does not apply to direct loss by fire or explosion resulting from windstorm or hail.

All other provisions of this policy apply.

To convert the Homeowners Manual to a Homeowners Windstorm And Hail Policy Program Manual, replace the corresponding rules in the Homeowners Policy Program Manual General Rules and Homeowners Policy Program Manual North Carolina Exception Pages with the following rules:

**ADDITIONAL RULE(S)**

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**RULE A1.  
SPECIAL STATE REQUIREMENTS**

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**A. Special Provisions Endorsement HS 32 32**

Use this endorsement with all Homeowners Windstorm and Hail policies.

**B. Windstorm Exterior Paint And Waterproofing Exclusion Endorsement HO 32 86**

Use this endorsement with all Homeowners Windstorm and Hail policies in Territories 110 and 120.

**C. Company Rates/state Rate Pages**

References in the manual to "state company rates" means "state rate pages" in North Carolina.

**D. Insert – North Carolina Endorsement HO 32 46**

Use this endorsement with all Homeowners Windstorm and Hail policies.

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

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Rule **A3.** does not apply.

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

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Rule **A4.** does not apply.

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**RULE A6.  
INFLATION GUARD ENDORSEMENT**

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Subject to the provisions noted in Paragraph **B.** and **C.**, the inflation guard endorsements referenced in this rule may be used instead of the endorsement noted in General Rule **405.**

**A. Eligible Forms**

The limits of liability for the following forms and coverages may be adjusted, automatically, to respond to inflation as recognized by the indexes named in Paragraph **B.:**

1. Forms **HS 00 02** and **HS 00 03** - Coverages **A, B, C** and **D**; and
2. Forms **HS 00 04** and **HS 00 06** - Coverages **C** and **D.**

These limits will be adjusted at the same rate as the change in the Index shown on the Declarations, billing notice or named on the form.

**B. Approved Inflation Cost Indexes**

The following Indexes have been approved by the Department of Insurance and may be used with the Inflation Guard Endorsement listed in Paragraph **C.**

A company that elects to use one of these indexes must use it exclusively and notify the Rate Bureau of its election:

1. Marshall and Swift Boeckh Residential Cost Index published by the American Appraisal Company, Inc.
2. Composite Construction Cost Index published by the U.S. Department of Commerce.
3. Consumer Price Index published by the U.S. Department of Labor.
4. Marshall and Swift Boeckh Construction Cost Index published by Marshall and Swift Boeckh.
5. RSMeans CostWorks Valuator Published by RSMeans.
6. Xactware Inflation Index published by Xactware Solutions, Inc.

**C. Endorsement**

1. Inflation guard Endorsement **HO 32 18**

Use this endorsement with Forms **HS 00 02** and **HS 00 03.**

2. Inflation guard Endorsement **HO 32 19**

Use this endorsement with Forms **HS 00 04** and **HS 00 06.**

**D. Premium**

There is no additional charge for this optional endorsement.

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**RULE A8.  
PRIMARY INSURANCE COVERAGE**

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Rule **A8.** does not apply.

**PART I  
COVERAGE AND DEFINITION TYPE RULES**

**RULE 100.  
INTRODUCTION**

Unless otherwise specified, in this rule, "policy" refers to the Homeowners Windstorm And Hail Coverage Forms. For rules not accommodated below, refer to the standard Homeowners Manual. Utilize the following table to determine, where applicable, the appropriate corresponding form:

Homeowners Windstorm Or Hail Policy	Corresponding Form In Homeowners
HS 00 02	HO 00 02
HS 00 03	HO 00 03
HS 00 04	HO 00 04
HS 00 06	HO 00 06
HS 00 08	HO 00 08

**Table 100. Corresponding Forms**

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

**A. Limits**

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

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

**Table 101.A. Property Damage Limits**

**B. All Forms**

The limit of liability for Coverage C or D of Section I may be increased.

**C. Form HS 00 02 Or HS 00 03**

Under Coverage B of Section I, an additional amount of insurance may be written on a specific structure.

Under Coverage C of Section I, it is permissible to reduce the limit of liability to an amount not less than 40% of the limit of a one- and two-family dwelling; 20% of the limit of a three-family dwelling; and 15% of the limit of a four-family dwelling.

**D. Form HS 00 06**

The limit of liability for Coverage A of Section I may be increased.

**E. Form HS 00 08**

The following are the only Section I options available with this form:

1. Higher Optional Deductibles,
2. Actual Cash Value Loss Settlement of Windstorm or Hail Loss to Roof Surfacing, and
3. Reduced Coverage C Limits.

**RULE 102.  
DESCRIPTION OF COVERAGES**

The following is a general description of the coverages provided by the Homeowners Windstorm And Hail Coverage forms:

- A. The Homeowners Windstorm And Hail Policy Program:**
  1. Provides coverage for the peril of Windstorm Or Hail.
  2. Does not provide liability coverage.
- B. The policy should be consulted for exact contract provisions which will have control over this manual supplement. Refer to:**
  1. Homeowners 2 – Windstorm And Hail Form HS 00 02.
  2. Homeowners 3 – Windstorm And Hail Form HS 00 03.
  3. Homeowners 4 – Windstorm And Hail Form HS 00 04.
  4. Homeowners 6 – Windstorm And Hail Form HS 00 06.
  5. Homeowners 8 – Windstorm And Hail Form HS 00 08.

**RULE 103.  
MANDATORY COVERAGES**

It is mandatory that insurance be written for all coverages provided under Section I of the Homeowners Policy.

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**RULE 104.  
ELIGIBILITY**

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**A. Forms HS 00 02, HS 00 03 And HS 00 08**

A Homeowners Windstorm And Hail Policy may be issued in Territory 110, 120, 130, 140, 150 or 160, to the following:

1. To the owner-occupant(s) of a one-, two-, three- or four-family dwelling which is used exclusively for private residential purposes (except as provided in Paragraphs **F.** and **H.**). A one-family dwelling may not be occupied by more than one additional family or two roomers or boarders. In a two-, three- or four-family dwelling, an individual family unit may not be occupied by more than two families or one family with two roomers or boarders; or
2. To the purchaser-occupant(s) who has entered into a long-term installment contract for the purchase of the dwelling and who occupies the dwelling but to whom title does not pass from the seller until all the terms of the installment contract have been satisfied. The seller retains title until completion of the payments and in no way acts as a mortgagee. The seller's interest in the building may be covered using Additional Insured Endorsement **HS 04 41**; or
3. To the occupant of a dwelling under a life estate arrangement when the Coverage **A** amount is at least 80% of the dwelling's replacement cost. The owner's interest in the building may be covered using Endorsement **HS 04 41**; or
4. When two or more apartment units in a two-, three- or four-family dwelling are occupied by co-owners, each occupying distinct living quarters with separate entrances. Given these circumstances, a Homeowners Windstorm And Hail Policy providing building coverage may be issued to only one of the co-owner occupants of the dwelling. The policy may be endorsed to cover the interest of the other co-owner(s) in the building and for premises liability. Use Endorsement **HS 04 41**. A separate Homeowners Windstorm And Hail Form **HS 00 04** may be issued to the co-owner(s) occupying the other apartment(s) in the dwelling.

It is permissible to extend the Homeowners Windstorm And Hail Form, without additional premium charge, to cover the interest of a non-occupant joint owner in the building. Use Endorsement **HS 04 41**.

**B. Forms HS 00 04**

A Homeowners Windstorm And Hail Policy may be issued in Territory 110, 120, 130, 140, 150 or 160, to:

1. The tenant(s) (non-owner) of a dwelling or an apartment situated in any building; or

2. The owner-occupant(s) of a dwelling, cooperative unit or of a building containing an apartment not otherwise eligible for a Homeowners Windstorm And Hail Policy under Paragraph **A.**;

provided the residence premises occupied by the insured is used exclusively for residential purposes (except as provided in Paragraph **F.**). The dwelling or apartment unit may not be occupied by more than one additional family or two boarders or roomers.

**C. Form HS 00 06**

A Homeowners Windstorm And Hail Policy may be issued in Territory 110, 120, 130, 140, 150 or 160, to the owner(s) of a condominium or cooperative unit which is used exclusively for residential purposes. The unit may not be occupied by more than one additional family or two boarders or roomers.

**D. Seasonal Dwelling**

Subject to all other sections of this rule, a Homeowners Windstorm And Hail Policy may be issued to cover a seasonal dwelling.

**E. Mobile Home, Trailer Home Or House Trailer**

A Homeowners Windstorm And Hail Policy:

1. Shall not be issued to cover such structures under Coverage **A** – Dwelling, but
2. May be issued to cover personal property in such structures as noted in Paragraph **B.**

**F. Permitted Business Occupancies**

Certain business occupancies are permitted, provided:

1. The premises is occupied principally for private residential purposes, and
2. There is no other business occupancy on the premises.

When the business is conducted on the residence premises, refer to Rule **510.** for Section **I** Coverage. When it is conducted from an Other Residence, no coverage is available.

**G. Farm Property**

A Homeowners Windstorm And Hail Policy shall not be issued to cover any property to which farm forms or rates apply under the rules of the company. In no event shall a policy be issued to provide Section **I** property damage coverage to any property situated on premises used for farming purposes.

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**RULE 104.  
ELIGIBILITY (Cont'd)**

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**H. Residence Held In Trust (All Forms Except HS 00 04)**

A Homeowners Windstorm And Hail Policy may be issued to an occupant of a one-, two-, three- or four-family dwelling or a condominium unit when legal title to the dwelling or unit is held in trust and:

1. One of the occupants of the dwelling or condominium unit is the grantor/settlor of the trust;
2. The residence held in trust is used exclusively for residential purposes, except as provided in Paragraph **F.**; and
3. No trustee of the trust is:
  - a. A partnership or joint venture;
  - b. A corporation;
  - c. A limited liability company;
  - d. An organization other than a partnership or joint venture, a corporation or a limited liability company; or
  - e. A licensed professional who provides ongoing professional services with respect to the profession for which that individual is licensed, in connection with the administration of the trust. However, this Paragraph **e.** does not apply to an individual who is a relative of the grantor/settlor of the trust.

Refer to Rule **526.** in this supplement manual for the rule of application.

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**RULE 105.  
SECONDARY RESIDENCE PREMISES**

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Homeowners Windstorm And Hail Coverage on a secondary residence premises shall be provided under a separate policy. The rules of this manual apply.

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**RULE 106.  
PROTECTION CLASSIFICATION INFORMATION**

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Rule **106.** does not apply.

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**PART II  
SERVICING TYPE RULES**

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**RULE 204.  
MULTIPLE COMPANY INSURANCE**

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Rule **204.** does not apply.

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**RULE 211.  
ADDITIONAL INTERESTS**

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- A. In addition to the mortgagee(s) shown in the Declarations or elsewhere in the policy, other persons or organizations may have an insurable interest in the residence premises. When coverage is **not** provided to such persons or organizations under Additional Insured Endorsement **HS 04 41** or its equivalent, their interest in the residence premises may be acknowledged by naming them in the endorsement referenced in Paragraph **D.**
- B. Such persons or organizations are entitled to receive notification if the policy is canceled or nonrenewed by the insurer.
- C. No additional charge is made for use of this endorsement.
- D. Use Additional Interest Residence Premises Endorsement **HO 04 10.**

**WINDSTORM AND HAIL POLICY PROGRAM  
HOMEOWNERS MANUAL SUPPLEMENT**

**NORTH CAROLINA**

**PART III  
BASE PREMIUM COMPUTATION RULES**

**RULE 301.  
BASE PREMIUM COMPUTATION**

**A. All Forms Except HS 00 04 And HS 00 06**

**1. One- And Two-family Dwelling**

- a. From the following Base Class Premium Table, select the Form **HS 00 03** premium for the territory that applies.
- b. From the following Key Factor Table, select the Key Factor for the desired limit of liability.
- c. Multiply the Base Class Premium from Paragraph a. by the Key Factor and round to the nearest whole dollar to arrive at the Base Premium.

	Territory					
	110	120	130	140	150	160
All Forms Except <b>HS 00 04</b> and <b>HS 00 06</b>	\$ 1280	\$ 1542	\$ 898	\$ 1010	\$ 624	\$ 766
<b>HS 00 04</b>	85	98	51	59	37	45
<b>HS 00 06</b>	64	85	50	51	33	38

**Table 301.A.1.c.#1 Base Class Premium**

**Key Factor Table**

Cov. A Amt. (In 000)	Factor	Cov. 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	1.109
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		
<b>Each Add'l \$1,000</b>			.0070
<b>Minimum Limits Of Liability</b>			
<b>**Section I – Property</b>	<b>HS 00 02 And HS 00 03</b>		<b>HS 00 08</b>
Primary Location	\$ 25,000		\$ 15,000
Secondary Location	15,000		10,000

**Table 301.A.1.c.#2 Key Factors**

**2. Three- And Four-family Dwelling**

Multiply the One- and Two-family Dwelling Base Premium by the three- and four-family factor of 1.04 to arrive at the Base Premium.

**WINDSTORM AND HAIL POLICY PROGRAM  
HOMEOWNERS MANUAL SUPPLEMENT**

**NORTH CAROLINA**

**RULE 301.  
BASE PREMIUM COMPUTATION (Cont'd)**

**B. Form HS 00 04 Or HS 00 06**

1. From the Base Class Premium Table contained in Paragraph **301.A.1.c.#1**, select the Form **HS 00 04** or **HS 00 06** premium for the territory that applies.
2. From the following Form **HS 00 04** or **HS 00 06** Key Factors Table **301.B.3**, select the Key Factor for the desired limit of liability.
3. Multiply the Base Class Premium from Paragraph **1.** by the Key Factor and round to the nearest whole dollar to arrive at the Base Premium.

**Key Factor Table**

<b>Cov. C Amt. (In 000)</b>	<b>Factor</b>	<b>Cov. C Amt. (In 000)</b>	<b>Factor</b>
**\$ 1	.37	\$ 21	1.98
** 2	.44	22	2.06
** 3	.51	23	2.14
** 4	.58	24	2.22
** 5	.65	25	2.30
** 6	.72	26	2.38
** 7	.79	27	2.46
** 8	.86	28	2.54
** 9	.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
<b>Each Add'l \$1,000</b>			.08
<b>Minimum Limits Of Liability</b>			
<b>**Section I – Property</b>			
<b>HS 00 04</b>	– \$ 6,000		
<b>HS 00 06</b>	– \$ 10,000		

**Table 301.B.3. Key Factors**

**RULE 302.  
LOSS SETTLEMENT OPTIONS**

**A. Actual Cash Value Loss Settlement – HS 00 02, HS 00 03 Only**

**1. Introduction**

The policy provides building loss settlement on a replacement cost basis if, at the time of loss, the amount of insurance on the damaged building represents at least 80% of the full replacement cost of the building immediately before the loss.

**2. Coverage Description**

The policy may be endorsed to provide building loss settlement exclusively on an actual cash value basis if, on the inception date for the policy, the Coverage **A** limit of liability selected by the insured is less than 80% of the full replacement cost of the dwelling.

**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:

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

**Table 302.A.3.a. Factors**

- b. Develop a Base Premium in accordance with Rule **301.** for the amount of insurance computed in Paragraph **A.3.a.**
- c. Multiply the premium determined in Paragraph **A.3.b.** by the appropriate factor from the following table:

<b>% Of Replacement Value</b>	<b>Factor</b>
20%	.73
30%	.74
40%	.75
50%	.76
60%	.77
70%	.78
80%	.80

**Table 302.A.3.c. Factors**

**4. Endorsement**

Use Actual Cash Value Loss Settlement Endorsement **HO 04 81.**

**B. Special Loss Settlement – HS 00 02, HS 00 03 Only**

**1. Introduction**

The policy provides building loss settlement on a replacement cost basis if, at the time of loss, the amount of insurance on the damaged building represents at least 80% of the full replacement cost of the building immediately before the loss.

**2. Coverage Description**

This percentage amount may be modified to 50%, 60% or 70% of replacement value without affecting the loss settlement provisions. If this option is selected, the Coverage **A** limit of liability representing 50%, 60% or 70% of replacement value is to be shown in the policy declarations.

**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:

<b>% Of Replacement Value</b>	<b>Factor</b>
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 **a.**
- c. Multiply the premium determined in Paragraph **b.** by the appropriate factor from the following table:

<b>% Of Replacement Value</b>	<b>Factor</b>
50%	.96
60%	.97
70%	.98

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

**4. Endorsement**

Use Special Loss Settlement – North Carolina Endorsement **HS 32 56.**

**RULE 303.  
ORDINANCE OR LAW COVERAGE – ALL FORMS  
EXCEPT HS 00 08**

The title of Rule **303**. Ordinance Or Law coverage – All Forms Except **HO 00 08** is replaced by the preceding title.

**A. Basic Limit**

The policy automatically provides up to 10% of the Coverage **A** limit of liability (or for Form **HS 00 04**, the Building Additions and Alterations limit) to pay for the increased costs necessary to comply with the enforcement of an ordinance or law.

**B. Increased Amount Of Coverage**

**1. Description**

The policy may be endorsed to increase the basic Ordinance or Law Coverage amount, as noted in Paragraph **2**. to accommodate the increased costs known or estimated by the insured for materials and labor to repair or replace the damaged property and to demolish the undamaged portion of damaged property and clear the site of resulting debris according to the ordinance or law.

**2. Premium Determination**

**a. Forms HS 00 02, HS 00 03**

To develop the Base Premium 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 add'l 25% increment, add		.16	.07

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

**b. Forms HS 00 04 And HS 00 06**

See Rule **513**. for rating instructions.

**3. Endorsement**

Use Ordinance Or Law – Increased Amount Of Coverage Endorsement **HS 04 77**.

**RULE 304.  
SPECIAL PERSONAL PROPERTY COVERAGE HO 00 04  
AND HO 00 06**

Rule **304**. does not apply.

**PART IV  
ADJUSTED BASE PREMIUM COMPUTATION RULES**

**RULE 403.  
PERSONAL PROPERTY (COVERAGE C)  
REPLACEMENT COST LOSS SETTLEMENT**

**A. Introduction**

The policy provides loss settlement on an Actual Cash Value basis for certain types of property.

**B. Loss Settlement Option**

The policy may be endorsed to provide loss settlement on a Replacement Cost basis for such property whether insured on a blanket or scheduled basis. If endorsed, the Coverage **C** limit must be at least:

1. 40% of Coverage **A** for all forms except **HS 00 04** and **HS 00 06**.
2. \$12,000 (if policy limit is less than \$12,000 for Forms **HS 00 04** or **HS 00 06**).

**C. Endorsement**

Use Personal Property Replacement Cost Endorsement **HO 04 90**.

**D. Scheduled Personal Property**

Multiply the Base Premium including any premium adjustment for coverage C limits by a factor of:

1. 1.05 for all forms except **HS 00 04** and **HS 00 06**.
2. 1.40 for Form **HS 00 04** or **HS 00 06**.
3. The charge for Replacement Cost Coverage should be applied before the credit or charge for optional deductibles.
4. Minimum additional charge - \$20.

**RULE 404.  
PROTECTIVE DEVICES**

Rule **404**. does not apply.

**RULE 406.  
DEDUCTIBLES**

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**

\$250 Deductible.

**B. Optional Higher Deductibles – All Forms Except HS 00 04 And HS 00 06**

The following deductible options may be used:

**1. Percentage Deductibles**

**a. Deductible Amounts**

The option provides for higher percentage deductibles of 1%, 2%, and 5% of the Coverage A limit of liability.

**b. Endorsement**

Use Windstorm Or Hail Percentage Deductible Endorsement **HO 32 12**.

**c. Declarations Instructions**

Enter, on the policy Declarations, the percentage amount that applies to Windstorm or Hail. For example:

- (i) Deductible – Windstorm or Hail 1% of Coverage A limit.
- (ii) Deductible – Windstorm or Hail 2% of Coverage A limit.

**d. 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.

Percentage Windstorm Or Hail Deductible				
Deductible Percent Amount	Coverage A Limit (Expressed In \$)			
	Up To 59,999	60,000 To 99,999	100,000 To 200,000	200,001 & Over
1%	.96	.96	.96	.96
2%	.93	.93	.94	.95
5%	.89	.89	.91	.93

**Table 406.B.1.d. Percentage Deductible**

**2. Higher Fixed-dollar Deductibles**

**a. Deductible Amounts**

This option provides for fixed-dollar deductible amounts of \$500, \$1,000, \$2,000 and \$5,000.

**b. Endorsement**

An endorsement is not required.

**c. Declarations Instruction**

Separately enter, on the policy Declarations, the deductible amount that applies. For example: \$1,000 for Windstorm or Hail.

**d. 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.

Fixed-dollar Windstorm Or Hail Deductible				
Deductible Amount	Coverage A Limit (Expressed In \$)			
	Up To 59,999	60,000 To 99,999	100,000 To 200,000	200,001 & Over
\$ 500	.97	.97	.98	.99
1,000	.95	.95	.97	.98
2,000	.91	.92	.95	.96
5,000	.88	.89	.92	.94

**Table 406.B.2.d. Fixed-dollar Deductible**

**RULE 406.  
DEDUCTIBLES (Cont'd)**

**C. Named Storm Percentage Deductible**

**1. Deductible Amounts**

The Named Storm Percentage Deductible option may be used, when an Optional Higher Deductible is not selected.

A percentage amount of 1%, 2% or 5% of the Coverage **A** or **C** limit of liability, whichever is greater, is available.

**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.

Named Storm Deductible Percentage	HS 00 02, HS 00 03 And HS 00 08	HS 00 04	HS 00 06
1%	.97	.96	.95
2%	.96	.95	.94
5%	.94	.94	.93

**Table 406.C.4. Named Storm Percentage Deductible**

**RULE 407.  
ADDITIONAL AMOUNTS OF INSURANCE – FORMS  
HS 00 02 And HS 00 03**

The title of Rule **407**. Additional Amounts Of Insurance – Forms **HO 00 02** And **HO 00 03**, is replaced by the preceding title.

**A. Introduction**

The policy provides loss settlement for buildings insured under Coverage **A** or **B** on a replacement cost basis without deduction for depreciation, if, at the time of loss, the amount of insurance on the damaged building is 80% or more of the replacement cost of the building immediately before the loss.

**B. Coverage Description**

The policy may be endorsed to provide additional insurance for Coverage **A** only or for Coverages **A**, **B**, **C**, and **D** when loss, to property insured under Coverage **A** – Dwelling, exceeds the limit of liability shown in the policy Declarations.

**C. Specified Additional Amount Of Insurance For Coverage A Only**

When the following option is selected, the Coverage **A** limit of liability shall be at least 100% of the full replacement cost of the property insured under Coverage **A** at policy inception or at the time the endorsement is added to the policy:

1. An additional amount of insurance equal to 25% or 50% of the Coverage **A** limit of liability may be selected. This additional amount is available when loss to property insured under Coverage **A** – Dwelling exceeds the Coverage **A** limit of liability shown in the Declarations.
2. The premium for this option is computed by multiplying the Base Premium by the appropriate factor selected from the following table:

Additional Amount Of Insurance Options	Factor
25%	1.02
50%	1.03

**Table 407.C.2. Additional Amounts Of Insurance Factors**

3. Use Specified Additional Amount Of Insurance For Coverage **A** Endorsement **HO 32 20**.

**RULE 408.  
ACTUAL CASH VALUE LOSS SETTLEMENT  
WINDSTORM OR HAIL LOSSES TO ROOF SURFACING –  
ALL FORMS EXCEPT HS 00 04**

The title of Rule **408**. Actual Cash Value Loss Settlement Windstorm Or Hail Losses To Roof Surfacing – All Forms Except **HO 00 04**, is replaced by the preceding title.

Paragraph **D. Endorsement** is replaced by the following:

**D. Endorsement**

Use Actual Cash Value Loss Settlement Windstorm Or Hail Losses To Roof Surfacing (All Forms Except **HS 00 04**) Endorsement **HS 04 93**.

PART V  
SECTION I – PROPERTY – ADDITIONAL COVERAGES  
AND INCREASED LIMITS RULES

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**RULE 501.  
BUILDING ADDITIONS AND ALTERATIONS AT OTHER  
RESIDENCES**

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**A. Coverage Description**

The policy may be endorsed to provide this coverage at residences, other than the residence premises, rented to an insured.

**B. Premium Computation**

To develop the premium per \$1,000 of insurance, multiply the **HS 00 04** Key Factor for "Each Add'l \$1,000" by the **HS 00 04** Key Premium.

**C. Endorsement**

Use Building Additions And Alterations Other Residence Endorsement **HO 04 49**.

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**RULE 503.  
BUSINESS PROPERTY – INCREASED LIMIT**

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**A. On premises**

1. The \$2,500 limit of liability for business property on the residence premises may be increased to \$10,000 in increments of \$2,500.
2. Rate per \$2,500 increase - \$50.
3. The limit of liability in excess of \$2,500 does not apply to:
  - a. Business property in storage or held as a sample or for sale or delivery after sale;
  - b. Business property pertaining to a business actually conducted on the residence premises.
4. The property described in Paragraphs **3.a.** and **3.b.** are covered under the following optional endorsement: Permitted Incidental Occupancies.

**B. Off premises**

When the on-premises limit is increased, the off-premises limit of \$1,500 is automatically increased, at no additional charge, to an amount that is 60% of the total on-premises limit of liability.

**C. Endorsement**

Use Increased Limits On Business Property Endorsement **HO 04 12**.

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**RULE 504.  
CREDIT CARD, ELECTRONIC FUND TRANSFER CARD  
OR ACCESS DEVICE, FORGERY AND COUNTERFEIT  
MONEY**

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Rule **504**. does not apply.

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**RULE 505.  
EARTHQUAKE COVERAGE**

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Rule **505**. does not apply.

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**RULE 506.  
FIRE DEPARTMENT SERVICE CHARGE**

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Rule **506**. does not apply.

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**RULE 507.  
FORM HS 00 06 COVERAGE A DWELLING BASIC AND  
INCREASED LIMITS**

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The title of Rule **507**. Form **HO 00 06** Coverage **A** Dwelling Basic And Increased Limits And Special Coverage – **HO 00 06** is by the preceding title.

**A. Basic Limits**

The policy automatically provides a basic Coverage **A** limit of \$1,000 on a named perils basis. If increased limits are not desired, enter "\$1,000" under Coverage **A** – Dwelling in the Policy Declarations.

**B. Increased Limits**

The basic limit may be increased. The premium is developed based on the additional limit of insurance. To develop the premium for each additional \$1,000 of insurance, multiply the **HS 00 06** Key Factor for "Each Add'l \$1,000" by the **HS 00 06** Base Class Premium.

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**RULE 508.  
FORM HO 00 06 UNITS REGULARLY RENTED TO  
OTHERS**

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Rule **508**. does not apply.

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**RULE 509.  
HOME DAY CARE COVERAGE**

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Rule **509**. does not apply.

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**RULE 510.  
PERMITTED INCIDENTAL OCCUPANCIES RESIDENCE  
PREMISES**

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**A. Coverage Description**

Coverage for a permitted incidental occupancy is limited under Section I Property Coverages. The policy may be endorsed to provide expanded Section I Coverage on a permitted incidental occupancy in the dwelling or in an other structure on the residence premises. Use Permitted Incidental Occupancies (Residence Premises) Endorsement **HS 04 42** for Section I Coverage.

**B. Permitted Incidental Occupancies**

Examples of such occupancies are Offices, Schools or Studios meaning offices for business or professional purposes, and private schools or studios for music, dance, photography and other instructional purposes.

**C. Other Structures**

If the permitted incidental occupancy is located in an other structure, Coverage **B** does not apply to that structure. See Paragraph **E.** for charge for specific insurance on the structure.

**D. Personal Property**

The permitted incidental occupancies endorsement also covers personal property pertaining to the permitted incidental occupancy within the Coverage **C** limits stated in the declarations. If increased Coverage **C** limits are desired, see Rule **515.A**.

**E. Premium Computation**

1. If the permitted incidental occupancy is located in the dwelling, no additional charge is made.
2. If the permitted incidental occupancy is located in an other structure, charge the following amount per \$1,000 of specific insurance on the structure – \$5.

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**RULE 511.  
SUPPLEMENTAL LOSS ASSESSMENT COVERAGE**

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Rule **511.** does not apply.

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**RULE 513.  
ORDINANCE OR LAW INCREASED AMOUNT OF  
COVERAGE – HS 00 04 AND HS 00 06**

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The title of Rule **513.** Ordinance Or Law Increased Amount Of Coverage – **HO 00 04** And **HO 00 06**, is replaced by the preceding title.

**A. Coverage Increase**

1. The basic amount of coverage may be initially increased to 100% of the Form **HS 00 04** Building Additions and Alterations limit or 50% of the Form **HS 00 06** Coverage **A** limit.
2. The amount may be further increased in 25% increments above those listed in Paragraph **1.**

**B. Premium Determination**

1. The premium for this additional coverage is determined based on the dollar amount of increase, represented by the increased percentage amount selected above the basic limit.
2. The premium for each additional \$1,000 of insurance is developed by multiplying the **HS 00 04** or **HS 00 06**. Whichever is appropriate, Key Factor for "Each Add'l \$1,000" by the appropriate Base Class Premium.

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**RULE 514.  
OTHER STRUCTURES**

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**A. On-Premises Structures**

When insurance is written on a specific structure on the residence premises the rates per \$1,000 of insurance shall apply separately to each structure.

**1. Specific Structure – Increased Limits**

**a. Premium**

Rate per \$1,000 for policies with Windstorm Or Hail Coverage – \$4

**b. Endorsement**

Use Other Structures On The Residence Premises – Increased Limits Endorsement **HO 04 48.**

**2. Structure On The Residence Premises Rented To Others**

**a. Premium**

Rate per \$1,000 for policies with Windstorm or Hail coverage – \$5.

**b. Endorsement**

Use Structures Rented to Others – Residence Premises Endorsement **HS 04 40.**

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**RULE 514.**  
**OTHER STRUCTURES (Cont'd)**

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**B. Structures Off The Residence Premises**

**1. Forms HS 00 02 And HS 00 03**

**a. Coverage Description**

- (1) The policy automatically provides Coverage **B** – Other Structures on a blanket basis to structures located on the residence premises.
- (2) This blanket coverage may be endorsed to expand coverage to include structures located away from the residence premises if used in connection with the residence premises.

**b. Premium**

Off-premises structures charge per policy - \$15.

**c. Endorsement**

Use Other Structures Away From The Residence Premises **HO 04 91**.

**2. All Forms**

**a. Premium**

- (1) When insurance is written on a specific structure located away from the residence premises, the rate per \$1,000 of insurance shall apply separately to each location.
- (2) Specific structures – Off-premises Rate per \$1,000 - \$5.

**b. Endorsement**

Use Specific Structures Away From Residence Premises Endorsement **HO 04 92**.

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**RULE 515.**  
**PERSONAL PROPERTY**

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**A. Increased Limit**

1. The limit of liability for Coverage **C** may be increased.
2. Charge the additional company rate per \$1,000 of insurance.
3. Rate per \$1,000:  
**HS 00 02** or **HS 00 03** - \$2.

**B. Increased Limits – Other Residences**

1. Coverage for personal property usually located at other residences is limited in the policy form to 10% of Coverage **C** or \$1,000, whichever is greater. This limit may be increased.
2. Charge the additional company rate per \$1,000.
3. Rate per \$1,000 - \$7.
4. Use Increased Limits On Personal Property In Other Residences Endorsement **HO 04 50**.

**C. Increased Limit – Self-storage Facilities**

1. Coverage for personal property located in self-storage facilities is limited in the policy form to 10% of Coverage **C**, or \$1,000, whichever is greater. This limit may be increased.
2. Charge the additional company rate per \$1,000.
3. Rate per \$1,000 - \$5
4. Use Increased Amount of Insurance For Personal Property Located In A Self-storage Facility Endorsement **HO 06 14**.

**D. Reduction In Limit**

1. The limit of liability for Coverage **C** may be reduced in accordance with Rule **101.C**.
2. Credit per \$1,000 - \$1.

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**RULE 516.**  
**PERSONAL PROPERTY – SCHEDULED**

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Rule **516**. does not apply.

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**RULE 517.**  
**RENTAL TO OTHERS - EXTENDED THEFT COVERAGE**  
**ALL FORMS EXCEPT HO 00 05, HO 00 04 WITH**  
**HO 05 24 OR HO 00 06 WITH HO 17 31**

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Rule **517**. does not apply.

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**RULE 518.**  
**SINKHOLE COLLAPSE COVERAGE – ALL FORMS**  
**EXCEPT HO 00 04 AND HO 00 06**

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Rule **518**. does not apply.

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**RULE 519.**  
**SPECIAL COMPUTER COVERAGE ALL FORMS**  
**EXCEPT HO 00 05, HO 00 04 WITH HO 05 24 OR**  
**HO 00 06 WITH HO 17 31**

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Rule **519**. does not apply.

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**RULE 520.**  
**LIVESTOCK COLLISION COVERAGE**

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Rule **520**. does not apply.

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**RULE 521.**  
**LIMITED WATER BACK-UP AND SUMP DISCHARGE OR**  
**OVERFLOW COVERAGE**

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Rule **521**. does not apply.

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**RULE 522.  
LANDLORDS FURNISHINGS**

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**A. Basic Limit**

Forms **HS 00 02** and **HS 00 03** automatically cover, on a named perils basis, landlord furnishings in an apartment on the residence premises regularly rented or held for rental. The basic limit per apartment unit is \$2,500.

**B. Increased Limits**

The basic limit of \$2,500 may be increased in increments of \$500 up to a total of \$10,000 per apartment. The increased limit applies to the same perils that apply to the basic limit and may vary by rented unit.

**C. Premium**

Rate per \$500 per unit:

Forms **HS 00 02** and **HS 00 03** – \$1.

**D. Endorsement**

Use Landlord's Furnishings Endorsement **HS 05 46**.

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**RULE 523.  
ASSISTED LIVING CARE COVERAGE**

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Rule **523**. does not apply

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**RULE 524.  
OTHER MEMBERS OF A NAMED INSURED'S  
HOUSEHOLD**

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**A. Introduction**

The policy provides coverage to named insureds, resident relatives who are members of the insured's household and persons under the age of 21 who are in the care of an insured.

**B. Coverage Description**

1. The policy may be endorsed to provide coverage to a person who is a member of the named insured's household but does not fall under the definition of insured in the policy. It does not cover a guest, residence employee, roomer, boarder or tenant. Coverage extends to the person named in the endorsement, and a person under the age of 21 who is in the legal custody of that person.
2. All coverages and provisions under Sections I of the policy that apply to insureds also apply to the persons described in Paragraph 1. except Coverages **A**, **B** and **D** (Fair Rental Value only).

**C. Premium**

Section I additional charge:

Rate per person named in the Schedule – \$60

**D. Endorsement**

Use Other Members Of Your Household Endorsement **HS 04 58**.

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**RULE 525.  
MOTORIZED GOLF CART – PHYSICAL LOSS  
COVERAGE**

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Rule **525**. does not apply

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**RULE 526.  
RESIDENCE HELD IN TRUST – ALL FORMS EXCEPT  
HS 00 04**

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The title of Rule **526**. Residence Held In Trust – All Forms Except **HO 00 04**, is replaced by the preceding title.

**A. Coverage**

A Homeowners Windstorm And Hail Policy may be endorsed to insure a trustee, and if applicable, a trust under Section I – Property Coverages, for any insurable interest in the dwelling or other structure held in trust.

**B. Endorsement**

Use Trust Endorsement **HS 32 12**.

**C. Premium**

For basic limits rates:

Trust charge per policy - \$26.

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**RULE 527.  
STUDENT AWAY FROM HOME**

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**A. Introduction**

The policy provides coverage for a full-time student, who was a resident of the named insured's household before moving out to attend school and is under the age of:

1. 24 and a relative of the named insured; or
2. 21 and in the care of the named insured or a resident relative.

**B. Coverage Description**

The policy may be endorsed to provide coverage for other types of students who were residents of the named insured's household before moving out to attend school. For example, part-time students or students 24 or older.

**C. Premium Determination**

Section I

Rate per location – \$68.

**D. Endorsement**

Use Additional Insured – Student Living Away From The Residence Premises Endorsement **HS 05 27**.

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**RULE 528.  
ASSISTED LIVING CARE COVERAGE**

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Rule **528.** does not apply

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**RULE 531.  
ASSISTED LIVING CARE COVERAGE**

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Rule **531.** does not apply

**PART VI  
SECTION II – LIABILITY – ADDITIONAL COVERAGES  
AND INCREASED LIMITS RULES**

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**RULE 601. - 700**

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Part **VI** – Section **II** – Liability – Additional Coverages And Increased Limits, of the Homeowners Policy Program Manual does not apply to the North Carolina Windstorm And Hail Policy Program.

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**RULE 701. – 702.**

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Part **VII** – Section **II** – Liability – Other Exposures Increased Limits, of the Homeowners Policy Program Manual does not apply to the North Carolina Windstorm And Hail Policy Program.

## HOMEOWNERS 2–WINDSTORM AND HAIL FORM

### AGREEMENT

We will provide the insurance described in this policy in return for the premium and compliance with all applicable provisions of this policy.

### DEFINITIONS

A. In this policy, "you" and "your" refer to the "named insured" shown in the Declarations and the spouse if a resident of the same household. "We", "us" and "our" refer to the Company providing this insurance.

B. In addition, certain words and phrases are defined as follows:

1. "Business" means:

- a. A trade, profession or occupation engaged in on a full-time, part-time or occasional basis; or
- b. Any other activity engaged in for money or other compensation, except the following:

- (1) One or more activities, not described in (2) through (4) below, for which no "insured" receives more than \$2,000 in total compensation for the 12 months before the beginning of the policy period;
- (2) Volunteer activities for which no money is received other than payment for expenses incurred to perform the activity;
- (3) Providing home day care services for which no compensation is received, other than the mutual exchange of such services; or
- (4) The rendering of home day care services to a relative of an "insured".

2. "Employee" means an employee of an "insured", or an employee leased to an "insured" by a labor leasing firm under an agreement between an "insured" and the labor leasing firm, whose duties are other than those performed by a "residence employee".

3. "Insured" means:

- a. You and residents of your household who are:
  - (1) Your relatives; or
  - (2) Other persons under the age of 21 and in your care or the care of a resident of your household who is your relative;

b. A student enrolled in school full time, as defined by the school, who was a resident of your household before moving out to attend school, provided the student is under the age of:

- (1) 24 and your relative; or
- (2) 21 and in your care or the care of a resident of your household who is your relative.

Under Section I, when the word an immediately precedes the word "insured", the words an "insured" together mean one or more "insureds".

4. "Insured location" means:

- a. The "residence premises";
- b. The part of other premises, other structures and grounds used by you as a residence; and
  - (1) Which is shown in the Declarations; or
  - (2) Which is acquired by you during the policy period for your use as a residence;
- c. Any premises used by you in connection with a premises described in a. and b. above;
- d. Any part of a premises:
  - (1) Not owned by an "insured"; and
  - (2) Where an "insured" is temporarily residing;
- e. Vacant land, other than farm land, owned by or rented to an "insured";
- f. Land owned by or rented to an "insured" on which a one-, two-, three- or four-family dwelling is being built as a residence for an "insured";
- g. Individual or family cemetery plots or burial vaults of an "insured"; or
- h. Any part of a premises occasionally rented to an "insured" for other than "business" use.

5. "Motor vehicle" means:

- a. A self-propelled land or amphibious vehicle; or
- b. Any trailer or semitrailer which is being carried on, towed by or hitched for towing by a vehicle described in a. above.

6. "Residence employee" means:
- a. An employee of an "insured", or an employee leased to an "insured" by a labor leasing firm, under an agreement between an "insured" and the labor leasing firm, whose duties are related to the maintenance or use of the "residence premises", including household or domestic services; or
  - b. One who performs similar duties elsewhere not related to the "business" of an "insured".

A "residence employee" does not include a temporary employee who is furnished to an "insured" to substitute for a permanent "residence employee" on leave or to meet seasonal or short-term workload conditions.

7. "Residence premises" means:
- a. The one-family dwelling where you reside;
  - b. The two-, three- or four-family dwelling where you reside in at least one of the family units; or
  - c. That part of any other building where you reside;

and which is shown as the "residence premises" in the Declarations.

"Residence premises" also includes other structures and grounds at that location.

## SECTION I – PROPERTY COVERAGES

### A. Coverage A – Dwelling

1. We cover:
  - a. The dwelling on the "residence premises" shown in the Declarations, including structures attached to the dwelling; and
  - b. Materials and supplies located on or next to the "residence premises" used to construct, alter or repair the dwelling or other structures on the "residence premises".
2. We do not cover land, including land on which the dwelling is located.

### B. Coverage B – Other Structures

1. We cover other structures on the "residence premises" set apart from the dwelling by clear space. This includes structures connected to the dwelling by only a fence, utility line, or similar connection.
2. We do not cover:
  - a. Land, including land on which the other structures are located;
  - b. Other structures rented or held for rental to any person not a tenant of the dwelling, unless used solely as a private garage;

- c. Other structures from which any "business" is conducted; or
- d. Other structures used to store "business" property. However, we do cover a structure that contains "business" property solely owned by an "insured" or a tenant of the dwelling provided that "business" property does not include gaseous or liquid fuel, other than fuel in a permanently installed fuel tank of a vehicle or craft parked or stored in the structure.

3. The limit of liability for this coverage will not be more than 10% of the limit of liability that applies to Coverage A. Use of this coverage does not reduce the Coverage A limit of liability.

### C. Coverage C – Personal Property

#### 1. Covered Property

We cover personal property owned or used by an "insured" while it is anywhere in the world. After a loss and at your request, we will cover personal property owned by:

- a. Others while the property is on the part of the "residence premises" occupied by an "insured"; or
- b. A guest or a "residence employee", while the property is in any residence occupied by an "insured".

#### 2. Limit For Property At Other Locations

##### a. Other Residences

Our limit of liability for personal property usually located at an "insured's" residence, other than the "residence premises", is 10% of the limit of liability for Coverage C, or \$1,000, whichever is greater. However, this limitation does not apply to personal property:

- (1) Moved from the "residence premises" because it is:
  - (a) Being repaired, renovated or rebuilt; and
  - (b) Not fit to live in or store property in; or
- (2) In a newly acquired principal residence for 30 days from the time you begin to move the property there.

##### b. Self-storage Facilities

Our limit of liability for personal property owned or used by an "insured" and located in a self-storage facility is 10% of the limit of liability for Coverage C, or \$1,000, whichever is greater. However, this limitation does not apply to personal property:

- (1) Moved from the "residence premises" because it is:
  - (a) Being repaired, renovated or rebuilt; and
  - (b) Not fit to live in or store property in; or
- (2) Usually located in an "insured's" residence, other than the "residence premises".

### 3. Special Limits Of Liability

The special limit for each category shown below is the total limit for each loss for all property in that category. These special limits do not increase the Coverage C limit of liability.

- a. \$200 on money, bank notes, bullion, gold other than goldware, silver other than silverware, platinum other than platinumware, coins, medals, scrip, stored value cards and smart cards.
- b. \$1,500 on securities, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, personal records, passports, tickets and stamps. This dollar limit applies to these categories regardless of the medium (such as paper or computer software) on which the material exists.  
This limit includes the cost to research, replace or restore the information from the lost or damaged material.
- c. \$1,500 on watercraft of all types, including their trailers, furnishings, equipment and outboard engines or motors.
- d. \$1,500 on trailers or semitrailers not used with watercraft of all types.
- e. \$2,500 on property, on the "residence premises", used primarily for "business" purposes.
- f. \$1,500 on property, away from the "residence premises", used primarily for "business" purposes. However, this limit does not apply to antennas, tapes, wires, records, disks or other media that are:
  - (1) Used with electronic equipment that reproduces, receives or transmits audio, visual or data signals; and
  - (2) In or upon a "motor vehicle".
- g. \$1,500 on portable electronic equipment that:
  - (1) Reproduces, receives or transmits audio, visual or data signals;

- (2) Is designed to be operated by more than one power source, one of which is a "motor vehicle's" electrical system; and
  - (3) Is in or upon a "motor vehicle".
- h. \$250 on antennas, tapes, wires, records, disks or other media that are:
- (1) Used with electronic equipment that reproduces, receives or transmits audio, visual or data signals; and
  - (2) In or upon a "motor vehicle".

### 4. Property Not Covered

We do not cover:

- a. Articles separately described and specifically insured, regardless of the limit for which they are insured, in this or other insurance;
- b. Animals, birds or fish;
- c. "Motor vehicles".  
This includes a "motor vehicle's" equipment and parts.  
However, this Paragraph 4.c. does not apply to:
  - (1) Portable electronic equipment that:
    - (a) Reproduces, receives or transmits audio, visual or data signals; and
    - (b) Is designed so that it may be operated from a power source other than a "motor vehicle's" electrical system.
  - (2) "Motor vehicles" not required to be registered for use on public roads or property which are:
    - (a) Used solely to service a residence; or
    - (b) Designed to assist the handicapped;
- d. Aircraft meaning any contrivance used or designed for flight including any parts whether or not attached to the aircraft.  
We do cover model or hobby aircraft not used or designed to carry people or cargo;
- e. Hovercraft and parts. Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;
- f. Property of roomers, boarders and other tenants, except property of roomers and boarders related to an "insured";

- g. Property in an apartment regularly rented or held for rental to others by an "insured", except as provided under **E. 6. Landlord's Furnishings** under **Section I – Property Coverages**;
- h. Property rented or held for rental to others off the "residence premises";
- i. "Business" data, including such data stored in:
  - (1) Books of account, drawings or other paper records; or
  - (2) Computers and related equipment.

We do cover the cost of blank recording or storage media, and of prerecorded computer programs available on the retail market;
- j. Credit cards, electronic fund transfer cards or access devices used solely for deposit, withdrawal or transfer of funds; or
- k. Water or steam.

#### **D. Coverage D – Loss Of Use**

The limit of liability for Coverage **D** is the total limit for the coverages in **1. Additional Living Expense**, **2. Fair Rental Value** and **3. Civil Authority Prohibits Use** below.

##### **1. Additional Living Expense**

If a loss covered under **Section I** makes that part of the "residence premises" where you reside not fit to live in, we cover any necessary increase in living expenses incurred by you so that your household can maintain its normal standard of living.

Payment will be for the shortest time required to repair or replace the damage or, if you permanently relocate, the shortest time required for your household to settle elsewhere.

##### **2. Fair Rental Value**

If a loss covered under **Section I** makes that part of the "residence premises" rented to others or held for rental by you not fit to live in, we cover the fair rental value of such premises less any expenses that do not continue while it is not fit to live in.

Payment will be for the shortest time required to repair or replace such premises.

##### **3. Civil Authority Prohibits Use**

If a civil authority prohibits you from use of the "residence premises" as a result of direct damage to neighboring premises by a Peril Insured Against, we cover the loss as provided in **1. Additional Living Expense** and **2. Fair Rental Value** above for no more than two weeks.

#### **4. Loss Or Expense Not Covered**

We do not cover loss or expense due to cancellation of a lease or agreement.

The periods of time under **1. Additional Living Expense**, **2. Fair Rental Value** and **3. Civil Authority Prohibits Use** above are not limited by expiration of this policy.

#### **E. Additional Coverages**

##### **1. Debris Removal**

- a. We will pay your reasonable expense for the removal of debris of covered property if a Peril Insured Against that applies to the damaged property causes the loss.

This expense is included in the limit of liability that applies to the damaged property. If the amount to be paid for the actual damage to the property plus the debris removal expense is more than the limit of liability for the damaged property, an additional 5% of that limit is available for such expense.

- b. We will also pay your reasonable expense, up to \$1,000, for the removal from the "residence premises" of:

- (1) Your trees felled by the peril of Windstorm; or
- (2) A neighbor's trees felled by a Peril Insured Against under Coverage **C**; provided the trees:
- (3) Damage a covered structure; or
- (4) Do not damage a covered structure, but:
  - (a) Block a driveway on the "residence premises" which prevents a "motor vehicle", that is registered for use on public roads or property, from entering or leaving the "residence premises"; or
  - (b) Block a ramp or other fixture designed to assist a handicapped person to enter or leave the dwelling building.

The \$1,000 limit is the most we will pay in any one loss regardless of the number of fallen trees. No more than \$500 of this limit will be paid for the removal of any one tree.

This coverage is additional insurance.

##### **2. Reasonable Repairs**

- a. We will pay the reasonable cost incurred by you for the necessary measures taken solely to protect covered property that is damaged by a Peril Insured Against from further damage.

b. If the measures taken involve repair to other damaged property, we will only pay if that property is covered under this policy and the damage is caused by a Peril Insured Against. This coverage does not:

- (1) Increase the limit of liability that applies to the covered property; or
- (2) Relieve you of your duties, in case of a loss to covered property, described in **C. 2.** under Section I – Conditions.

### 3. Property Removed

We insure covered property against direct loss from any cause while being removed from a premises endangered by a Peril Insured Against and for no more than 30 days while removed.

This coverage does not change the limit of liability that applies to the property being removed.

### 4. Loss Assessment

a. We will pay up to \$1,000 for your share of loss assessment charged during the policy period against you, as owner or tenant of the "residence premises", by a corporation or association of property owners. The assessment must be made as a result of direct loss to property, owned by all members collectively, of the type that would be covered by this policy if owned by you, caused by a Peril Insured Against under Coverage A.

The limit of \$1,000 is the most we will pay with respect to any one loss, regardless of the number of assessments. We will only apply one deductible, per unit, to the total amount of any one loss to the property described above, regardless of the number of assessments.

b. We do not cover assessments charged against you or a corporation or association of property owners by any governmental body.

c. Paragraph O. Policy Period under Section I – Conditions does not apply to this coverage.

This coverage is additional insurance.

### 5. Collapse

a. The coverage provided under this Additional Coverage – Collapse applies only to an abrupt collapse.

b. For the purpose of this Additional Coverage – Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.

c. This Additional Coverage – Collapse does not apply to:

- (1) A building or any part of a building that is in danger of falling down or caving in;
- (2) A part of a building that is standing, even if it has separated from another part of the building; or
- (3) A building or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

d. We insure for direct physical loss to covered property involving abrupt collapse of a building or any part of a building if such collapse was caused by the Perils Insured Against;

e. Loss to an awning, fence, patio, deck, pavement, swimming pool, underground pipe, flue, drain, cesspool, septic tank, foundation, retaining wall, bulkhead, pier, wharf or dock is included.

f. This coverage does not increase the limit of liability that applies to the damaged covered property.

### 6. Landlord's Furnishings

We will pay up to \$2,500 for your appliances, carpeting and other household furnishings, in each apartment on the "residence premises" regularly rented or held for rental to others by an "insured", for loss caused by a Peril Insured Against.

This limit is the most we will pay in any one loss regardless of the number of appliances, carpeting or other household furnishings involved in the loss.

This coverage does not increase the limit of liability applying to the damaged property.

### 7. Ordinance Or Law

a. You may use up to 10% of the limit of liability that applies to Coverage A for the increased costs you incur due to the enforcement of any ordinance or law which requires or regulates:

- (1) The construction, demolition, remodeling, renovation or repair of that part of a covered building or other structure damaged by a Peril Insured Against;
- (2) The demolition and reconstruction of the undamaged part of a covered building or other structure, when that building or other structure must be totally demolished because of damage by a Peril Insured Against to another part of that covered building or other structure; or
- (3) The remodeling, removal or replacement of the portion of the undamaged part of a covered building or other structure necessary to complete the remodeling, repair or replacement of that part of the covered building or other structure damaged by a Peril Insured Against.

b. You may use all or part of this ordinance or law coverage to pay for the increased costs you incur to remove debris resulting from the construction, demolition, remodeling, renovation, repair or replacement of property as stated in a. above.

c. We do not cover:

- (1) The loss in value to any covered building or other structure due to the requirements of any ordinance or law; or
- (2) The costs to comply with any ordinance or law which requires any "insured" or others, to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants in or on any covered building or other structure.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

This coverage is additional insurance.

**8. Grave Markers**

We will pay up to \$5,000 for grave markers, including mausoleums, on or away from the "residence premises" for loss caused by a Peril Insured Against.

This coverage does not increase the limits of liability that apply to the damaged covered property.

**SECTION I – PERILS INSURED AGAINST**

We insure for direct physical loss to the property described in Coverages **A**, **B** and **C** caused by the following peril unless the loss is excluded under Section **I** – Exclusions.

**Windstorm Or Hail**

This peril includes loss to watercraft of all types and their trailers, furnishings, equipment, and outboard engines or motors, only while inside a fully enclosed building.

This peril does not include loss to the inside of a building or the property contained in a building caused by rain, snow, sleet, sand or dust unless the direct force of wind or hail damages the building causing an opening in a roof or wall and the rain, snow, sleet, sand or dust enters through this opening.

**SECTION I – EXCLUSIONS**

We do not insure for loss caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event contributing concurrently or in any sequence to the loss. These exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

**1. Ordinance Or Law**

Ordinance or Law means any ordinance or law:

- a. Requiring or regulating the construction, demolition, remodeling, renovation or repair of property, including removal of any resulting debris. This Exclusion 1. a. does not apply to the amount of coverage that may be provided for in **E. 7. Ordinance Or Law** under Section **I** – Property Coverages;
- b. The requirements of which result in a loss in value to property; or
- c. Requiring any "insured" or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

This Exclusion 1. applies whether or not the property has been physically damaged.

**2. Earth Movement**

Earth Movement means:

- a. Earthquake, including land shock waves or tremors before, during or after a volcanic eruption;
- b. Landslide, mudslide or mudflow;
- c. Subsidence or sinkhole; or

d. Any other earth movement including earth sinking, rising or shifting.

This Exclusion 2. applies regardless of whether any of the above, in 2.a. through 2.d., is caused by an act of nature or is otherwise caused.

### 3. Water

This means:

- a. Flood, surface water, waves, including tidal wave and tsunami, tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind, including storm surge;
- b. Water which:
  - (1) Backs up through sewers or drains; or
  - (2) Overflows or is otherwise discharged from a sump, sump pump or related equipment;
- c. Water below the surface of the ground, including water which exerts pressure on, or seeps, leaks or flows through a building, sidewalk, driveway, patio, foundation, swimming pool or other structure; or
- d. Waterborne material carried or otherwise moved by any of the water referred to in 3.a. through 3.c. of this exclusion.

This Exclusion 3. applies regardless of whether any of the above, in 3.a. through 3.d., is caused by an act of nature or is otherwise caused.

This Exclusion 3. applies to, but is not limited to, escape, overflow or discharge, for any reason, of water or waterborne material from a dam, levee, seawall or any other boundary or containment system.

### 4. Power Failure

Power Failure means the failure of power or other utility service if the failure takes place off the "residence premises". But if the failure results in a loss, from a Peril Insured Against on the "residence premises", we will pay for the loss caused by that peril.

### 5. Neglect

Neglect means neglect of an "insured" to use all reasonable means to save and preserve property at and after the time of a loss.

### 6. Intentional Loss

Intentional Loss means any loss arising out of any act an "insured" commits or conspires to commit with the intent to cause a loss.

In the event of such loss, no "insured" is entitled to coverage, even "insureds" who did not commit or conspire to commit the act causing the loss.

### 7. Governmental Action

Governmental Action means the destruction, confiscation or seizure of property described in Coverage A, B or C by order of any governmental or public authority.

This exclusion does not apply to such acts ordered by any governmental or public authority that are taken at the time of a fire to prevent its spread, if the loss caused by fire would be covered under this policy.

## SECTION I – CONDITIONS

### A. Insurable Interest And Limit Of Liability

Even if more than one person has an insurable interest in the property covered, we will not be liable in any one loss:

1. To an "insured" for more than the amount of such "insured's" interest at the time of loss; or
2. For more than the applicable limit of liability.

### B. Deductible

Unless otherwise noted in this policy, the following deductible provision applies:

With respect to any one loss:

1. Subject to the applicable limit of liability, we will pay only that part of the total of all loss payable that exceeds the deductible amount shown in the Declarations.
2. If two or more deductibles under this policy apply to the loss, only the highest deductible amount will apply.

### C. Duties After Loss

In case of a loss to covered property, we have no duty to provide coverage under this policy if the failure to comply with the following duties is prejudicial to us. These duties must be performed either by you, an "insured" seeking coverage, or a representative of either:

1. Give prompt notice to us or your agent;
2. Protect the property from further damage. If repairs to the property are required, you must:
  - a. Make reasonable and necessary repairs to protect the property; and
  - b. Keep an accurate record of repair expenses;
3. Cooperate with us in the investigation of a claim;

4. Prepare an inventory of damaged personal property showing the quantity, description, actual cash value and amount of loss. Attach all bills, receipts and related documents that justify the figures in the inventory;
5. As often as we reasonably require:
  - a. Show the damaged property;
  - b. Provide us with records and documents we request and permit us to make copies; and
  - c. Submit to examination under oath, while not in the presence of another "insured", and sign the same;
6. Send to us, within 60 days after our request, your signed, sworn proof of loss which sets forth, to the best of your knowledge and belief:
  - a. The time and cause of loss;
  - b. The interests of all "insureds" and all others in the property involved and all liens on the property;
  - c. Other insurance which may cover the loss;
  - d. Changes in title or occupancy of the property during the term of the policy;
  - e. Specifications of damaged buildings and detailed repair estimates;
  - f. The inventory of damaged personal property described in 4. above;
  - g. Receipts for additional living expenses incurred and records that support the fair rental value loss.

**D. Loss Settlement**

In this Condition **D.**, the terms "cost to repair or replace" and "replacement cost" do not include the increased costs incurred to comply with the enforcement of any ordinance or law, except to the extent that coverage for these increased costs is provided in **E. 7. Ordinance Or Law** under Section **I – Property Coverages**. Covered property losses are settled as follows:

1. Property of the following types:
  - a. Personal property;
  - b. Awnings, carpeting, household appliances, outdoor antennas and outdoor equipment, whether or not attached to buildings;
  - c. Structures that are not buildings; and
  - d. Grave markers, including mausoleums;
 at actual cash value at the time of loss but not more than the amount required to repair or replace.
2. Buildings covered under Coverage **A** or **B** at replacement cost without deduction for depreciation, subject to the following:

- a. If, at the time of loss, the amount of insurance in this policy on the damaged building is 80% or more of the full replacement cost of the building immediately before the loss, we will pay the cost to repair or replace, without deduction for depreciation, but not more than the least of the following amounts:

- (1) The limit of liability under this policy that applies to the building;
- (2) The replacement cost of that part of the building damaged with material of like kind and quality and for like use; or
- (3) The necessary amount actually spent to repair or replace the damaged building.

If the building is rebuilt at a new premises, the cost described in (2) above is limited to the cost which would have been incurred if the building had been built at the original premises.

- b. If, at the time of loss, the amount of insurance in this policy on the damaged building is less than 80% of the full replacement cost of the building immediately before the loss, we will pay the greater of the following amounts, but not more than the limit of liability under this policy that applies to the building:

- (1) The actual cash value of that part of the building damaged; or
- (2) That proportion of the cost to repair or replace, without deduction for depreciation, that part of the building damaged, which the total amount of insurance in this policy on the damaged building bears to 80% of the replacement cost of the building.

- c. To determine the amount of insurance required to equal 80% of the full replacement cost of the building immediately before the loss, do not include the value of:

- (1) Excavations, footings, foundations, piers, or any other structures or devices that support all or part of the building, which are below the undersurface of the lowest basement floor;
- (2) Those supports described in (1) above which are below the surface of the ground inside the foundation walls, if there is no basement; and
- (3) Underground flues, pipes, wiring and drains.

- d. We will pay no more than the actual cash value of the damage until actual repair or replacement is complete. Once actual repair or replacement is complete, we will settle the loss as noted in **2.a.** and **b.** above.

However, if the cost to repair or replace the damage is both:

- (1) Less than 5% of the amount of insurance in this policy on the building; and

- (2) Less than \$2,500;

we will settle the loss as noted in **2.a.** and **b.** above whether or not actual repair or replacement is complete.

- e. You may disregard the replacement cost loss settlement provisions and make claim under this policy for loss to buildings on an actual cash value basis. You may then make claim for any additional liability according to the provisions of this Condition **D. Loss Settlement**, provided you notify us of your intent to do so within 180 days after the date of loss.

#### **E. Loss To A Pair Or Set**

In case of loss to a pair or set we may elect to:

1. Repair or replace any part to restore the pair or set to its value before the loss; or
2. Pay the difference between actual cash value of the property before and after the loss.

#### **F. Appraisal**

If you and we fail to agree on the amount of loss, either may demand an appraisal of the loss. In this event, each party will choose a competent and impartial appraiser within 20 days after receiving a written request from the other. The two appraisers will choose an umpire. If they cannot agree upon an umpire within 15 days, you or we may request that the choice be made by a judge of a court of record in the state where the "residence premises" is located. The appraisers will separately set the amount of loss. If the appraisers submit a written report of an agreement to us, the amount agreed upon will be the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of loss.

Each party will:

1. Pay its own appraiser; and
2. Bear the other expenses of the appraisal and umpire equally.

#### **G. Other Insurance And Service Agreement**

If a loss covered by this policy is also covered by:

1. Other insurance, we will pay only the proportion of the loss that the limit of liability that applies under this policy bears to the total amount of insurance covering the loss; or
2. A service agreement, this insurance is excess over any amounts payable under any such agreement. Service agreement means a service plan, property restoration plan, home warranty or other similar service warranty agreement, even if it is characterized as insurance.

#### **H. Suit Against Us**

No action can be brought against us unless there has been full compliance with all of the terms under Section **I** of this policy and the action is started within two years after the date of loss.

#### **I. Our Option**

If we give you written notice within 30 days after we receive your signed, sworn proof of loss, we may repair or replace any part of the damaged property with material or property of like kind and quality.

#### **J. Loss Payment**

We will adjust all losses with you. We will pay you unless some other person is named in the policy or is legally entitled to receive payment. Loss will be payable 60 days after we receive your proof of loss and:

1. Reach an agreement with you;
2. There is an entry of a final judgment; or
3. There is a filing of an appraisal award with us.

#### **K. Abandonment Of Property**

We need not accept any property abandoned by an "insured".

#### **L. Mortgage Clause**

1. If a mortgagee is named in this policy, any loss payable under Coverage **A** or **B** will be paid to the mortgagee and you, as interests appear. If more than one mortgagee is named, the order of payment will be the same as the order of precedence of the mortgages.
2. If we deny your claim, that denial will not apply to a valid claim of the mortgagee, if the mortgagee:
  - a. Notifies us of any change in ownership, occupancy or substantial change in risk of which the mortgagee is aware;
  - b. Pays any premium due under this policy on demand if you have neglected to pay the premium; and

c. Submits a signed, sworn statement of loss within 60 days after receiving notice from us of your failure to do so. Paragraphs **F.** Appraisal, **H.** Suit Against Us and **J.** Loss Payment under Section **I** – Conditions also apply to the mortgagee.

3. If we decide to cancel or not to renew this policy, the mortgagee will be notified at least 10 days before the date cancellation or nonrenewal takes effect.

4. If we pay the mortgagee for any loss and deny payment to you:

a. We are subrogated to all the rights of the mortgagee granted under the mortgage on the property; or

b. At our option, we may pay to the mortgagee the whole principal on the mortgage plus any accrued interest. In this event, we will receive a full assignment and transfer of the mortgage and all securities held as collateral to the mortgage debt.

5. Subrogation will not impair the right of the mortgagee to recover the full amount of the mortgagee's claim.

#### **M. No Benefit To Bailee**

We will not recognize any assignment or grant any coverage that benefits a person or organization holding, storing or moving property for a fee regardless of any other provision of this policy.

#### **N. Recovered Property**

If you or we recover any property for which we have made payment under this policy, you or we will notify the other of the recovery. At your option, the property will be returned to or retained by you or it will become our property. If the recovered property is returned to or retained by you, the loss payment will be adjusted based on the amount you received for the recovered property.

#### **O. Policy Period**

This policy applies only to loss which occurs during the policy period.

#### **P. Concealment Or Fraud**

We provide coverage to no "insureds" under this policy if, whether before or after a loss, an "insured" has:

1. Intentionally concealed or misrepresented any material fact or circumstance;
2. Engaged in fraudulent conduct; or
3. Made false statements; relating to this insurance.

#### **Q. Loss Payable Clause**

If the Declarations show a loss payee for certain listed insured personal property, the definition of "insured" is changed to include that loss payee with respect to that property.

If we decide to cancel or not renew this policy, that loss payee will be notified in writing.

#### **R. Liberalization Clause**

If we make a change which broadens coverage under this edition of our policy without additional premium charge, that change will automatically apply to your insurance as of the date we implement the change in your state, provided that this implementation date falls within 60 days prior to or during the policy period stated in the Declarations.

This Liberalization Clause does not apply to changes implemented with a general program revision that includes both broadenings and restrictions in coverage, whether that general program revision is implemented through introduction of:

1. A subsequent edition of this policy; or
2. An amendatory endorsement.

#### **S. Waiver Or Change Of Policy Provisions**

A waiver or change of a provision of this policy must be in writing by us to be valid. Our request for an appraisal or examination will not waive any of our rights.

#### **T. Cancellation**

1. You may cancel this policy at any time by returning it to us or by letting us know in writing of the date cancellation is to take effect.
2. We may cancel this policy only for the reasons stated below by letting you know in writing of the date cancellation takes effect. This cancellation notice may be delivered to you, or mailed to you at your mailing address shown in the Declarations. Proof of mailing will be sufficient proof of notice.
  - a. When you have not paid the premium, we may cancel at any time by letting you know at least 10 days before the date cancellation takes effect.
  - b. When this policy has been in effect for less than 60 days and is not a renewal with us, we may cancel for any reason by letting you know at least 10 days before the date cancellation takes effect.
  - c. When this policy has been in effect for 60 days or more, or at any time if it is a renewal with us, we may cancel:

- (1) If there has been a material misrepresentation of fact which if known to us would have caused us not to issue the policy; or
- (2) If the risk has changed substantially since the policy was issued.

This can be done by letting you know at least 30 days before the date cancellation takes effect.

- d. When this policy is written for a period of more than one year, we may cancel for any reason at anniversary by letting you know at least 30 days before the date cancellation takes effect.
3. When this policy is canceled, the premium for the period from the date of cancellation to the expiration date will be refunded pro rata.
4. If the return premium is not refunded with the notice of cancellation or when this policy is returned to us, we will refund it within a reasonable time after the date cancellation takes effect.

#### **U. Nonrenewal**

We may elect not to renew this policy. We may do so by delivering to you, or mailing to you at your mailing address shown in the Declarations, written notice at least 30 days before the expiration date of this policy. Proof of mailing will be sufficient proof of notice.

#### **V. Assignment**

Assignment of this policy will not be valid unless we give our written consent.

#### **W. Subrogation**

An "insured" may waive in writing before a loss all rights of recovery against any person. If not waived, we may require an assignment of rights of recovery for a loss to the extent that payment is made by us.

If an assignment is sought, an "insured" must sign and deliver all related papers and cooperate with us.

#### **X. Death**

If any person named in the Declarations or the spouse, if a resident of the same household, dies, the following apply:

1. We insure the legal representative of the deceased but only with respect to the premises and property of the deceased covered under the policy at the time of death; and
2. "Insured" includes:
  - a. An "insured" who is a member of your household at the time of your death, but only while a resident of the "residence premises"; and
  - b. With respect to your property, the person having proper temporary custody of the property until appointment and qualification of a legal representative.

## HOMEOWNERS 3–WINDSTORM AND HAIL FORM

### AGREEMENT

We will provide the insurance described in this policy in return for the premium and compliance with all applicable provisions of this policy.

### DEFINITIONS

A. In this policy, "you" and "your" refer to the "named insured" shown in the Declarations and the spouse if a resident of the same household. "We", "us" and "our" refer to the Company providing this insurance.

B. In addition, certain words and phrases are defined as follows:

1. "Business" means:

- a. A trade, profession or occupation engaged in on a full-time, part-time or occasional basis; or
- b. Any other activity engaged in for money or other compensation, except the following:

(1) One or more activities, not described in (2) through (4) below, for which no "insured" receives more than \$2,000 in total compensation for the 12 months before the beginning of the policy period;

(2) Volunteer activities for which no money is received other than payment for expenses incurred to perform the activity;

(3) Providing home day care services for which no compensation is received, other than the mutual exchange of such services; or

(4) The rendering of home day care services to a relative of an "insured".

2. "Employee" means an employee of an "insured", or an employee leased to an "insured" by a labor leasing firm under an agreement between an "insured" and the labor leasing firm, whose duties are other than those performed by a "residence employee".

3. "Insured" means:

a. You and residents of your household who are:

(1) Your relatives; or

(2) Other persons under the age of 21 and in your care or the care of a resident of your household who is your relative;

b. A student enrolled in school full time, as defined by the school, who was a resident of your household before moving out to attend school, provided the student is under the age of:

(1) 24 and your relative; or

(2) Other persons under the age of 21 and in your care or the care of a resident of your household who is your relative.

Under Section I, when the word an immediately precedes the word "insured", the words an "insured" together mean one or more "insureds".

4. "Insured location" means:

a. The "residence premises";

b. The part of other premises, other structures and grounds used by you as a residence; and

(1) Which is shown in the Declarations; or

(2) Which is acquired by you during the policy period for your use as a residence;

c. Any premises used by you in connection with a premises described in a. and b. above;

d. Any part of a premises:

(1) Not owned by an "insured"; and

(2) Where an "insured" is temporarily residing;

e. Vacant land, other than farm land, owned by or rented to an "insured";

f. Land owned by or rented to an "insured" on which a one-, two-, three- or four-family dwelling is being built as a residence for an "insured";

g. Individual or family cemetery plots or burial vaults of an "insured"; or

h. Any part of a premises occasionally rented to an "insured" for other than "business" use.

5. "Motor vehicle" means:

a. A self-propelled land or amphibious vehicle; or

b. Any trailer or semitrailer which is being carried on, towed by or hitched for towing by a vehicle described in a. above.

6. "Residence employee" means:
- a. An employee of an "insured", or an employee leased to an "insured" by a labor leasing firm, under an agreement between an "insured" and the labor leasing firm, whose duties are related to the maintenance or use of the "residence premises", including household or domestic services; or
  - b. One who performs similar duties elsewhere not related to the "business" of an "insured".

A "residence employee" does not include a temporary employee who is furnished to an "insured" to substitute for a permanent "residence employee" on leave or to meet seasonal or short-term workload conditions.

7. "Residence premises" means:
- a. The one-family dwelling where you reside;
  - b. The two-, three- or four-family dwelling where you reside in at least one of the family units; or
  - c. That part of any other building where you reside;

and which is shown as the "residence premises" in the Declarations.

"Residence premises" also includes other structures and grounds at that location.

## SECTION I – PROPERTY COVERAGES

### A. Coverage A – Dwelling

1. We cover:
- a. The dwelling on the "residence premises" shown in the Declarations, including structures attached to the dwelling; and
  - b. Materials and supplies located on or next to the "residence premises" used to construct, alter or repair the dwelling or other structures on the "residence premises".
2. We do not cover land, including land on which the dwelling is located.

### B. Coverage B – Other Structures

1. We cover other structures on the "residence premises" set apart from the dwelling by clear space. This includes structures connected to the dwelling by only a fence, utility line, or similar connection.
2. We do not cover:
- a. Land, including land on which the other structures are located;
  - b. Other structures rented or held for rental to any person not a tenant of the dwelling, unless used solely as a private garage;

- c. Other structures from which any "business" is conducted; or
- d. Other structures used to store "business" property. However, we do cover a structure that contains "business" property solely owned by an "insured" or a tenant of the dwelling provided that "business" property does not include gaseous or liquid fuel, other than fuel in a permanently installed fuel tank of a vehicle or craft parked or stored in the structure.

3. The limit of liability for this coverage will not be more than 10% of the limit of liability that applies to Coverage A. Use of this coverage does not reduce the Coverage A limit of liability.

### C. Coverage C – Personal Property

#### 1. Covered Property

We cover personal property owned or used by an "insured" while it is anywhere in the world. After a loss and at your request, we will cover personal property owned by:

- a. Others while the property is on the part of the "residence premises" occupied by an "insured"; or
- b. A guest or a "residence employee", while the property is in any residence occupied by an "insured".

#### 2. Limit For Property At Other Locations

##### a. Other Residences

Our limit of liability for personal property usually located at an "insured's" residence, other than the "residence premises", is 10% of the limit of liability for Coverage C, or \$1,000, whichever is greater. However, this limitation does not apply to personal property:

- (1) Moved from the "residence premises" because it is:
  - (a) Being repaired, renovated or rebuilt; and
  - (b) Not fit to live in or store property in; or
- (2) In a newly acquired principal residence for 30 days from the time you begin to move the property there.

##### b. Self-storage Facilities

Our limit of liability for personal property owned or used by an "insured" and located in a self-storage facility is 10% of the limit of liability for Coverage C, or \$1,000, whichever is greater. However, this limitation does not apply to personal property:

- (1) Moved from the "residence premises" because it is:
  - (a) Being repaired, renovated or rebuilt; and
  - (b) Not fit to live in or store property in; or
- (2) Usually located in an "insured's" residence, other than the "residence premises".

### 3. Special Limits Of Liability

The special limit for each category shown below is the total limit for each loss for all property in that category. These special limits do not increase the Coverage C limit of liability.

- a. \$200 on money, bank notes, bullion, gold other than goldware, silver other than silverware, platinum other than platinumware, coins, medals, scrip, stored value cards and smart cards.
- b. \$1,500 on securities, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, personal records, passports, tickets and stamps. This dollar limit applies to these categories regardless of the medium (such as paper or computer software) on which the material exists.  
 This limit includes the cost to research, replace or restore the information from the lost or damaged material.
- c. \$1,500 on watercraft of all types, including their trailers, furnishings, equipment and outboard engines or motors.
- d. \$1,500 on trailers or semitrailers not used with watercraft of all types.
- e. \$2,500 on property, on the "residence premises", used primarily for "business" purposes.
- f. \$1,500 on property, away from the "residence premises", used primarily for "business" purposes. However, this limit does not apply to antennas, tapes, wires, records, disks or other media that are:
  - (1) Used with electronic equipment that reproduces, receives or transmits audio, visual or data signals; and
  - (2) In or upon a "motor vehicle".
- g. \$1,500 on portable electronic equipment that:
  - (1) Reproduces, receives or transmits audio, visual or data signals;

- (2) Is designed to be operated by more than one power source, one of which is a "motor vehicle's" electrical system; and
- (3) Is in or upon a "motor vehicle".
- h. \$250 for antennas, tapes, wires, records, disks or other media that are:
  - (1) Used with electronic equipment that reproduces, receives or transmits audio, visual or data signals; and
  - (2) In or upon a "motor vehicle".

### 4. Property Not Covered

We do not cover:

- a. Articles separately described and specifically insured, regardless of the limit for which they are insured, in this or other insurance;
- b. Animals, birds or fish;
- c. "Motor vehicles".  
 This includes a "motor vehicle's" equipment and parts. However, this Paragraph 4.c. does not apply to:
  - (1) Portable electronic equipment that:
    - (a) Reproduces, receives or transmits audio, visual or data signals; and
    - (b) Is designed so that it may be operated from a power source other than a "motor vehicle's" electrical system.
  - (2) "Motor vehicles" not required to be registered for use on public roads or property which are:
    - (a) Used solely to service a residence; or
    - (b) Designed to assist the handicapped;
- d. Aircraft meaning any contrivance used or designed for flight including any parts whether or not attached to the aircraft.  
 We do cover model or hobby aircraft not used or designed to carry people or cargo;
- e. Hovercraft and parts. Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;
- f. Property of roomers, boarders and other tenants, except property of roomers and boarders related to an "insured";
- g. Property in an apartment regularly rented or held for rental to others by an "insured", except as provided in E. 6. Landlord's Furnishings under Section I – Property Coverages;

- h. Property rented or held for rental to others off the "residence premises";
- i. "Business" data, including such data stored in:
  - (1) Books of account, drawings or other paper records; or
  - (2) Computers and related equipment.

We do cover the cost of blank recording or storage media, and of prerecorded computer programs available on the retail market;
- j. Credit cards, electronic fund transfer cards or access devices used solely for deposit, withdrawal or transfer of funds; or
- k. Water or steam.

#### D. Coverage D – Loss Of Use

The limit of liability for Coverage D is the total limit for the coverages in 1. Additional Living Expense, 2. Fair Rental Value and 3. Civil Authority Prohibits Use below.

##### 1. Additional Living Expense

If a loss covered under Section I makes that part of the "residence premises" where you reside not fit to live in, we cover any necessary increase in living expenses incurred by you so that your household can maintain its normal standard of living.

Payment will be for the shortest time required to repair or replace the damage or, if you permanently relocate, the shortest time required for your household to settle elsewhere.

##### 2. Fair Rental Value

If a loss covered under Section I makes that part of the "residence premises" rented to others or held for rental by you not fit to live in, we cover the fair rental value of such premises less any expenses that do not continue while it is not fit to live in.

Payment will be for the shortest time required to repair or replace such premises.

##### 3. Civil Authority Prohibits Use

If a civil authority prohibits you from use of the "residence premises" as a result of direct damage to neighboring premises by a Peril Insured Against, we cover the loss as provided in 1. Additional Living Expense and 2. Fair Rental Value above for no more than two weeks.

##### 4. Loss Or Expense Not Covered

We do not cover loss or expense due to cancellation of a lease or agreement.

The periods of time under 1. Additional Living Expense, 2. Fair Rental Value and 3. Civil Authority Prohibits Use above are not limited by expiration of this policy.

#### E. Additional Coverages

##### 1. Debris Removal

- a. We will pay your reasonable expense for the removal of debris of covered property if a Peril Insured Against that applies to the damaged property causes the loss.

This expense is included in the limit of liability that applies to the damaged property. If the amount to be paid for the actual damage to the property plus the debris removal expense is more than the limit of liability for the damaged property, an additional 5% of that limit is available for such expense.

- b. We will also pay your reasonable expense, up to \$1,000, for the removal from the "residence premises" of:

(1) Your trees felled by the peril of Windstorm or Hail; or

(2) A neighbor's trees felled by a Peril Insured Against under Coverage C;

provided the trees:

(3) Damage a covered structure; or

(4) Do not damage a covered structure, but:

(a) Block a driveway on the "residence premises" which prevents a "motor vehicle", that is registered for use on public roads or property, from entering or leaving the "residence premises"; or

(b) Block a ramp or other fixture designed to assist a handicapped person to enter or leave the dwelling building.

The \$1,000 limit is the most we will pay in any one loss regardless of the number of fallen trees. No more than \$500 of this limit will be paid for the removal of any one tree.

This coverage is additional insurance.

##### 2. Reasonable Repairs

- a. We will pay the reasonable cost incurred by you for the necessary measures taken solely to protect covered property that is damaged by a Peril Insured Against from further damage.

b. If the measures taken involve repair to other damaged property, we will only pay if that property is covered under this policy and the damage is caused by a Peril Insured Against. This coverage does not:

- (1) Increase the limit of liability that applies to the covered property; or
- (2) Relieve you of your duties, in case of a loss to covered property, described in **C. 2.** under Section I – Conditions.

### 3. Property Removed

We insure covered property against direct loss from any cause while being removed from a premises endangered by a Peril Insured Against and for no more than 30 days while removed.

This coverage does not change the limit of liability that applies to the property being removed.

### 4. Loss Assessment

a. We will pay up to \$1,000 for your share of loss assessment charged during the policy period against you, as owner or tenant of the "residence premises", by a corporation or association of property owners. The assessment must be made as a result of direct loss to property, owned by all members collectively, of the type that would be covered by this policy if owned by you, caused by a Peril Insured Against under Coverage **A**.

The limit of \$1,000 is the most we will pay with respect to any one loss, regardless of the number of assessments. We will only apply one deductible, per unit, to the total amount of any one loss to the property described above, regardless of the number of assessments.

b. We do not cover assessments charged against you or a corporation or association of property owners by any governmental body.

c. Paragraph **O.** Policy Period under Section I – Conditions does not apply to this coverage.

This coverage is additional insurance.

### 5. Collapse

a. The coverage provided under this Additional Coverage – Collapse applies only to an abrupt collapse.

b. For the purpose of this Additional Coverage – Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.

c. This Additional Coverage – Collapse does not apply to:

- (1) A building or any part of a building that is in danger of falling down or caving in;
- (2) A part of a building that is standing, even if it has separated from another part of the building; or
- (3) A building or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

d. We insure for direct physical loss to covered property involving abrupt collapse of a building or any part of a building if such collapse was caused by the Perils Insured Against named under Coverage **C**;

e. Loss to an awning, fence, patio, deck, pavement, swimming pool, underground pipe, flue, drain, cesspool, septic tank, foundation, retaining wall, bulkhead, pier, wharf or dock is included.

### 6. Landlord's Furnishings

We will pay up to \$2,500 for your appliances, carpeting and other household furnishings, in each apartment on the "residence premises" regularly rented or held for rental to others by an "insured", for loss caused by a Peril Insured Against in Coverage **C**.

This limit is the most we will pay in any one loss regardless of the number of appliances, carpeting or other household furnishings involved in the loss.

This coverage does not increase the limit of liability applying to the damaged property.

### 7. Ordinance Or Law

a. You may use up to 10% of the limit of liability that applies to Coverage **A** for the increased costs you incur due to the enforcement of any ordinance or law which requires or regulates:

- (1) The construction, demolition, remodeling, renovation or repair of that part of a covered building or other structure damaged by a Peril Insured Against;

- (2) The demolition and reconstruction of the undamaged part of a covered building or other structure, when that building or other structure must be totally demolished because of damage by a Peril Insured Against to another part of that covered building or other structure; or
  - (3) The remodeling, removal or replacement of the portion of the undamaged part of a covered building or other structure necessary to complete the remodeling, repair or replacement of that part of the covered building or other structure damaged by a Peril Insured Against.
- b. You may use all or part of this ordinance or law coverage to pay for the increased costs you incur to remove debris resulting from the construction, demolition, remodeling, renovation, repair or replacement of property as stated in a. above.
- c. We do not cover:
- (1) The loss in value to any covered building or other structure due to the requirements of any ordinance or law; or
  - (2) The costs to comply with any ordinance or law which requires any "insured" or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants in or on any covered building or other structure.
- Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

This coverage is additional insurance.

**8. Grave Markers**

We will pay up to \$5,000 for grave markers, including mausoleums, on or away from the "residence premises" for loss caused by a Peril Insured Against under Coverage C.

This coverage does not increase the limits of liability that apply to the damaged covered property.

**SECTION I – PERILS INSURED AGAINST**

**A. Coverage A – Dwelling And Coverage B – Other Structures**

We insure against risk of direct physical loss to property described in Coverages A and B caused by a Peril listed below:

**Windstorm or Hail including Wind or Hail-Driven Rain**

This peril includes loss to the inside of a building even if the direct force of the wind or hail does not damage the building and cause an opening in a roof or wall. This peril does not include loss caused by any of the following regardless of any other cause or event contributing concurrently or in any sequence to the loss:

- 1. Wear and tear, marring, deterioration;
- 2. Inherent vice, latent defect, mechanical breakdown;
- 3. Smog, rust or other corrosion.

**B. Coverage C-Personal Property**

We insure for the direct physical loss to the property described in the Coverage C caused by:

**Windstorm or Hail**

This peril does not include loss to the property contained in a building caused by rain, snow, sleet, sand, or dust unless the direct force of wind or hail damages the building causing an opening in a wall or roof and the rain, snow, sleet, sand, or dust enters through this opening.

This peril includes loss to watercraft and their trailers, furnishing, equipment, and outboard engines or motors, only while inside a fully enclosed building.

**SECTION I – EXCLUSIONS**

A. We do not insure for loss caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event contributing concurrently or in any sequence to the loss. These exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

**1. Ordinance Or Law**

Ordinance Or Law means any ordinance or law:

- a. Requiring or regulating the construction, demolition, remodeling, renovation or repair of property, including removal of any resulting debris. This Exclusion A.1.a. does not apply to the amount of coverage that may be provided for in E. 7. Ordinance Or Law under Section I – Property Coverages;
- b. The requirements of which result in a loss in value to property; or
- c. Requiring any "insured" or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

This Exclusion **A.1.** applies whether or not the property has been physically damaged.

## 2. Earth Movement

Earth Movement means:

- a. Earthquake, including land shock waves or tremors before, during or after a volcanic eruption;
- b. Landslide, mudslide or mudflow;
- c. Subsidence or sinkhole; or
- d. Any other earth movement including earth sinking, rising or shifting.

This Exclusion **A.2.** applies regardless of whether any of the above, in **A.2.a.** through **A.2.d.**, is caused by an act of nature or is otherwise caused.

## 3. Water

This means:

- a. Flood, surface water, waves, tidal water, overflow of a body of water, or spray from any of these, whether or not driven by wind, including storm surge;
- b. Water which:
  - (1) Backs up through sewers or drains; or
  - (2) Overflows or is otherwise discharged from a sump, sump pump or related equipment;
- c. Water below the surface of the ground, including water which exerts pressure on or seeps or leaks through a building, sidewalk, driveway, foundation, swimming pool or other structure;
- d. Waterborne material carried or otherwise moved by any of the water referred to in **A.3.a.** through **A.3.c.** of this exclusion.

This Exclusion **A.3.** applies regardless of whether any of the above, in **A.3.a.** through **A.3.d.**, is caused by an act of nature or is otherwise caused.

This Exclusion **A.3.** applies to, but is not limited to, escape, overflow or discharge, for any reason, of water or waterborne material from a dam, levee, seawall or any other boundary or containment system.

## 4. Power Failure

Power Failure means the failure of power or other utility service if the failure takes place off the "residence premises". But if the failure results in a loss, from a Peril Insured Against on the "residence premises", we will pay for the loss caused by that peril.

## 5. Neglect

Neglect means neglect of an "insured" to use all reasonable means to save and preserve property at and after the time of a loss.

## 6. Intentional Loss

Intentional Loss means any loss arising out of any act an "insured" commits or conspires to commit with the intent to cause a loss.

In the event of such loss, no "insured" is entitled to coverage, even "insureds" who did not commit or conspire to commit the act causing the loss.

## 7. Governmental Action

Governmental Action means the destruction, confiscation or seizure of property described in Coverage **A**, **B** or **C** by order of any governmental or public authority.

- B.** We do not insure for loss to property described in Coverages **A** and **B** caused by any of the following. However, any ensuing loss to property described in Coverages **A** and **B** not precluded by any other provision in this policy is covered.

1. Weather conditions. However, this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in **A.** above to produce the loss.
2. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
3. Faulty, inadequate or defective:
  - a. Planning, zoning, development, surveying, siting;
  - b. Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
  - c. Materials used in repair, construction, renovation or remodeling; or
  - d. Maintenance;of part or all of any property whether on or off the "residence premises".

## SECTION I – CONDITIONS

### A. Insurable Interest And Limit Of Liability

Even if more than one person has an insurable interest in the property covered, we will not be liable in any one loss:

1. To an "insured" for more than the amount of such "insured's" interest at the time of loss; or
2. For more than the applicable limit of liability.

#### **B. Deductible**

Unless otherwise noted in this policy, the following deductible provision applies:

With respect to any one loss:

1. Subject to the applicable limit of liability, we will pay only that part of the total of all loss payable that exceeds the deductible amount shown in the Declarations.
2. If two or more deductibles under this policy apply to the loss, only the highest deductible amount will apply.

#### **C. Duties After Loss**

In case of a loss to covered property, we have no duty to provide coverage under this policy if the failure to comply with the following duties is prejudicial to us. These duties must be performed either by you, an "insured" seeking coverage, or a representative of either:

1. Give prompt notice to us or your agent;
2. Protect the property from further damage. If repairs to the property are required, you must:
  - a. Make reasonable and necessary repairs to protect the property; and
  - b. Keep an accurate record of repair expenses;
3. Cooperate with us in the investigation of a claim;
4. Prepare an inventory of damaged personal property showing the quantity, description, actual cash value and amount of loss. Attach all bills, receipts and related documents that justify the figures in the inventory;
5. As often as we reasonably require:
  - a. Show the damaged property;
  - b. Provide us with records and documents we request and permit us to make copies; and
  - c. Submit to examination under oath, while not in the presence of another "insured", and sign the same;
6. Send to us, within 60 days after our request, your signed, sworn proof of loss which sets forth, to the best of your knowledge and belief:
  - a. The time and cause of loss;
  - b. The interests of all "insureds" and all others in the property involved and all liens on the property;
  - c. Other insurance which may cover the loss;

- d. Changes in title or occupancy of the property during the term of the policy;
- e. Specifications of damaged buildings and detailed repair estimates;
- f. The inventory of damaged personal property described in 4. above;
- g. Receipts for additional living expenses incurred and records that support the fair rental value loss.

#### **D. Loss Settlement**

In this Condition D., the terms "cost to repair or replace" and "replacement cost" do not include the increased costs incurred to comply with the enforcement of any ordinance or law, except to the extent that coverage for these increased costs is provided in E. 7. Ordinance Or Law under Section I – Property Coverages. Covered property losses are settled as follows:

1. Property of the following types:
  - a. Personal property;
  - b. Awnings, carpeting, household appliances, outdoor antennas and outdoor equipment, whether or not attached to buildings;
  - c. Structures that are not buildings; and
  - d. Grave markers, including mausoleums;

at actual cash value at the time of loss but not more than the amount required to repair or replace.
2. Buildings covered under Coverage A or B at replacement cost without deduction for depreciation, subject to the following:
  - a. If, at the time of loss, the amount of insurance in this policy on the damaged building is 80% or more of the full replacement cost of the building immediately before the loss, we will pay the cost to repair or replace, without deduction for depreciation, but not more than the least of the following amounts:
    - (1) The limit of liability under this policy that applies to the building;
    - (2) The replacement cost of that part of the building damaged with material of like kind and quality and for like use; or
    - (3) The necessary amount actually spent to repair or replace the damaged building.

If the building is rebuilt at a new premises, the cost described in (2) above is limited to the cost which would have been incurred if the building had been built at the original premises.

b. If, at the time of loss, the amount of insurance in this policy on the damaged building is less than 80% of the full replacement cost of the building immediately before the loss, we will pay the greater of the following amounts, but not more than the limit of liability under this policy that applies to the building:

- (1) The actual cash value of that part of the building damaged; or
- (2) That proportion of the cost to repair or replace, without deduction for depreciation, that part of the building damaged, which the total amount of insurance in this policy on the damaged building bears to 80% of the replacement cost of the building.

c. To determine the amount of insurance required to equal 80% of the full replacement cost of the building immediately before the loss, do not include the value of:

- (1) Excavations, footings, foundations, piers, or any other structures or devices that support all or part of the building, which are below the undersurface of the lowest basement floor;
- (2) Those supports described in (1) above which are below the surface of the ground inside the foundation walls, if there is no basement; and
- (3) Underground flues, pipes, wiring and drains.

d. We will pay no more than the actual cash value of the damage until actual repair or replacement is complete. Once actual repair or replacement is complete, we will settle the loss as noted in 2.a. and b. above.

However, if the cost to repair or replace the damage is both:

- (1) Less than 5% of the amount of insurance in this policy on the building; and
- (2) Less than \$2,500;

we will settle the loss as noted in 2.a. and b. above whether or not actual repair or replacement is complete.

e. You may disregard the replacement cost loss settlement provisions and make claim under this policy for loss to buildings on an actual cash value basis. You may then make claim for any additional liability according to the provisions of this Condition D. Loss Settlement, provided you notify us of your intent to do so within 180 days after the date of loss.

#### **E. Loss To A Pair Or Set**

In case of loss to a pair or set we may elect to:

1. Repair or replace any part to restore the pair or set to its value before the loss; or
2. Pay the difference between actual cash value of the property before and after the loss.

#### **F. Appraisal**

If you and we fail to agree on the amount of loss, either may demand an appraisal of the loss. In this event, each party will choose a competent and impartial appraiser within 20 days after receiving a written request from the other. The two appraisers will choose an umpire. If they cannot agree upon an umpire within 15 days, you or we may request that the choice be made by a judge of a court of record in the state where the "residence premises" is located. The appraisers will separately set the amount of loss. If the appraisers submit a written report of an agreement to us, the amount agreed upon will be the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of loss.

Each party will:

1. Pay its own appraiser; and
2. Bear the other expenses of the appraisal and umpire equally.

#### **G. Other Insurance And Service Agreement**

If a loss covered by this policy is also covered by:

1. Other insurance, we will pay only the proportion of the loss that the limit of liability that applies under this policy bears to the total amount of insurance covering the loss; or
2. A service agreement, this insurance is excess over any amounts payable under any such agreement. Service agreement means a service plan, property restoration plan, home warranty or other similar service warranty agreement, even if it is characterized as insurance.

#### **H. Suit Against Us**

No action can be brought against us unless there has been full compliance with all of the terms under Section I of this policy and the action is started within two years after the date of loss.

## **I. Our Option**

If we give you written notice within 30 days after we receive your signed, sworn proof of loss, we may repair or replace any part of the damaged property with material or property of like kind and quality.

## **J. Loss Payment**

We will adjust all losses with you. We will pay you unless some other person is named in the policy or is legally entitled to receive payment. Loss will be payable 60 days after we receive your proof of loss and:

1. Reach an agreement with you;
2. There is an entry of a final judgment; or
3. There is a filing of an appraisal award with us.

## **K. Abandonment Of Property**

We need not accept any property abandoned by an "insured".

## **L. Mortgage Clause**

1. If a mortgagee is named in this policy, any loss payable under Coverage **A** or **B** will be paid to the mortgagee and you, as interests appear. If more than one mortgagee is named, the order of payment will be the same as the order of precedence of the mortgages.
2. If we deny your claim, that denial will not apply to a valid claim of the mortgagee, if the mortgagee:
  - a. Notifies us of any change in ownership, occupancy or substantial change in risk of which the mortgagee is aware;
  - b. Pays any premium due under this policy on demand if you have neglected to pay the premium; and
  - c. Submits a signed, sworn statement of loss within 60 days after receiving notice from us of your failure to do so. Paragraphs **F.** Appraisal, **H.** Suit Against Us and **J.** Loss Payment under Section **I** – Conditions also apply to the mortgagee.
3. If we decide to cancel or not to renew this policy, the mortgagee will be notified at least 10 days before the date cancellation or nonrenewal takes effect.
4. If we pay the mortgagee for any loss and deny payment to you:
  - a. We are subrogated to all the rights of the mortgagee granted under the mortgage on the property; or

- b. At our option, we may pay to the mortgagee the whole principal on the mortgage plus any accrued interest. In this event, we will receive a full assignment and transfer of the mortgage and all securities held as collateral to the mortgage debt.

5. Subrogation will not impair the right of the mortgagee to recover the full amount of the mortgagee's claim.

## **M. No Benefit To Bailee**

We will not recognize any assignment or grant any coverage that benefits a person or organization holding, storing or moving property for a fee regardless of any other provision of this policy.

## **N. Recovered Property**

If you or we recover any property for which we have made payment under this policy, you or we will notify the other of the recovery. At your option, the property will be returned to or retained by you or it will become our property. If the recovered property is returned to or retained by you, the loss payment will be adjusted based on the amount you received for the recovered property.

## **O. Policy Period**

This policy applies only to loss which occurs during the policy period.

## **P. Concealment Or Fraud**

We provide coverage to no "insureds" under this policy if, whether before or after a loss, an "insured" has:

1. Intentionally concealed or misrepresented any material fact or circumstance;
  2. Engaged in fraudulent conduct; or
  3. Made false statements;
- relating to this insurance.

## **Q. Loss Payable Clause**

If the Declarations show a loss payee for certain listed insured personal property, the definition of "insured" is changed to include that loss payee with respect to that property.

If we decide to cancel or not renew this policy, that loss payee will be notified in writing.

## **R. Liberalization Clause**

If we make a change which broadens coverage under this edition of our policy without additional premium charge, that change will automatically apply to your insurance as of the date we implement the change in your state, provided that this implementation date falls within 60 days prior to or during the policy period stated in the Declarations.

This Liberalization Clause does not apply to changes implemented with a general program revision that includes both broadenings and restrictions in coverage, whether that general program revision is implemented through introduction of:

1. A subsequent edition of this policy; or
2. An amendatory endorsement.

#### **S. Waiver Or Change Of Policy Provisions**

A waiver or change of a provision of this policy must be in writing by us to be valid. Our request for an appraisal or examination will not waive any of our rights.

#### **T. Cancellation**

1. You may cancel this policy at any time by returning it to us or by letting us know in writing of the date cancellation is to take effect.
2. We may cancel this policy only for the reasons stated below by letting you know in writing of the date cancellation takes effect. This cancellation notice may be delivered to you, or mailed to you at your mailing address shown in the Declarations. Proof of mailing will be sufficient proof of notice.
  - a. When you have not paid the premium, we may cancel at any time by letting you know at least 10 days before the date cancellation takes effect.
  - b. When this policy has been in effect for less than 60 days and is not a renewal with us, we may cancel for any reason by letting you know at least 10 days before the date cancellation takes effect.
  - c. When this policy has been in effect for 60 days or more, or at any time if it is a renewal with us, we may cancel:
    - (1) If there has been a material misrepresentation of fact which if known to us would have caused us not to issue the policy; or
    - (2) If the risk has changed substantially since the policy was issued.

This can be done by letting you know at least 30 days before the date cancellation takes effect.
  - d. When this policy is written for a period of more than one year, we may cancel for any reason at anniversary by letting you know at least 30 days before the date cancellation takes effect.
3. When this policy is canceled, the premium for the period from the date of cancellation to the expiration date will be refunded pro rata.

4. If the return premium is not refunded with the notice of cancellation or when this policy is returned to us, we will refund it within a reasonable time after the date cancellation takes effect.

#### **U. Nonrenewal**

We may elect not to renew this policy. We may do so by delivering to you, or mailing to you at your mailing address shown in the Declarations, written notice at least 30 days before the expiration date of this policy. Proof of mailing will be sufficient proof of notice.

#### **V. Assignment**

Assignment of this policy will not be valid unless we give our written consent.

#### **W. Subrogation**

An "insured" may waive in writing before a loss all rights of recovery against any person. If not waived, we may require an assignment of rights of recovery for a loss to the extent that payment is made by us.

If an assignment is sought, an "insured" must sign and deliver all related papers and cooperate with us.

#### **X. Death**

If any person named in the Declarations or the spouse, if a resident of the same household, dies, the following apply:

1. We insure the legal representative of the deceased but only with respect to the premises and property of the deceased covered under the policy at the time of death; and
2. "Insured" includes:
  - a. An "insured" who is a member of your household at the time of your death, but only while a resident of the "residence premises"; and
  - b. With respect to your property, the person having proper temporary custody of the property until appointment and qualification of a legal representative.

## HOMEOWNERS 4 – CONTENTS WINDSTORM AND HAIL FORM

### AGREEMENT

We will provide the insurance described in this policy in return for the premium and compliance with all applicable provisions of this policy.

### DEFINITIONS

**A.** In this policy, "you" and "your" refer to the "named insured" shown in the Declarations and the spouse if a resident of the same household. "We", "us" and "our" refer to the Company providing this insurance.

**B.** In addition, certain words and phrases are defined as follows:

**1.** "Business" means:

**a.** A trade, profession or occupation engaged in on a full-time, part-time or occasional basis; or

**b.** Any other activity engaged in for money or other compensation, except the following:

**(1)** One or more activities, not described in **(2)** through **(4)** below, for which no "insured" receives more than \$2,000 in total compensation for the 12 months before the beginning of the policy period;

**(2)** Volunteer activities for which no money is received other than payment for expenses incurred to perform the activity;

**(3)** Providing home day care services for which no compensation is received, other than the mutual exchange of such services; or

**(4)** The rendering of home day care services to a relative of an "insured".

**2.** "Employee" means an employee of an "insured", or an employee leased to an "insured" by a labor leasing firm under an agreement between an "insured" and the labor leasing firm, whose duties are other than those performed by a "residence employee".

**3.** "Insured" means:

**a.** You and residents of your household who are:

**(1)** Your relatives; or

**(2)** Other persons under the age of 21 and in your care or the care of a resident of your household who is your relative;

**b.** A student enrolled in school full time, as defined by the school, who was a resident of your household before moving out to attend school, provided the student is under the age of:

**(1)** 24 and your relative; or

**(2)** 21 and in your care or the care of a resident of your household who is your relative.

Under Section I, when the word an immediately precedes the word "insured", the words an "insured" together mean one or more "insureds".

**4.** "Insured location" means:

**a.** The "residence premises";

**b.** The part of other premises, other structures and grounds used by you as a residence; and

**(1)** Which is shown in the Declarations; or

**(2)** Which is acquired by you during the policy period for your use as a residence;

**c.** Any premises used by you in connection with a premises described in **a.** and **b.** above;

**d.** Any part of a premises:

**(1)** Not owned by an "insured"; and

**(2)** Where an "insured" is temporarily residing;

**e.** Vacant land, other than farm land, owned by or rented to an "insured";

**f.** Land owned by or rented to an "insured" on which a one-, two-, three- or four-family dwelling is being built as a residence for an "insured";

**g.** Individual or family cemetery plots or burial vaults of an "insured"; or

**h.** Any part of a premises occasionally rented to an "insured" for other than "business" use.

5. "Motor vehicle" means:
- a. A self-propelled land or amphibious vehicle; or
  - b. Any trailer or semitrailer which is being carried on, towed by or hitched for towing by a vehicle described in a. above.

6. "Residence employee" means:
- a. An employee of an "insured", or an employee leased to an "insured" by a labor leasing firm, under an agreement between an "insured" and the labor leasing firm, whose duties are related to the maintenance or use of the "residence premises", including household or domestic services; or
  - b. One who performs similar duties elsewhere not related to the "business" of an "insured".

A "residence employee" does not include a temporary employee who is furnished to an "insured" to substitute for a permanent "residence employee" on leave or to meet seasonal or short-term workload conditions.

7. "Residence premises" means:
- a. The one-family dwelling where you reside;
  - b. The two-, three- or four-family dwelling where you reside in at least one of the family units; or
  - c. That part of any other building where you reside;
- and which is shown as the "residence premises" in the Declarations.
- "Residence premises" also includes other structures and grounds at that location.

**SECTION I – PROPERTY COVERAGES**

**A. Coverage C – Personal Property**

**1. Covered Property**

We cover personal property owned or used by an "insured" while it is anywhere in the world. After a loss and at your request, we will cover personal property owned by:

- a. Others while the property is on the part of the "residence premises" occupied by an "insured"; or
- b. A guest or a "residence employee", while the property is in any residence occupied by an "insured".

**2. Limit For Property At Other Locations**

**a. Other Residences**

Our limit of liability for personal property usually located at an "insured's" residence, other than the "residence premises", is 10% of the limit of liability for Coverage C, or \$1,000, whichever is greater. However, this limitation does not apply to personal property:

- (1) Moved from the "residence premises" because it is:
  - (a) Being repaired, renovated or rebuilt; and
  - (b) Not fit to live in or store property in; or
- (2) In a newly acquired principal residence for 30 days from the time you begin to move the property there.

**b. Self-storage Facilities**

Our limit of liability for personal property owned or used by an "insured" and located in a self-storage facility is 10% of the limit of liability for Coverage C, or \$1,000, whichever is greater. However, this limitation does not apply to personal property:

- (1) Moved from the "residence premises" because it is:
  - (a) Being repaired, renovated or rebuilt; and
  - (b) Not fit to live in or store property in; or
- (2) Usually located in an "insured's" residence, other than the "residence premises".

**3. Special Limits Of Liability**

The special limit for each category shown below is the total limit for each loss for all property in that category. These special limits do not increase the Coverage C limit of liability.

- a. \$200 on money, bank notes, bullion, gold other than goldware, silver other than silverware, platinum other than platinumware, coins, medals, scrip, stored value cards and smart cards.
- b. \$1,500 on securities, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, personal records, passports, tickets and stamps. This dollar limit applies to these categories regardless of the medium (such as paper or computer software) on which the material exists.

This limit includes the cost to research, replace or restore the information from the lost or damaged material.

- c. \$1,500 on watercraft of all types, including their trailers, furnishings, equipment and outboard engines or motors.
- d. \$1,500 on trailers or semitrailers not used with watercraft of all types.
- e. \$2,500 on property, on the "residence premises", used primarily for "business" purposes.
- f. \$1,500 on property, away from the "residence premises", used primarily for "business" purposes. However, this limit does not apply to antennas, tapes, wires, records, disks or other media that are:
  - (1) Used with electronic equipment that reproduces, receives or transmits audio, visual or data signals; and
  - (2) In or upon a "motor vehicle".
- g. \$1,500 on portable electronic equipment that:
  - (1) Reproduces, receives or transmits audio, visual or data signals;
  - (2) Is designed to be operated by more than one power source, one of which is a "motor vehicle's" electrical system; and
  - (3) Is in or upon a "motor vehicle".
- h. \$250 for antennas, tapes, wires, records, disks or other media that are:
  - (1) Used with electronic equipment that reproduces, receives or transmits audio, visual or data signals; and
  - (2) In or upon a "motor vehicle".

#### 4. Property Not Covered

We do not cover:

- a. Articles separately described and specifically insured, regardless of the limit for which they are insured, in this or other insurance;
- b. Animals, birds or fish;
- c. "Motor vehicles".

This includes a "motor vehicle's" equipment and parts.

However, this Paragraph 4.c. does not apply to:

  - (1) Portable electronic equipment that:
    - (a) Reproduces, receives or transmits audio, visual or data signals; and

- (b) Is designed so that it may be operated from a power source other than a "motor vehicle's" electrical system.

- (2) "Motor vehicles" not required to be registered for use on public roads or property which are:

- (a) Used solely to service a residence; or

- (b) Designed to assist the handicapped;

- d. Aircraft meaning any contrivance used or designed for flight including any parts whether or not attached to the aircraft.

We do cover model or hobby aircraft not used or designed to carry people or cargo;

- e. Hovercraft and parts. Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;

- f. Property of roomers, boarders and other tenants, except property of roomers and boarders related to an "insured";

- g. Property in an apartment regularly rented or held for rental to others by an "insured";

- h. Property rented or held for rental to others off the "residence premises";

- i. "Business" data, including such data stored in:

- (1) Books of account, drawings or other paper records; or

- (2) Computers and related equipment.

We do cover the cost of blank recording or storage media, and of prerecorded computer programs available on the retail market;

- j. Credit cards, electronic fund transfer cards or access devices used solely for deposit, withdrawal or transfer of funds; or

- k. Water or steam.

#### B. Coverage D – Loss Of Use

The limit of liability for Coverage D is the total limit for the coverages in 1. Additional Living Expense, 2. Fair Rental Value and 3. Civil Authority Prohibits Use below.

##### 1. Additional Living Expense

If a loss by a Peril Insured Against under this policy to covered property or the building containing the property makes the "residence premises" not fit to live in, we cover any necessary increase in living expenses incurred by you so that your household can maintain its normal standard of living.

Payment will be for the shortest time required to repair or replace the damage or, if you permanently relocate, the shortest time required for your household to settle elsewhere.

## 2. Fair Rental Value

If a loss covered under Section I makes that part of the "residence premises" rented to others or held for rental by you not fit to live in, we cover the fair rental value of such premises less any expenses that do not continue while it is not fit to live in.

Payment will be for the shortest time required to repair or replace such premises.

## 3. Civil Authority Prohibits Use

If a civil authority prohibits you from use of the "residence premises" as a result of direct damage to neighboring premises by a Peril Insured Against, we cover the loss as provided in 1. Additional Living Expense and 2. Fair Rental Value above for no more than two weeks.

## 4. Loss Or Expense Not Covered

We do not cover loss or expense due to cancellation of a lease or agreement.

The periods of time under 1. Additional Living Expense, 2. Fair Rental Value and 3. Civil Authority Prohibits Use above are not limited by expiration of this policy.

## C. Additional Coverages

### 1. Debris Removal

a. We will pay your reasonable expense for the removal of debris of covered property if a Peril Insured Against that applies to the damaged property causes the loss.

This expense is included in the limit of liability that applies to the damaged property. If the amount to be paid for the actual damage to the property plus the debris removal expense is more than the limit of liability for the damaged property, an additional 5% of that limit is available for such expense.

b. We will also pay your reasonable expense, up to \$1,000, for the removal from the "residence premises" of:

- (1) Your trees felled by the peril of Windstorm; or
- (2) A neighbor's trees felled by a Peril Insured Against under Coverage C;  
provided the trees:
- (3) Damage a covered structure; or

(4) Does not damage a covered structure, but:

(a) Block a driveway on the "residence premises" which prevents a "motor vehicle", that is registered for use on public roads or property, from entering or leaving the "residence premises"; or

(b) Block a ramp or other fixture designed to assist a handicapped person to enter or leave the dwelling building.

The \$1,000 limit is the most we will pay in any one loss regardless of the number of fallen trees. No more than \$500 of this limit will be paid for the removal of any one tree.

This coverage is additional insurance.

## 2. Reasonable Repairs

a. We will pay the reasonable cost incurred by you for the necessary measures taken solely to protect covered property that is damaged by a Peril Insured Against from further damage.

b. If the measures taken involve repair to other damaged property, we will only pay if that property is covered under this policy and the damage is caused by a Peril Insured Against. This coverage does not:

- (1) Increase the limit of liability that applies to the covered property; or
- (2) Relieve you of your duties, in case of a loss to covered property, described in C.2. under Section I – Conditions.

## 3. Property Removed

We insure covered property against direct loss from any cause while being removed from a premises endangered by a Peril Insured Against and for no more than 30 days while removed.

This coverage does not change the limit of liability that applies to the property being removed.

## 4. Loss Assessment

a. We will pay up to \$1,000 for your share of loss assessment charged during the policy period against you, as owner or tenant of the "residence premises", by a corporation or association of property owners. The assessment must be made as a result of direct loss to property, owned by all members collectively, of the type that would be covered by this policy if owned by you, caused by a Peril Insured Against under Coverage C.

The limit of \$1,000 is the most we will pay with respect to any one loss, regardless of the number of assessments. We will only apply one deductible, per unit, to the total amount of any one loss to the property described above, regardless of the number of assessments.

- b. We do not cover assessments charged against you or a corporation or association of property owners by any governmental body.
- c. Paragraph N. Policy Period under Section I – Conditions does not apply to this coverage.

This coverage is additional insurance.

## 5. Collapse

- a. The coverage provided under this Additional Coverage – Collapse applies only to an abrupt collapse.
- b. For the purpose of this Additional Coverage – Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.
- c. This Additional Coverage – Collapse does not apply to:
  - (1) A building or any part of a building that is in danger of falling down or caving in;
  - (2) A part of a building that is standing, even if it has separated from another part of the building; or
  - (3) A building or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
- d. We insure for direct physical loss to covered property involving abrupt collapse of a building or any part of a building if such collapse was caused by the Perils Insured Against.
- e. Loss to an awning, fence, patio, deck, pavement, swimming pool, underground pipe, flue, drain, cesspool, septic tank, foundation, retaining wall, bulkhead, pier, wharf or dock is included.
- f. This coverage does not increase the limit of liability that applies to the damaged covered property.

## 6. Building Additions And Alterations

We cover under Coverage C the building improvements or installations, made or acquired at your expense, to that part of the "residence premises" used exclusively by you. The limit of liability for this coverage will not be more than 10% of the limit of liability that applies to Coverage C.

This coverage is additional insurance.

## 7. Ordinance Or Law

- a. You may use up to 10% of the limit of liability that applies to Building Additions And Alterations for the increased costs you incur due to the enforcement of any ordinance or law which requires or regulates:
  - (1) The construction, demolition, remodeling, renovation or repair of that part of a covered building or other structure damaged by a Peril Insured Against;
  - (2) The demolition and reconstruction of the undamaged part of a covered building or other structure, when that building or other structure must be totally demolished because of damage by a Peril Insured Against to another part of that covered building or other structure; or
  - (3) The remodeling, removal or replacement of the portion of the undamaged part of a covered building or other structure necessary to complete the remodeling, repair or replacement of that part of the covered building or other structure damaged by a Peril Insured Against.
- b. You may use all or part of this ordinance or law coverage to pay for the increased costs you incur to remove debris resulting from the construction, demolition, remodeling, renovation, repair or replacement of property as stated in a. above.
- c. We do not cover:
  - (1) The loss in value to any covered building or other structure due to the requirements of any ordinance or law; or
  - (2) The costs to comply with any ordinance or law which requires any "insured" or others, to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants in or on any covered building or other structure.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

This coverage is additional insurance.

### 8. Grave Markers

We will pay up to \$5,000 for grave markers, including mausoleums, on or away from the "residence premises" for loss caused by a Peril Insured Against.

This coverage does not increase the limits of liability that apply to the damaged covered property.

## SECTION I – PERILS INSURED AGAINST

We insure for direct physical loss to the property described in Coverage C caused by the following peril unless the loss is excluded in Section I – Exclusions.

### Windstorm Or Hail

This peril includes loss to watercraft of all types and their trailers, furnishings, equipment, and outboard engines or motors, only while inside a fully enclosed building.

This peril does not include loss to the property contained in a building caused by rain, snow, sleet, sand or dust unless the direct force of wind or hail damages the building causing an opening in a roof or wall and the rain, snow, sleet, sand or dust enters through this opening.

## SECTION I – EXCLUSIONS

We do not insure for loss caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event contributing concurrently or in any sequence to the loss. These exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

### 1. Ordinance Or Law

Ordinance Or Law means any ordinance or law:

- a. Requiring or regulating the construction, demolition, remodeling, renovation or repair of property, including removal of any resulting debris. This Exclusion 1.a. does not apply to the amount of coverage that may be provided for in C. 7. Ordinance Or Law under Section I – Property Coverages;
- b. The requirements of which result in a loss in value to property; or

- c. Requiring any "insured" or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

This Exclusion 1. applies whether or not the property has been physically damaged.

### 2. Earth Movement

Earth Movement means:

- a. Earthquake, including land shock waves or tremors before, during or after a volcanic eruption;
- b. Landslide, mudslide or mudflow;
- c. Subsidence or sinkhole; or
- d. Any other earth movement including earth sinking, rising or shifting.

This Exclusion 2. applies regardless of whether any of the above, in 2.a. through 2.d., is caused by an act of nature or is otherwise caused.

### 3. Water

This means:

- a. Flood, surface water, waves, including tidal wave and tsunami, tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind, including storm surge;
- b. Water which:
  - (1) Backs up through sewers or drains; or
  - (2) Overflows or is otherwise discharged from a sump, sump pump or related equipment;
- c. Water below the surface of the ground, including water which exerts pressure on, or seeps, leaks or flows through a building, sidewalk, driveway, patio, foundation, swimming pool or other structure; or
- d. Waterborne material carried or otherwise moved by any of the water referred to in 3.a. through 3.c. of this exclusion.

This Exclusion 3. applies regardless of whether any of the above, in 3.a. through 3.d., is caused by an act of nature or is otherwise caused.

This Exclusion 3. applies to, but is not limited to, escape, overflow or discharge, for any reason, of water or waterborne material from a dam, levee, seawall or any other boundary or containment system.

#### 4. Power Failure

Power Failure means the failure of power or other utility service if the failure takes place off the "residence premises". But if the failure results in a loss, from a Peril Insured Against on the "residence premises", we will pay for the loss caused by that peril.

#### 5. Neglect

Neglect means neglect of an "insured" to use all reasonable means to save and preserve property at and after the time of a loss.

#### 6. Intentional Loss

Intentional Loss means any loss arising out of any act an "insured" commits or conspires to commit with the intent to cause a loss.

In the event of such loss, no "insured" is entitled to coverage, even "insureds" who did not commit or conspire to commit the act causing the loss.

#### 7. Governmental Action

Governmental Action means the destruction, confiscation or seizure of property described in Coverage C by order of any governmental or public authority.

This exclusion does not apply to such acts ordered by any governmental or public authority that are taken at the time of a fire to prevent its spread, if the loss caused by fire would be covered under this policy.

### SECTION I – CONDITIONS

#### A. Insurable Interest And Limit Of Liability

Even if more than one person has an insurable interest in the property covered, we will not be liable in any one loss:

1. To an "insured" for more than the amount of such "insured's" interest at the time of loss; or
2. For more than the applicable limit of liability.

#### B. Deductible

Unless otherwise noted in this policy, the following deductible provision applies:

With respect to any one loss:

1. Subject to the applicable limit of liability, we will pay only that part of the total of all loss payable that exceeds the deductible amount shown in the Declarations.
2. If two or more deductibles under this policy apply to the loss, only the highest deductible amount will apply.

#### C. Duties After Loss

In case of a loss to covered property, we have no duty to provide coverage under this policy if the failure to comply with the following duties is prejudicial to us. These duties must be performed either by you, an "insured" seeking coverage, or a representative of either:

1. Give Prompt notice to us or your agent;
2. Protect the property from further damage. If repairs to the property are required, you must:
  - a. Make reasonable and necessary repairs to protect the property; and
  - b. Keep an accurate record of repair expenses;
3. Cooperate with us in the investigation of a claim;
4. Prepare an inventory of damaged personal property showing the quantity, description, actual cash value and amount of loss. Attach all bills, receipts and related documents that justify the figures in the inventory;
5. As often as we reasonably require:
  - a. Show the damaged property;
  - b. Provide us with records and documents we request and permit us to make copies; and
  - c. Submit to examination under oath, while not in the presence of another "insured", and sign the same;
6. Send to us, within 60 days after our request, your signed, sworn proof of loss which sets forth, to the best of your knowledge and belief:
  - a. The time and cause of loss;
  - b. The interests of all "insureds" and all others in the property involved and all liens on the property;
  - c. Other insurance which may cover the loss;
  - d. Changes in title or occupancy of the property during the term of the policy;
  - e. Specifications of damaged buildings and detailed repair estimates;
  - f. The inventory of damaged personal property described in 4. above;
  - g. Receipts for additional living expenses incurred and records that support the fair rental value loss.

#### D. Loss Settlement

Covered property losses are settled at actual cash value at the time of loss but not more than the amount required to repair or replace.

#### **E. Loss To A Pair Or Set**

In case of loss to a pair or set we may elect to:

1. Repair or replace any part to restore the pair or set to its value before the loss; or
2. Pay the difference between actual cash value of the property before and after the loss.

#### **F. Appraisal**

If you and we fail to agree on the amount of loss, either may demand an appraisal of the loss. In this event, each party will choose a competent and impartial appraiser within 20 days after receiving a written request from the other. The two appraisers will choose an umpire. If they cannot agree upon an umpire within 15 days, you or we may request that the choice be made by a judge of a court of record in the state where the "residence premises" is located. The appraisers will separately set the amount of loss. If the appraisers submit a written report of an agreement to us, the amount agreed upon will be the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of loss.

Each party will:

1. Pay its own appraiser; and
2. Bear the other expenses of the appraisal and umpire equally.

#### **G. Other Insurance And Service Agreement**

If a loss covered by this policy is also covered by:

1. Other insurance, we will pay only the proportion of the loss that the limit of liability that applies under this policy bears to the total amount of insurance covering the loss; or
2. A service agreement, this insurance is excess over any amounts payable under any such agreement. Service agreement means a service plan, property restoration plan, home warranty or other similar service warranty agreement, even if it is characterized as insurance.

#### **H. Suit Against Us**

No action can be brought against us unless there has been full compliance with all of the terms under Section I of this policy and the action is started within two years after the date of loss.

#### **I. Our Option**

If we give you written notice within 30 days after we receive your signed, sworn proof of loss, we may repair or replace any part of the damaged property with material or property of like kind and quality.

#### **J. Loss Payment**

We will adjust all losses with you. We will pay you unless some other person is named in the policy or is legally entitled to receive payment. Loss will be payable 60 days after we receive your proof of loss and:

1. Reach an agreement with you;
2. There is an entry of a final judgment; or
3. There is a filing of an appraisal award with us.

#### **K. Abandonment Of Property**

We need not accept any property abandoned by an "insured".

#### **L. No Benefit To Bailee**

We will not recognize any assignment or grant any coverage that benefits a person or organization holding, storing or moving property for a fee regardless of any other provision of this policy.

#### **M. Recovered Property**

If you or we recover any property for which we have made payment under this policy, you or we will notify the other of the recovery. At your option, the property will be returned to or retained by you or it will become our property. If the recovered property is returned to or retained by you, the loss payment will be adjusted based on the amount you received for the recovered property.

#### **N. Policy Period**

This policy applies only to loss which occurs during the policy period.

#### **O. Concealment Or Fraud**

We provide coverage to no "insureds" under this policy if, whether before or after a loss, an "insured" has:

1. Intentionally concealed or misrepresented any material fact or circumstance;
  2. Engaged in fraudulent conduct; or
  3. Made false statements;
- relating to this insurance.

#### **P. Loss Payable Clause**

If the Declarations show a loss payee for certain listed insured personal property, the definition of "insured" is changed to include that loss payee with respect to that property.

If we decide to cancel or not renew this policy, that loss payee will be notified in writing.

## **Q. Liberalization Clause**

If we make a change which broadens coverage under this edition of our policy without additional premium charge, that change will automatically apply to your insurance as of the date we implement the change in your state, provided that this implementation date falls within 60 days prior to or during the policy period stated in the Declarations.

This Liberalization Clause does not apply to changes implemented with a general program revision that includes both broadenings and restrictions in coverage, whether that general program revision is implemented through introduction of:

1. A subsequent edition of this policy; or
2. An amendatory endorsement.

## **R. Waiver Or Change Of Policy Provisions**

A waiver or change of a provision of this policy must be in writing by us to be valid. Our request for an appraisal or examination will not waive any of our rights.

## **S. Cancellation**

1. You may cancel this policy at any time by returning it to us or by letting us know in writing of the date cancellation is to take effect.
2. We may cancel this policy only for the reasons stated below by letting you know in writing of the date cancellation takes effect. This cancellation notice may be delivered to you, or mailed to you at your mailing address shown in the Declarations. Proof of mailing will be sufficient proof of notice.
  - a. When you have not paid the premium, we may cancel at any time by letting you know at least 10 days before the date cancellation takes effect.
  - b. When this policy has been in effect for less than 60 days and is not a renewal with us, we may cancel for any reason by letting you know at least 10 days before the date cancellation takes effect.
  - c. When this policy has been in effect for 60 days or more, or at any time if it is a renewal with us, we may cancel:
    - (1) If there has been a material misrepresentation of fact which if known to us would have caused us not to issue the policy; or
    - (2) If the risk has changed substantially since the policy was issued.

This can be done by letting you know at least 30 days before the date cancellation takes effect.

- d. When this policy is written for a period of more than one year, we may cancel for any reason at anniversary by letting you know at least 30 days before the date cancellation takes effect.

3. When this policy is canceled, the premium for the period from the date of cancellation to the expiration date will be refunded pro rata.

4. If the return premium is not refunded with the notice of cancellation or when this policy is returned to us, we will refund it within a reasonable time after the date cancellation takes effect.

## **T. Nonrenewal**

We may elect not to renew this policy. We may do so by delivering to you, or mailing to you at your mailing address shown in the Declarations, written notice at least 30 days before the expiration date of this policy. Proof of mailing will be sufficient proof of notice.

## **U. Assignment**

Assignment of this policy will not be valid unless we give our written consent.

## **V. Subrogation**

An "insured" may waive in writing before a loss all rights of recovery against any person. If not waived, we may require an assignment of rights of recovery for a loss to the extent that payment is made by us.

If an assignment is sought, an "insured" must sign and deliver all related papers and cooperate with us.

## **W. Death**

If any person named in the Declarations or the spouse, if a resident of the same household, dies, the following apply:

1. We insure the legal representative of the deceased but only with respect to the premises and property of the deceased covered under the policy at the time of death; and
2. "Insured" includes:
  - a. An "insured" who is a member of your household at the time of your death, but only while a resident of the "residence premises"; and
  - b. With respect to your property, the person having proper temporary custody of the property until appointment and qualification of a legal representative.

# HOMEOWNERS 6 – UNIT-OWNERS WINDSTORM AND HAIL FORM

## AGREEMENT

We will provide the insurance described in this policy in return for the premium and compliance with all applicable provisions of this policy.

## DEFINITIONS

- A.** In this policy, "you" and "your" refer to the "named insured" shown in the Declarations and the spouse if a resident of the same household. "We", "us" and "our" refer to the Company providing this insurance.
- B.** In addition, certain words and phrases are defined as follows:
- 1.** "Business" means:
    - a.** A trade, profession or occupation engaged in on a full-time, part-time or occasional basis; or
    - b.** Any other activity engaged in for money or other compensation, except the following:
      - (1)** One or more activities, not described in **(2)** through **(4)** below, for which no "insured" receives more than \$2,000 in total compensation for the 12 months before the beginning of the policy period;
      - (2)** Volunteer activities for which no money is received other than payment for expenses incurred to perform the activity;
      - (3)** Providing home day care services for which no compensation is received, other than the mutual exchange of such services; or
      - (4)** The rendering of home day care services to a relative of an "insured".
  - 2.** "Employee" means an employee of an "insured", or an employee leased to an "insured" by a labor leasing firm under an agreement between an "insured" and the labor leasing firm, whose duties are other than those performed by a "residence employee".
  - 3.** "Insured" means:
    - a.** You and residents of your household who are:
      - (1)** Your relatives; or
      - (2)** Other persons under the age of 21 and in your care or the care of a resident of your household who is your relative;
    - b.** A student enrolled in school full time, as defined by the school, who was a resident of your household before moving out to attend school, provided the student is under the age of:
      - (1)** 24 and your relative; or
      - (2)** 21 and in your care or the care of a resident of your household who is your relative.
- Under Section I, when the word an immediately precedes the word "insured", the words an "insured" together mean one or more "insureds".
- 4.** "Insured location" means:
    - a.** The "residence premises";
    - b.** The part of other premises, other structures and grounds used by you as a residence; and
      - (1)** Which is shown in the Declarations; or
      - (2)** Which is acquired by you during the policy period for your use as a residence;
    - c.** Any premises used by you in connection with a premises described in **a.** and **b.** above;
    - d.** Any part of a premises:
      - (1)** Not owned by an "insured"; and
      - (2)** Where an "insured" is temporarily residing;
    - e.** Vacant land, other than farm land, owned by or rented to an "insured";
    - f.** Land owned by or rented to an "insured" on which a one-, two-, three- or four-family dwelling is being built as a residence for an "insured";
    - g.** Individual or family cemetery plots or burial vaults of an "insured"; or
    - h.** Any part of a premises occasionally rented to an "insured" for other than "business" use.

5. "Motor vehicle" means:
  - a. A self-propelled land or amphibious vehicle; or
  - b. Any trailer or semitrailer which is being carried on, towed by or hitched for towing by a vehicle described in a. above.
6. "Residence employee" means:
  - a. An employee of an "insured", or an employee leased to an "insured" by a labor leasing firm, under an agreement between an "insured" and the labor leasing firm, whose duties are related to the maintenance or use of the "residence premises", including household or domestic services; or
  - b. One who performs similar duties elsewhere not related to the "business" of an "insured".

A "residence employee" does not include a temporary employee who is furnished to an "insured" to substitute for a permanent "residence employee" on leave or to meet seasonal or short-term workload conditions.
7. "Residence premises" means the unit where you reside shown as the "residence premises" in the Declarations.

## SECTION I – PROPERTY COVERAGES

### A. Coverage A – Dwelling

1. We cover:
  - a. The alterations, appliances, fixtures and improvements which are part of the building contained within the "residence premises";
  - b. Items of real property which pertain exclusively to the "residence premises";
  - c. Property which is your insurance responsibility under a corporation or association of property owners agreement; or
  - d. Structures owned solely by you, other than the "residence premises", at the location of the "residence premises".
2. We do not cover:
  - a. Land, including land on which the "residence premises", real property or structures are located;
  - b. Structures rented or held for rental to any person not a tenant of the dwelling, unless used solely as a private garage;
  - c. Structures from which any "business" is conducted; or

- d. Structures used to store "business" property. However, we do cover a structure that contains "business" property solely owned by an "insured" or a tenant of the dwelling provided that "business" property does not include gaseous or liquid fuel, other than fuel in a permanently installed fuel tank of a vehicle or craft parked or stored in the structure.

### B. Coverage C – Personal Property

#### 1. Covered Property

We cover personal property owned or used by an "insured" while it is anywhere in the world. After a loss and at your request, we will cover personal property owned by:

- a. Others while the property is on the part of the "residence premises" occupied by an "insured"; or
- b. A guest or a "residence employee", while the property is in any residence occupied by an "insured".

#### 2. Limit For Property At Other Locations

##### a. Other Residences

Our limit of liability for personal property usually located at an "insured's" residence, other than the "residence premises", is 10% of the limit of liability for Coverage C, or \$1,000, whichever is greater. However, this limitation does not apply to personal property:

- (1) Moved from the "residence premises" because it is:
  - (a) Being repaired, renovated or rebuilt; and
  - (b) Not fit to live in or store property in; or
- (2) In a newly acquired principal residence for 30 days from the time you begin to move the property there.

##### b. Self-storage Facilities

Our limit of liability for personal property owned or used by an "insured" and located in a self-storage facility is 10% of the limit of liability for Coverage C, or \$1,000, whichever is greater. However, this limitation does not apply to personal property:

- (1) Moved from the "residence premises" because it is:
  - (a) Being repaired, renovated or rebuilt; and
  - (b) Not fit to live in or store property in; or

- (2) Usually located in an "insured's" residence, other than the "residence premises".

### 3. Special Limits Of Liability

The special limit for each category shown below is the total limit for each loss for all property in that category. These special limits do not increase the Coverage C limit of liability.

- a. \$200 on money, bank notes, bullion, gold other than goldware, silver other than silverware, platinum other than platinumware, coins, medals, scrip, stored value cards and smart cards.
- b. \$1,500 on securities, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, personal records, passports, tickets and stamps. This dollar limit applies to these categories regardless of the medium (such as paper or computer software) on which the material exists.  

This limit includes the cost to research, replace or restore the information from the lost or damaged material.
- c. \$1,500 on watercraft of all types, including their trailers, furnishings, equipment and outboard engines or motors.
- d. \$1,500 on trailers or semitrailers not used with watercraft of all types.
- e. \$2,500 on property, on the "residence premises", used primarily for "business" purposes.
- f. \$1,500 on property, away from the "residence premises", used primarily for "business" purposes. However, this limit does not apply to antennas, tapes, wires, records, disks or other media that are:
  - (1) Used with electronic equipment that reproduces, receives or transmits audio, visual or data signals; and
  - (2) In or upon a "motor vehicle".
- g. \$1,500 on portable electronic equipment that:
  - (1) Reproduces, receives or transmits audio, visual or data signals;
  - (2) Is designed to be operated by more than one power source, one of which is a "motor vehicle's" electrical system; and
  - (3) Is in or upon a "motor vehicle".

- h. \$250 for antennas, tapes, wires, records, disks or other media that are:

- (1) Used with electronic equipment that reproduces, receives or transmits audio, visual or data signals; and

- (2) In or upon a "motor vehicle".

### 4. Property Not Covered

We do not cover:

- a. Articles separately described and specifically insured, regardless of the limit for which they are insured, in this or other insurance;

- b. Animals, birds or fish;

- c. "Motor vehicles".

This includes a "motor vehicle's" equipment and parts.

However, this Paragraph 4.c. does not apply to:

- (1) Portable electronic equipment that:

- (a) Reproduces, receives or transmits audio, visual or data signals; and

- (b) Is designed so that it may be operated from a power source other than a "motor vehicle's" electrical system.

- (2) "Motor vehicles" not required to be registered for use on public roads or property which are:

- (a) Used solely to service a residence; or

- (b) Designed to assist the handicapped;

- d. Aircraft meaning any contrivance used or designed for flight including any parts whether or not attached to the aircraft.

We do cover model or hobby aircraft not used or designed to carry people or cargo;

- e. Hovercraft and parts. Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;

- f. Property of roomers, boarders and other tenants, except property of roomers and boarders related to an "insured";

- g. Property in an apartment regularly rented or held for rental to others by an "insured";

- h. Property rented or held for rental to others off the "residence premises";

- i. "Business" data, including such data stored in:
  - (1) Books of account, drawings or other paper records; or
  - (2) Computers and related equipment.

We do cover the cost of blank recording or storage media, and of prerecorded computer programs available on the retail market;
- j. Credit cards, electronic fund transfer cards or access devices used solely for deposit, withdrawal or transfer of funds; or
- k. Water or steam.

**C. Coverage D – Loss Of Use**

The limit of liability for Coverage **D** is the total limit for the coverages in **1. Additional Living Expense**, **2. Fair Rental Value** and **3. Civil Authority Prohibits Use** below.

**1. Additional Living Expense**

If a loss by a Peril Insured Against under this policy to covered property or the building containing the property makes the "residence premises" not fit to live in, we cover any necessary increase in living expenses incurred by you so that your household can maintain its normal standard of living.

Payment will be for the shortest time required to repair or replace the damage or, if you permanently relocate, the shortest time required for your household to settle elsewhere.

**2. Fair Rental Value**

If a loss covered under Section **I** makes that part of the "residence premises" rented to others or held for rental by you not fit to live in, we cover the fair rental value of such premises less any expenses that do not continue while it is not fit to live in.

Payment will be for the shortest time required to repair or replace such premises.

**3. Civil Authority Prohibits Use**

If a civil authority prohibits you from use of the "residence premises" as a result of direct damage to neighboring premises by a Peril Insured Against, we cover the loss as provided in **1. Additional Living Expense** and **2. Fair Rental Value** above for no more than two weeks.

**4. Loss Or Expense Not Covered**

We do not cover loss or expense due to cancellation of a lease or agreement.

The periods of time under **1. Additional Living Expense**, **2. Fair Rental Value** and **3. Civil Authority Prohibits Use** above are not limited by expiration of this policy.

**D. Additional Coverages**

**1. Debris Removal**

- a. We will pay your reasonable expense for the removal of debris of covered property if a Peril Insured Against that applies to the damaged property causes the loss.

This expense is included in the limit of liability that applies to the damaged property. If the amount to be paid for the actual damage to the property plus the debris removal expense is more than the limit of liability for the damaged property, an additional 5% of that limit is available for such expense.

- b. We will also pay your reasonable expense, up to \$1,000, for the removal from the "residence premises" of:

- (1) Trees you solely own felled by the peril of Windstorm or Hail; or
- (2) A neighbor's trees felled by a Peril Insured Against under Coverage **C**;

provided the trees damage a covered structure.

The \$1,000 limit is the most we will pay in any one loss regardless of the number of fallen trees. No more than \$500 of this limit will be paid for the removal of any one tree.

This coverage is additional insurance.

**2. Reasonable Repairs**

- a. We will pay the reasonable cost incurred by you for the necessary measures taken solely to protect covered property that is damaged by a Peril Insured Against from further damage.

- b. If the measures taken involve repair to other damaged property, we will only pay if that property is covered under this policy and the damage is caused by a Peril Insured Against. This coverage does not:

- (1) Increase the limit of liability that applies to the covered property; or
- (2) Relieve you of your duties, in case of a loss to covered property, described in **C.2.** under Section **I** – Conditions.

### 3. Property Removed

We insure covered property against direct loss from any cause while being removed from a premises endangered by a Peril Insured Against and for no more than 30 days while removed.

This coverage does not change the limit of liability that applies to the property being removed.

### 4. Loss Assessment

a. We will pay up to \$1,000 for your share of loss assessment charged during the policy period against you, as owner or tenant of the "residence premises", by a corporation or association of property owners. The assessment must be made as a result of direct loss to property, owned by all members collectively, of the type that would be covered by this policy if owned by you, caused by a Peril Insured Against under Coverage A.

The limit of \$1,000 is the most we will pay with respect to any one loss, regardless of the number of assessments. We will only apply one deductible, per unit, to the total amount of any one loss to the property described above, regardless of the number of assessments.

b. We do not cover assessments charged against you or a corporation or association of property owners by any governmental body.

c. Paragraph O. Policy Period under Section I – Conditions does not apply to this coverage.

This coverage is additional insurance.

### 5. Collapse

a. The coverage provided under this Additional Coverage – Collapse applies only to an abrupt collapse.

b. For the purpose of this Additional Coverage – Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.

c. This Additional Coverage – Collapse does not apply to:

- (1) A building or any part of a building that is in danger of falling down or caving in;
- (2) A part of a building that is standing, even if it has separated from another part of the building; or

(3) A building or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

d. We insure for direct physical loss to covered property involving abrupt collapse of a building or any part of a building if such collapse was caused by the Perils Insured Against.

e. Loss to an awning, fence, patio, deck, pavement, swimming pool, underground pipe, flue, drain, cesspool, septic tank, foundation, retaining wall, bulkhead, pier, wharf or dock is included.

f. This coverage does not increase the limit of liability that applies to the damaged covered property.

### 6. Ordinance Or Law

a. You may use up to 10% of the limit of liability that applies to Coverage A for the increased costs you incur due to the enforcement of any ordinance or law which requires or regulates:

(1) The construction, demolition, remodeling, renovation or repair of that part of property covered under Coverage A damaged by a Peril Insured Against;

(2) The demolition and reconstruction of the undamaged part of property covered under Coverage A, when that property must be totally demolished because of damage by a Peril Insured Against to another part of that property covered under Coverage A; or

(3) The remodeling, removal or replacement of the portion of the undamaged part of property covered under Coverage A necessary to complete the remodeling, repair or replacement of that part of the property covered under Coverage A damaged by a Peril Insured Against.

b. You may use all or part of this ordinance or law coverage to pay for the increased costs you incur to remove debris resulting from the construction, demolition, remodeling, renovation, repair or replacement of property as stated in a. above.

c. We do not cover:

(1) The loss in value to any property covered under Coverage A due to the requirements of any ordinance or law; or

- (2) The costs to comply with any ordinance or law which requires any "insured" or others, to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants in or on any property covered under Coverage A.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

This coverage is additional insurance.

#### 7. Grave Markers

We will pay up to \$5,000 for grave markers, including mausoleums, away from the "residence premises" for loss caused by a Peril Insured Against.

This coverage does not increase the limits of liability that apply to the damaged covered property.

### SECTION I – PERILS INSURED AGAINST

We insure for direct physical loss to the property described in Coverages A and C caused by the following peril unless the loss is excluded in Section I – Exclusions.

#### Windstorm Or Hail

This peril includes loss to watercraft of all types and their trailers, furnishings, equipment, and outboard engines or motors, only while inside a fully enclosed building.

This peril does not include loss to the inside of a building or the property contained in a building caused by rain, snow, sleet, sand or dust unless the direct force of wind or hail damages the building causing an opening in a roof or wall and the rain, snow, sleet, sand or dust enters through this opening.

### SECTION I – EXCLUSIONS

We do not insure for loss caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event contributing concurrently or in any sequence to the loss. These exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

#### 1. Ordinance Or Law

Ordinance Or Law means any ordinance or law:

- a. Requiring or regulating the construction, demolition, remodeling, renovation or repair of property, including removal of any resulting debris. This Exclusion 1.a. does not apply to the amount of coverage that may be provided for in D. 6. Ordinance Or Law under Section I – Property Coverages;
- b. The requirements of which result in a loss in value to property; or
- c. Requiring any "insured" or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

This Exclusion 1. applies whether or not the property has been physically damaged.

#### 2. Earth Movement

Earth Movement means:

- a. Earthquake, including land shock waves or tremors before, during or after a volcanic eruption;
- b. Landslide, mudslide or mudflow;
- c. Subsidence or sinkhole; or
- d. Any other earth movement including earth sinking, rising or shifting.

This Exclusion 2. applies regardless of whether any of the above, in 2.a. through 2.d., is caused by an act of nature or is otherwise caused.

#### 3. Water

This means:

- a. Flood, surface water, waves, including tidal wave and tsunami, tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind, including storm surge;
- b. Water which:
  - (1) Backs up through sewers or drains; or
  - (2) Overflows or is otherwise discharged from a sump, sump pump or related equipment;
- c. Water below the surface of the ground, including water which exerts pressure on, or seeps, leaks or flows through a building, sidewalk, driveway, patio, foundation, swimming pool or other structure; or

d. Waterborne material carried or otherwise moved by any of the water referred to in 3.a. through 3.c. of this exclusion.

This Exclusion 3. applies regardless of whether any of the above, in 3.a. through 3.d., is caused by an act of nature or is otherwise caused.

This Exclusion 3. applies to, but is not limited to, escape, overflow or discharge, for any reason, of water or waterborne material from a dam, levee, seawall or any other boundary or containment system.

#### 4. Power Failure

Power Failure means the failure of power or other utility service if the failure takes place off the "residence premises". But if the failure results in a loss, from a Peril Insured Against on the "residence premises", we will pay for the loss caused by that peril.

#### 5. Neglect

Neglect means neglect of an "insured" to use all reasonable means to save and preserve property at and after the time of a loss.

#### 6. Intentional Loss

Intentional Loss means any loss arising out of any act an "insured" commits or conspires to commit with the intent to cause a loss.

In the event of such loss, no "insured" is entitled to coverage, even "insureds" who did not commit or conspire to commit the act causing the loss.

#### 7. Governmental Action

Governmental Action means the destruction, confiscation or seizure of property described in Coverage A or C by order of any governmental or public authority.

This exclusion does not apply to such acts ordered by any governmental or public authority that are taken at the time of a fire to prevent its spread, if the loss caused by fire would be covered under this policy.

### SECTION I – CONDITIONS

#### A. Insurable Interest And Limit Of Liability

Even if more than one person has an insurable interest in the property covered, we will not be liable in any one loss:

1. To an "insured" for more than the amount of such "insured's" interest at the time of loss; or
2. For more than the applicable limit of liability.

#### B. Deductible

Unless otherwise noted in this policy, the following deductible provision applies:

With respect to any one loss:

1. Subject to the applicable limit of liability, we will pay only that part of the total of all loss payable that exceeds the deductible amount shown in the Declarations.
2. If two or more deductibles under this policy apply to the loss, only the highest deductible amount will apply.

#### C. Duties After Loss

In case of a loss to covered property, we have no duty to provide coverage under this policy if the failure to comply with the following duties is prejudicial to us. These duties must be performed either by you, an "insured" seeking coverage, or a representative of either:

1. Give prompt notice to us or your agent;
2. Protect the property from further damage. If repairs to the property are required, you must:
  - a. Make reasonable and necessary repairs to protect the property; and
  - b. Keep an accurate record of repair expenses;
3. Cooperate with us in the investigation of a claim;
4. Prepare an inventory of damaged personal property showing the quantity, description, actual cash value and amount of loss. Attach all bills, receipts and related documents that justify the figures in the inventory;
5. As often as we reasonably require:
  - a. Show the damaged property;
  - b. Provide us with records and documents we request and permit us to make copies; and
  - c. Submit to examination under oath, while not in the presence of another "insured", and sign the same;
6. Send to us, within 60 days after our request, your signed, sworn proof of loss which sets forth, to the best of your knowledge and belief:
  - a. The time and cause of loss;
  - b. The interests of all "insureds" and all others in the property involved and all liens on the property;
  - c. Other insurance which may cover the loss;
  - d. Changes in title or occupancy of the property during the term of the policy;

- e. Specifications of damaged buildings and detailed repair estimates;
- f. The inventory of damaged personal property described in 6. above;
- g. Receipts for additional living expenses incurred and records that support the fair rental value loss.

#### **D. Loss Settlement**

Covered property losses are settled as follows:

1. Personal property and grave markers, including mausoleums, at actual cash value at the time of loss but not more than the amount required to repair or replace.
2. Coverage **A** – Dwelling:
  - a. If the damage is repaired or replaced within a reasonable time, at the actual cost to repair or replace;
  - b. If the damage is not repaired or replaced within a reasonable time, at actual cash value but not more than the amount required to repair or replace.

In this provision, the terms "repaired" or "replaced" do not include the increased costs incurred to comply with the enforcement of any ordinance or law, except to the extent that coverage for these increased costs is provided in **D. 6. Ordinance Or Law under Section I – Property Coverages.**

#### **E. Loss To A Pair Or Set**

In case of loss to a pair or set we may elect to:

1. Repair or replace any part to restore the pair or set to its value before the loss; or
2. Pay difference between actual cash value of the property before and after the loss.

#### **F. Appraisal**

If you and we fail to agree on the amount of loss, either may demand an appraisal of the loss. In this event, each party will choose a competent and impartial appraiser within 20 days after receiving a written request from the other. The two appraisers will choose an umpire. If they cannot agree upon an umpire within 15 days, you or we may request that the choice be made by a judge of a court of record in the state where the "residence premises" is located. The appraisers will separately set the amount of loss. If the appraisers submit a written report of an agreement to us, the amount agreed upon will be the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of loss.

Each party will:

1. Pay its own appraiser; and

2. Bear the other expenses of the appraisal and umpire equally.

#### **G. Other Insurance And Service Agreement**

1. If a loss covered by this policy is also covered by:
  - a. Other insurance, except insurance in the name of a corporation or association of property owners, we will pay only the proportion of the loss that the limit of liability that applies under this policy bears to the total amount of insurance covering the loss; or
  - b. A service agreement, except a service agreement in the name of a corporation or association of property owners, this insurance is excess over any amounts payable under any such agreement. Service agreement means a service plan, property restoration plan, home warranty or other similar service warranty agreement, even if it is characterized as insurance.
2. If, at the time of loss, there is other insurance or a service agreement in the name of a corporation or association of property owners covering the same property covered by this policy, this insurance will be excess over the amount recoverable under such other insurance or service agreement.

#### **H. Suit Against Us**

No action can be brought against us unless there has been full compliance with all of the terms under Section **I** of this policy and the action is started within two years after the date of loss.

#### **I. Our Option**

If we give you written notice within 30 days after we receive your signed, sworn proof of loss, we may repair or replace any part of the damaged property with material or property of like kind and quality.

#### **J. Loss Payment**

We will adjust all losses with you. We will pay you unless some other person is named in the policy or is legally entitled to receive payment. Loss will be payable 60 days after we receive your proof of loss and:

1. Reach an agreement with you;
2. There is an entry of a final judgment; or
3. There is a filing of an appraisal award with us.

#### **K. Abandonment Of Property**

We need not accept any property abandoned by an "insured".

## **L. Mortgage Clause**

1. If a mortgagee is named in this policy, any loss payable under Coverage **A** will be paid to the mortgagee and you, as interests appear. If more than one mortgagee is named, the order of payment will be the same as the order of precedence of the mortgages.
2. If we deny your claim, that denial will not apply to a valid claim of the mortgagee, if the mortgagee:
  - a. Notifies us of any change in ownership, occupancy or substantial change in risk of which the mortgagee is aware;
  - b. Pays any premium due under this policy on demand if you have neglected to pay the premium; and
  - c. Submits a signed, sworn statement of loss within 60 days after receiving notice from us of your failure to do so. Paragraphs **F. Appraisal**, **H. Suit Against Us** and **J. Loss Payment** under Section **I – Conditions** also apply to the mortgagee.
3. If we decide to cancel or not to renew this policy, the mortgagee will be notified at least 10 days before the date cancellation or nonrenewal takes effect.
4. If we pay the mortgagee for any loss and deny payment to you:
  - a. We are subrogated to all the rights of the mortgagee granted under the mortgage on the property; or
  - b. At our option, we may pay to the mortgagee the whole principal on the mortgage plus any accrued interest. In this event, we will receive a full assignment and transfer of the mortgage and all securities held as collateral to the mortgage debt.
5. Subrogation will not impair the right of the mortgagee to recover the full amount of the mortgagee's claim.

## **M. No Benefit To Bailee**

We will not recognize any assignment or grant any coverage that benefits a person or organization holding, storing or moving property for a fee regardless of any other provision of this policy.

## **N. Recovered Property**

If you or we recover any property for which we have made payment under this policy, you or we will notify the other of the recovery. At your option, the property will be returned to or retained by you or it will become our property. If the recovered property is returned to or retained by you, the loss payment will be adjusted based on the amount you received for the recovered property.

## **O. Policy Period**

This policy applies only to loss which occurs during the policy period.

## **P. Concealment Or Fraud**

We provide coverage to no "insureds" under this policy if, whether before or after a loss, an "insured" has:

1. Intentionally concealed or misrepresented any material fact or circumstance;
  2. Engaged in fraudulent conduct; or
  3. Made false statements;
- relating to this insurance.

## **Q. Loss Payable Clause**

If the Declarations show a loss payee for certain listed insured personal property, the definition of "insured" is changed to include that loss payee with respect to that property.

If we decide to cancel or not renew this policy, that loss payee will be notified in writing.

## **R. Liberalization Clause**

If we make a change which broadens coverage under this edition of our policy without additional premium charge, that change will automatically apply to your insurance as of the date we implement the change in your state, provided that this implementation date falls within 60 days prior to or during the policy period stated in the Declarations.

This Liberalization Clause does not apply to changes implemented with a general program revision that includes both broadenings and restrictions in coverage, whether that general program revision is implemented through introduction of:

1. A subsequent edition of this policy; or
2. An amendatory endorsement.

## **S. Waiver Or Change Of Policy Provisions**

A waiver or change of a provision of this policy must be in writing by us to be valid. Our request for an appraisal or examination will not waive any of our rights.

## **T. Cancellation**

1. You may cancel this policy at any time by returning it to us or by letting us know in writing of the date cancellation is to take effect.
2. We may cancel this policy only for the reasons stated below by letting you know in writing of the date cancellation takes effect. This cancellation notice may be delivered to you, or mailed to you at your mailing address shown in the Declarations. Proof of mailing will be sufficient proof of notice.

- a. When you have not paid the premium, we may cancel at any time by letting you know at least 10 days before the date cancellation takes effect.
- b. When this policy has been in effect for less than 60 days and is not a renewal with us, we may cancel for any reason by letting you know at least 10 days before the date cancellation takes effect.
- c. When this policy has been in effect for 60 days or more, or at any time if it is a renewal with us, we may cancel:
  - (1) If there has been a material misrepresentation of fact which if known to us would have caused us not to issue the policy; or
  - (2) If the risk has changed substantially since the policy was issued.

This can be done by letting you know at least 30 days before the date cancellation takes effect.

- d. When this policy is written for a period of more than one year, we may cancel for any reason at anniversary by letting you know at least 30 days before the date cancellation takes effect.
3. When this policy is canceled, the premium for the period from the date of cancellation to the expiration date will be refunded pro rata.
  4. If the return premium is not refunded with the notice of cancellation or when this policy is returned to us, we will refund it within a reasonable time after the date cancellation takes effect.

**U. Nonrenewal**

We may elect not to renew this policy. We may do so by delivering to you, or mailing to you at your mailing address shown in the Declarations, written notice at least 30 days before the expiration date of this policy. Proof of mailing will be sufficient proof of notice.

**V. Assignment**

Assignment of this policy will not be valid unless we give our written consent.

**W. Subrogation**

An "insured" may waive in writing before a loss all rights of recovery against any person. If not waived, we may require an assignment of rights of recovery for a loss to the extent that payment is made by us.

If an assignment is sought, an "insured" must sign and deliver all related papers and cooperate with us.

**X. Death**

If any person named in the Declarations or the spouse, if a resident of the same household, dies, the following apply:

1. We insure the legal representative of the deceased but only with respect to the premises and property of the deceased covered under the policy at the time of death; and
2. "Insured" includes:
  - a. An "insured" who is a member of your household at the time of your death, but only while a resident of the "residence premises"; and
  - b. With respect to your property, the person having proper temporary custody of the property until appointment and qualification of a legal representative.

## HOMEOWNERS 8 – WINDSTORM AND HAIL FORM

### AGREEMENT

We will provide the insurance described in this policy in return for the premium and compliance with all applicable provisions of this policy.

### DEFINITIONS

A. In this policy, "you" and "your" refer to the "named insured" shown in the Declarations and the spouse if a resident of the same household. "We", "us" and "our" refer to the Company providing this insurance.

B. In addition, certain words and phrases are defined as follows:

1. "Business" means:

- a. A trade, profession or occupation engaged in on a full-time, part-time or occasional basis; or
- b. Any other activity engaged in for money or other compensation, except the following:

- (1) One or more activities, not described in (2) through (4) below, for which no "insured" receives more than \$2,000 in total compensation for the 12 months before the beginning of the policy period;
- (2) Volunteer activities for which no money is received other than payment for expenses incurred to perform the activity;
- (3) Providing home day care services for which no compensation is received, other than the mutual exchange of such services; or
- (4) The rendering of home day care services to a relative of an "insured".

2. "Employee" means an employee of an "insured", or an employee leased to an "insured" by a labor leasing firm under an agreement between an "insured" and the labor leasing firm, whose duties are other than those performed by a "residence employee".

3. "Insured" means:

- a. You and residents of your household who are:
  - (1) Your relatives; or
  - (2) Other persons under the age of 21 and in your care or the care of a resident of your household who is your relative;

b. A student enrolled in school full time, as defined by the school, who was a resident of your household before moving out to attend school, provided the student is under the age of:

- (1) 24 and your relative; or
- (2) 21 and in your care or the care of a resident of your household who is your relative.

Under Section I, when the word an immediately precedes the word "insured", the words an "insured" together mean one or more "insureds".

4. "Insured location" means:

- a. The "residence premises";
- b. The part of other premises, other structures and grounds used by you as a residence; and
  - (1) Which is shown in the Declarations; or
  - (2) Which is acquired by you during the policy period for your use as a residence;
- c. Any premises used by you in connection with a premises described in a. and b. above;
- d. Any part of a premises:
  - (1) Not owned by an "insured"; and
  - (2) Where an "insured" is temporarily residing;
- e. Vacant land, other than farm land, owned by or rented to an "insured";
- f. Land owned by or rented to an "insured" on which a one-, two-, three- or four-family dwelling is being built as a residence for an "insured";
- g. Individual or family cemetery plots or burial vaults of an "insured"; or
- h. Any part of a premises occasionally rented to an "insured" for other than "business" use.

5. "Motor vehicle" means:

- a. A self-propelled land or amphibious vehicle; or
- b. Any trailer or semitrailer which is being carried on, towed by or hitched for towing by a vehicle described in a. above.

**6. "Residence employee" means:**

- a. An employee of an "insured", or an employee leased to an "insured" by a labor leasing firm, under an agreement between an "insured" and the labor leasing firm, whose duties are related to the maintenance or use of the "residence premises", including household or domestic services; or
- b. One who performs similar duties elsewhere not related to the "business" of an "insured".

A "residence employee" does not include a temporary employee who is furnished to an "insured" to substitute for a permanent "residence employee" on leave or to meet seasonal or short-term workload conditions.

**7. "Residence premises" means:**

- a. The one-family dwelling where you reside;
- b. The two-, three- or four-family dwelling where you reside in at least one of the family units; or
- c. That part of any other building where you reside;

and which is shown as the "residence premises" in the Declarations.

"Residence premises" also includes other structures and grounds at that location.

**SECTION I – PROPERTY COVERAGES**

**A. Coverage A – Dwelling**

**1. We cover:**

- a. The dwelling on the "residence premises" shown in the Declarations, including structures attached to the dwelling; and
- b. Materials and supplies located on or next to the "residence premises" used to construct, alter or repair the dwelling or other structures on the "residence premises".

**2. We do not cover land, including land on which the dwelling is located.**

**B. Coverage B – Other Structures**

**1. We cover other structures on the "residence premises" set apart from the dwelling by clear space. This includes structures connected to the dwelling by only a fence, utility line, or similar connection.**

**2. We do not cover:**

- a. Land, including land on which the other structures are located;

- b. Other structures rented or held for rental to any person not a tenant of the dwelling, unless used solely as a private garage;
- c. Other structures from which any "business" is conducted; or
- d. Other structures used to store "business" property. However, we do cover a structure that contains "business" property solely owned by an "insured" or a tenant of the dwelling provided that "business" property does not include gaseous or liquid fuel, other than fuel in a permanently installed fuel tank of a vehicle or craft parked or stored in the structure.

**3. The limit of liability for this coverage will not be more than 10% of the limit of liability that applies to Coverage A. Use of this coverage does not reduce the Coverage A limit of liability.**

**C. Coverage C – Personal Property**

**1. Covered Property**

We cover personal property owned or used by an "insured" while on the "residence premises". After a loss and at your request, we will cover personal property owned by others while the property is on the part of the "residence premises" occupied by an "insured".

**2. Limit For Property At Other Locations**

We also cover personal property owned or used by an "insured" while it is anywhere in the world but our limit of liability will not be more than 10% of the limit of liability for Coverage C, or \$1,000, whichever is greater. However, this limitation does not apply to personal property:

- a. Moved from the "residence premises" because it is:

(1) Being repaired, renovated or rebuilt; and

(2) Not fit to live in or store property in; or

- b. In a newly acquired principal residence for 30 days from the time you begin to move the property there.

**3. Special Limits Of Liability**

The special limit for each category shown below is the total limit for each loss for all property in that category. These special limits do not increase the Coverage C limit of liability.

- a. \$200 on money, bank notes, bullion, gold other than goldware, silver other than silverware, platinum other than platinumware, coins, medals, scrip, stored value cards and smart cards.

- b. \$1,500 on securities, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, personal records, passports, tickets and stamps. This dollar limit applies to these categories regardless of the medium (such as paper or computer software) on which the material exists.

This limit includes the cost to research, replace or restore the information from the lost or damaged material.

- c. \$1,500 on watercraft of all types, including their trailers, furnishings, equipment and outboard engines or motors.
- d. \$1,500 on trailers or semitrailers not used with watercraft of all types.
- e. \$2,500 on property, on the "residence premises", used primarily for "business" purposes.
- f. \$1,500 on property, away from the "residence premises", used primarily for "business" purposes. However, this limit does not apply to antennas, tapes, wires, records, disks or other media that are:
  - (1) Used with electronic equipment that reproduces, receives or transmits audio, visual or data signals; and
  - (2) In or upon a "motor vehicle".
- g. \$1,500 on portable electronic equipment that:
  - (1) Reproduces, receives or transmits audio, visual or data signals;
  - (2) Is designed to be operated by more than one power source, one of which is a "motor vehicle's" electrical system; and
  - (3) Is in or upon a "motor vehicle".
- h. \$250 on antennas, tapes, wires, records, disks or other media that are:
  - (1) Used with electronic equipment that reproduces, receives or transmits audio, visual or data signals; and
  - (2) In or upon a "motor vehicle".

#### 4. Property Not Covered

We do not cover:

- a. Articles separately described and specifically insured, regardless of the limit for which they are insured, in this or other insurance;
- b. Animals, birds or fish;

- c. "Motor vehicles".

This includes a "motor vehicle's" equipment and parts.

However, this Paragraph 4.c. does not apply to:

- (1) Portable electronic equipment that:
  - (a) Reproduces, receives or transmits audio, visual or data signals; and
  - (b) Is designed so that it may be operated from a power source other than a "motor vehicle's" electrical system.
- (2) "Motor vehicles" not required to be registered for use on public roads or property which are:
  - (a) Used solely to service a residence; or
  - (b) Designed to assist the handicapped;
- d. Aircraft meaning any contrivance used or designed for flight including any parts whether or not attached to the aircraft.

We do cover model or hobby aircraft not used or designed to carry people or cargo;
- e. Hovercraft and parts. Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;
- f. Property of roomers, boarders and other tenants, except property of roomers and boarders related to an "insured";
- g. Property in an apartment regularly rented or held for rental to others by an "insured";
- h. Property rented or held for rental to others off the "residence premises";
- i. "Business" data, including such data stored in:
  - (1) Books of account, drawings or other paper records; or
  - (2) Computers and related equipment.

We do cover the cost of blank recording or storage media, and of prerecorded computer programs available on the retail market;
- j. Credit cards, electronic fund transfer cards or access devices used solely for deposit, withdrawal or transfer of funds; or
- k. Water or steam.

#### D. Coverage D – Loss Of Use

The limit of liability for Coverage D is the total limit for the coverages in 1. Additional Living Expense, 2. Fair Rental Value and 3. Civil Authority Prohibits Use below.

## 1. Additional Living Expense

If a loss covered under Section I makes that part of the "residence premises" where you reside not fit to live in, we cover any necessary increase in living expenses incurred by you so that your household can maintain its normal standard of living.

Payment will be for the shortest time required to repair or replace the damage or, if you permanently relocate, the shortest time required for your household to settle elsewhere.

## 2. Fair Rental Value

If a loss covered under Section I makes that part of the "residence premises" rented to others or held for rental by you not fit to live in, we cover the fair rental value of such premises less any expenses that do not continue while it is not fit to live in.

Payment will be for the shortest time required to repair or replace such premises.

## 3. Civil Authority Prohibits Use

If a civil authority prohibits you from use of the "residence premises" as a result of direct damage to neighboring premises by a Peril Insured Against, we cover the loss as provided in 1. Additional Living Expense and 2. Fair Rental Value above for no more than two weeks.

## 4. Loss Or Expense Not Covered

We do not cover loss or expense due to cancellation of a lease or agreement.

The periods of time under 1. Additional Living Expense, 2. Fair Rental Value and 3. Civil Authority Prohibits Use above are not limited by expiration of this policy.

## E. Additional Coverages

### 1. Debris Removal

a. We will pay your reasonable expense for the removal of debris of covered property if a Peril Insured Against that applies to the damaged property causes the loss.

This expense is included in the limit of liability that applies to the damaged property.

b. We will also pay your reasonable expense, up to \$1,000, for the removal from the "residence premises" of:

(1) Your trees felled by the peril of Windstorm or Hail; or

(2) A neighbor's trees felled by a Peril Insured Against under Coverage C;

provided the trees:

(3) Damage a covered structure; or

(4) Do not damage a covered structure, but:

(a) Block a driveway on the "residence premises" which prevents a "motor vehicle", that is registered for use on public roads or property, from entering or leaving the "residence premises"; or

(b) Block a ramp or other fixture designed to assist a handicapped person to enter or leave the dwelling building.

The \$1,000 limit is the most we will pay in any one loss regardless of the number of fallen trees. No more than \$500 of this limit will be paid for the removal of any one tree.

This coverage is additional insurance.

### 2. Reasonable Repairs

a. We will pay the reasonable cost incurred by you for the necessary measures taken solely to protect covered property that is damaged by a Peril Insured Against from further damage.

b. If the measures taken involve repair to other damaged property, we will only pay if that property is covered under this policy and the damage is caused by a Peril Insured Against. This coverage does not:

(1) Increase the limit of liability that applies to the covered property; or

(2) Relieve you of your duties, in case of a loss to covered property, described in C. 2. under Section I – Conditions.

### 3. Property Removed

We insure covered property against direct loss from any cause while being removed from a premises endangered by a Peril Insured Against and for no more than 30 days while removed.

This coverage does not change the limit of liability that applies to the property being removed.

### 4. Loss Assessment

a. We will pay up to \$1,000 for your share of loss assessment charged during the policy period against you, as owner or tenant of the "residence premises", by a corporation or association of property owners. The assessment must be made as a result of direct loss to property, owned by all members collectively, of the type that would be covered by this policy if owned by you, caused by a Peril Insured Against under Coverage A.

The limit of \$1,000 is the most we will pay with respect to any one loss, regardless of the number of assessments. We will only apply one deductible, per unit, to the total amount of any one loss to the property described above, regardless of the number of assessments.

- b. We do not cover assessments charged against you or a corporation or association of property owners by any governmental body.
- c. Paragraph O. Policy Period under Section I – Conditions does not apply to this coverage.

This coverage is additional insurance.

## SECTION I – PERILS INSURED AGAINST

We insure for direct physical loss to the property described in Coverages A, B and C caused by the following peril unless the loss is excluded in Section I – Exclusions.

### Windstorm Or Hail

This peril includes loss to watercraft of all types and their trailers, furnishings, equipment, and outboard engines or motors, only while inside a fully enclosed building.

This peril does not include loss to the inside of a building or the property contained in a building caused by rain, snow, sleet, sand or dust unless the direct force of wind or hail damages the building causing an opening in a roof or wall and the rain, snow, sleet, sand or dust enters through this opening.

## SECTION I – EXCLUSIONS

We do not insure for loss caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event contributing concurrently or in any sequence to the loss. These exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

### 1. Ordinance Or Law

Ordinance Or Law means any ordinance or law:

- a. Requiring or regulating the construction, demolition, remodeling, renovation or repair of property, including removal of any resulting debris;
- b. The requirements of which result in a loss in value to property; or
- c. Requiring any "insured" or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

This Exclusion 1. applies whether or not the property has been physically damaged.

### 2. Earth Movement

Earth Movement means:

- a. Earthquake, including land shock waves or tremors before, during or after a volcanic eruption;
- b. Landslide, mudslide or mudflow;
- c. Subsidence or sinkhole; or
- d. Any other earth movement including earth sinking, rising or shifting.

This Exclusion 2. applies regardless of whether any of the above, in 2.a. through 2.d., is caused by an act of nature or is otherwise caused.

### 3. Water

This means:

- a. Flood, surface water, waves, including tidal wave and tsunami, tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind, including storm surge;
- b. Water which:
  - (1) Backs up through sewers or drains; or
  - (2) Overflows or is otherwise discharged from a sump, sump pump or related equipment;
- c. Water below the surface of the ground, including water which exerts pressure on, or seeps, leaks or flows through a building, sidewalk, driveway, patio, foundation, swimming pool or other structure; or
- d. Waterborne material carried or otherwise moved by any of the water referred to in 3.a. through 3.c. of this exclusion.

This Exclusion 3. applies regardless of whether any of the above, in 3.a. through 3.d., is caused by an act of nature or is otherwise caused.

This Exclusion 3. applies to, but is not limited to, escape, overflow or discharge, for any reason, of water or waterborne material from a dam, levee, seawall or any other boundary or containment system.

#### 4. Power Failure

Power Failure means the failure of power or other utility service if the failure takes place off the "residence premises". But if the failure results in a loss, from a Peril Insured Against on the "residence premises", we will pay for the loss caused by that peril.

#### 5. Neglect

Neglect means neglect of an "insured" to use all reasonable means to save and preserve property at and after the time of a loss.

#### 6. Intentional Loss

Intentional Loss means any loss arising out of any act an "insured" commits or conspires to commit with the intent to cause a loss.

In the event of such loss, no "insured" is entitled to coverage, even "insureds" who did not commit or conspire to commit the act causing the loss.

#### 7. Governmental Action

Governmental Action means the destruction, confiscation or seizure of property described in Coverage **A**, **B** or **C** by order of any governmental or public authority.

This exclusion does not apply to such acts ordered by any governmental or public authority that are taken at the time of a fire to prevent its spread, if the loss caused by fire would be covered under this policy.

### SECTION I – CONDITIONS

#### A. Insurable Interest And Limit Of Liability

Even if more than one person has an insurable interest in the property covered, we will not be liable in any one loss:

1. To an "insured" for more than the amount of such "insured's" interest at the time of loss; or
2. For more than the applicable limit of liability.

#### B. Deductible

Unless otherwise noted in this policy, the following deductible provision applies:

With respect to any one loss:

1. Subject to the applicable limit of liability, we will pay only that part of the total of all loss payable that exceeds the deductible amount shown in the Declarations.
2. If two or more deductibles under this policy apply to the loss, only the highest deductible amount will apply.

#### C. Duties After Loss

In case of a loss to covered property, we have no duty to provide coverage under this policy if the failure to comply with the following duties is prejudicial to us. These duties must be performed either by you, an "insured" seeking coverage, or a representative of either:

1. Give prompt notice to us or our agent;
2. Protect the property from further damage. If repairs to the property are required, you must:
  - a. Make reasonable and necessary repairs to protect the property; and
  - b. Keep an accurate record of repair expenses;
3. Cooperate with us in the investigation of a claim;
4. Prepare an inventory of damaged personal property showing the quantity, description, actual cash value and amount of loss. Attach all bills, receipts and related documents that justify the figures in the inventory;
5. As often as we reasonably require:
  - a. Show the damaged property;
  - b. Provide us with records and documents we request and permit us to make copies; and
  - c. Submit to examination under oath, while not in the presence of another "insured", and sign the same;
6. Send to us, within 60 days after our request, your signed, sworn proof of loss which sets forth, to the best of your knowledge and belief:
  - a. The time and cause of loss;
  - b. The interests of all "insureds" and all others in the property involved and all liens on the property;
  - c. Other insurance which may cover the loss;
  - d. Changes in title or occupancy of the property during the term of the policy;
  - e. Specifications of damaged buildings and detailed repair estimates;
  - f. The inventory of damaged personal property described in 4. above;
  - g. Receipts for additional living expenses incurred and records that support the fair rental value loss.

## D. Loss Settlement

Covered property losses are settled as follows:

1. Property of the following types:
  - a. Personal property;
  - b. Awnings, carpeting, household appliances, outdoor antennas and outdoor equipment, whether or not attached to buildings; and
  - c. Structures that are not buildings;at actual cash value at the time of loss but not more than the amount required to repair or replace.
2. Buildings under Coverage **A** or **B**:
  - a. If you repair or replace the loss to restore the building structure for the same occupancy and use at the same site within 180 days of the date of loss, we will pay the lesser of the following amounts:
    - (1) The limit of liability that applies to the damaged or destroyed building structure; or
    - (2) The necessary amount actually spent to repair or replace the loss to the building structure but no more than the cost of using common construction materials and methods where functionally equivalent to and less costly than obsolete, antique or custom construction materials and methods.
  - b. If you do not make claim under Paragraph **a.** above, we will pay the least of the following amounts:
    - (1) The limit of liability that applies to the damaged or destroyed building structure;
    - (2) The market value at the time of loss of the damaged or destroyed building structure exclusive of land value; or
    - (3) The amount which it would cost to repair or replace that part of the building structure damaged or destroyed with material of like kind and quality less allowance for physical deterioration and depreciation.

In this provision, the terms "repair" and "replace" do not include the increased costs incurred to comply with the enforcement of any ordinance or law.

## E. Loss To A Pair Or Set

In case of loss to a pair or set we may elect to:

1. Repair or replace any part to restore the pair or set to its value before the loss; or
2. Pay the difference between actual cash value of the property before and after the loss.

## F. Appraisal

If you and we fail to agree on the amount of loss, either may demand an appraisal of the loss. In this event, each party will choose a competent and impartial appraiser within 20 days after receiving a written request from the other. The two appraisers will choose an umpire. If they cannot agree upon an umpire within 15 days, you or we may request that the choice be made by a judge of a court of record in the state where the "residence premises" is located. The appraisers will separately set the amount of loss. If the appraisers submit a written report of an agreement to us, the amount agreed upon will be the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of loss.

Each party will:

1. Pay its own appraiser; and
2. Bear the other expenses of the appraisal and umpire equally.

## G. Other Insurance And Service Agreement

If a loss covered by this policy is also covered by:

1. Other insurance, we will pay only the proportion of the loss that the limit of liability that applies under this policy bears to the total amount of insurance covering the loss; or
2. A service agreement, this insurance is excess over any amounts payable under any such agreement. Service agreement means a service plan, property restoration plan, home warranty or other similar service warranty agreement, even if it is characterized as insurance.

## H. Suit Against Us

No action can be brought against us unless there has been full compliance with all of the terms under Section **I** of this policy and the action is started within two years after the date of loss.

## I. Our Option

If we give you written notice within 30 days after we receive your signed, sworn proof of loss, we may repair or replace any part of the damaged property with material or property of like kind and quality.

## J. Loss Payment

We will adjust all losses with you. We will pay you unless some other person is named in the policy or is legally entitled to receive payment. Loss will be payable 60 days after we receive your proof of loss and:

1. Reach an agreement with you;
2. There is an entry of a final judgment; or
3. There is a filing of an appraisal award with us.

### **K. Abandonment Of Property**

We need not accept any property abandoned by an "insured".

### **L. Mortgage Clause**

1. If a mortgagee is named in this policy, any loss payable under Coverage **A** or **B** will be paid to the mortgagee and you, as interests appear. If more than one mortgagee is named, the order of payment will be the same as the order of precedence of the mortgages.
2. If we deny your claim, that denial will not apply to a valid claim of the mortgagee, if the mortgagee:
  - a. Notifies us of any change in ownership, occupancy or substantial change in risk of which the mortgagee is aware;
  - b. Pays any premium due under this policy on demand if you have neglected to pay the premium; and
  - c. Submits a signed, sworn statement of loss within 60 days after receiving notice from us of your failure to do so. Paragraphs **F.** Appraisal, **H.** Suit Against Us and **J.** Loss Payment under Section **I** – Conditions above also apply to the mortgagee.
3. If we decide to cancel or not to renew this policy, the mortgagee will be notified at least 10 days before the date cancellation or nonrenewal takes effect.
4. If we pay the mortgagee for any loss and deny payment to you:
  - a. We are subrogated to all the rights of the mortgagee granted under the mortgage on the property; or
  - b. At our option, we may pay to the mortgagee the whole principal on the mortgage plus any accrued interest. In this event, we will receive a full assignment and transfer of the mortgage and all securities held as collateral to the mortgage debt.
5. Subrogation will not impair the right of the mortgagee to recover the full amount of the mortgagee's claim.

### **M. No Benefit To Bailee**

We will not recognize any assignment or grant any coverage that benefits a person or organization holding, storing or moving property for a fee regardless of any other provision of this policy.

### **N. Recovered Property**

If you or we recover any property for which we have made payment under this policy, you or we will notify the other of the recovery. At your option, the property will be returned to or retained by you or it will become our property. If the recovered property is returned to or retained by you, the loss payment will be adjusted based on the amount you received for the recovered property.

### **O. Policy Period**

This policy applies only to loss which occurs during the policy period.

### **P. Concealment Or Fraud**

We provide coverage to no "insureds" under this policy if, whether before or after a loss, an "insured" has:

1. Intentionally concealed or misrepresented any material fact or circumstance;
  2. Engaged in fraudulent conduct; or
  3. Made false statements;
- relating to this insurance.

### **Q. Loss Payable Clause**

If the Declarations show a loss payee for certain listed insured personal property, the definition of "insured" is changed to include that loss payee with respect to that property.

If we decide to cancel or not renew this policy, that loss payee will be notified in writing.

### **R. Liberalization Clause**

If we make a change which broadens coverage under this edition of our policy without additional premium charge, that change will automatically apply to your insurance as of the date we implement the change in your state, provided that this implementation date falls within 60 days prior to or during the policy period stated in the Declarations.

This Liberalization Clause does not apply to changes implemented with a general program revision that includes both broadenings and restrictions in coverage, whether that general program revision is implemented through introduction of:

1. A subsequent edition of this policy; or
2. An amendatory endorsement.

### **S. Waiver Or Change Of Policy Provisions**

A waiver or change of a provision of this policy must be in writing by us to be valid. Our request for an appraisal or examination will not waive any of our rights.

## **T. Cancellation**

1. You may cancel this policy at any time by returning it to us or by letting us know in writing of the date cancellation is to take effect.
2. We may cancel this policy only for the reasons stated below by letting you know in writing of the date cancellation takes effect. This cancellation notice may be delivered to you, or mailed to you at your mailing address shown in the Declarations. Proof of mailing will be sufficient proof of notice.
  - a. When you have not paid the premium, we may cancel at any time by letting you know at least 10 days before the date cancellation takes effect.
  - b. When this policy has been in effect for less than 60 days and is not a renewal with us, we may cancel for any reason by letting you know at least 10 days before the date cancellation takes effect.
  - c. When this policy has been in effect for 60 days or more, or at any time if it is a renewal with us, we may cancel:
    - (1) If there has been a material misrepresentation of fact which if known to us would have caused us not to issue the policy; or
    - (2) If the risk has changed substantially since the policy was issued.

This can be done by letting you know at least 30 days before the date cancellation takes effect.
  - d. When this policy is written for a period of more than one year, we may cancel for any reason at anniversary by letting you know at least 30 days before the date cancellation takes effect.
3. When this policy is canceled, the premium for the period from the date of cancellation to the expiration date will be refunded pro rata.
4. If the return premium is not refunded with the notice of cancellation or when this policy is returned to us, we will refund it within a reasonable time after the date cancellation takes effect.

## **U. Nonrenewal**

We may elect not to renew this policy. We may do so by delivering to you, or mailing to you at your mailing address shown in the Declarations, written notice at least 30 days before the expiration date of this policy. Proof of mailing will be sufficient proof of notice.

## **V. Assignment**

Assignment of this policy will not be valid unless we give our written consent.

## **W. Subrogation**

An "insured" may waive in writing before a loss all rights of recovery against any person. If not waived, we may require an assignment of rights of recovery for a loss to the extent that payment is made by us.

If an assignment is sought, an "insured" must sign and deliver all related papers and cooperate with us.

## **X. Death**

If any person named in the Declarations or the spouse, if a resident of the same household, dies, the following apply:

1. We insure the legal representative of the deceased but only with respect to the premises and property of the deceased covered under the policy at the time of death; and
2. "Insured" includes:
  - a. An "insured" who is a member of your household at the time of your death, but only while a resident of the "residence premises"; and
  - b. With respect to your property, the person having proper temporary custody of the property until appointment and qualification of a legal representative.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **SPECIAL PROVISIONS – NORTH CAROLINA**

### **DEFINITIONS**

Definition **B.1.** is replaced by the following:

1. "Business" includes any full- or part-time activity of any kind engaged in for economic gain, including the use of any part of any premises for such purposes.

The following definition is added to Paragraph **B.** in all forms:

8. "Fungi" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.

### **SECTION I – PROPERTY COVERAGES**

#### **C. Coverage C – Personal Property**

##### **4. Property Not Covered**

Paragraph **c.(2)(a)** is replaced by the following:

- (a) Used to service an "insured's" residence; or

#### **E. Additional Coverages**

In all forms except **HS 00 06** and **HS 00 08**:

Paragraph **1. Debris Removal** is replaced by the following:

##### **1. Debris Removal**

- a. We will pay your reasonable expense for the removal of debris of covered property if a Peril Insured Against that applies to the damaged property causes the loss.

This expense is included in the limit of liability that applies to the damaged property. If the amount to be paid for the actual damage to the property plus the debris removal expense is more than the limit of liability for the damaged property, an additional 5% of that limit of liability is available for debris removal expense.

- b. We will also pay your reasonable expense, up to \$500, for the removal from the "residence premises" of:

- (1) Your trees felled by the peril of Windstorm or Hail; or

- (2) A neighbor's trees felled by a Peril Insured Against under Coverage **C**;

provided the trees:

- (3) Damage a covered structure; or

- (4) Do not damage a covered structure, but:

- (a) Block a driveway on the "residence premises" which prevents a "motor vehicle", that is registered for use on public roads or property, from entering or leaving the "residence premises"; or

- (b) Block a ramp or other fixture designed to assist a handicapped person to enter or leave the dwelling building.

The \$500 limit is the most we will pay in any one loss, regardless of the number of fallen trees.

This coverage is additional insurance.

In Form **HS 00 06**:

Paragraph **1. Debris Removal** is replaced by the following:

##### **1. Debris Removal**

- a. We will pay your reasonable expense for the removal of debris of covered property if a Peril Insured Against that applies to the damaged property causes the loss.

This expense is included in the limit of liability that applies to the damaged property. If the amount to be paid for the actual damage to the property plus the debris removal expense is more than the limit of liability for the damaged property, an additional 5% of that limit of liability is available for debris removal expense.

- b. We will also pay your reasonable expense, up to \$500, for the removal from the "residence premises" of:

- (1) Trees you solely own felled by the peril of Windstorm or Hail; or Weight of Ice, Snow or Sleet; or

- (2) A neighbor's trees felled by a Peril Insured Against under Coverage **C**;

provided the trees damage a covered structure. The \$500 limit is the most we will pay in any one loss, regardless of the number of fallen trees.

This coverage is additional insurance.

In Form **HS 00 08**:

Paragraph **1. Debris Removal** is replaced by the following:

**1. Debris Removal**

- a. We will pay your reasonable expense for the removal of debris of covered property if a Peril Insured Against that applies to the damaged property causes the loss.

This expense is included in the limit of liability that applies to the damaged property. If the amount to be paid for the actual damage to the property plus the debris removal expense is more than the limit of liability for the damaged property, an additional 5% of that limit of liability is available for debris removal expense.

- b. We will also pay your reasonable expense, up to \$500, for the removal from the "residence premises" of:

- (1) Your trees felled by the peril of Windstorm or Hail; or

- (2) A neighbor's trees felled by a Peril Insured Against under Coverage **C**;

provided the trees:

- (3) Damage a covered structure; or

- (4) Do not damage a covered structure, but:

- (a) Block a driveway on the "residence premises" which prevents a "motor vehicle", that is registered for use on public roads or property, from entering or leaving the "residence premises"; or

- (b) Block a ramp or other fixture designed to assist a handicapped person to enter or leave the dwelling building.

The \$500 limit is the most we will pay in any one loss, regardless of the number of fallen trees.

This coverage is additional insurance.

The following Additional Coverage is added to all forms except **HS 00 04**:

**9. "Fungi", Wet Or Dry Rot, Or Bacteria**

- a. We will pay up to a total of \$5,000 for:

- (1) Direct physical loss to property covered under Section **I – Coverage A – Dwelling, Coverage B – Other Structures and Coverage C – Personal Property** caused by, resulting from, or consisting of "fungi", wet or dry rot, or bacteria if the direct result of a Peril Insured Against; and

- (2) The necessary increase in costs which you incur to maintain your normal standard of living when the "residence premises" is uninhabitable due to a loss caused by, resulting from, or consisting of "fungi", wet or dry rot, or bacteria which is the direct result of a Peril Insured Against.

The coverage provided above is the only coverage under Section **I – Coverage A – Dwelling, Coverage B – Other Structures, Coverage C – Personal Property and Coverage D – Loss Of Use** for loss caused by, resulting from, or consisting of "fungi", wet or dry rot, or bacteria caused directly or indirectly regardless of any other cause or event contributing concurrently or in any sequence.

- b. The amount in a. above is the most we will pay for the cost:

- (1) To remove "fungi", wet or dry rot, or bacteria from covered property;

- (2) To tear out and replace any part of the building or other covered property as needed to gain access to the "fungi", wet or dry rot, or bacteria; and

- (3) Of any testing of air or property to confirm the absence, presence or level of "fungi", wet or dry rot, or bacteria whether performed prior to, during or after removal, repair, restoration or replacement. The cost of such testing will be provided only to the extent that there is a reason to believe that there is the presence of "fungi", wet or dry rot, or bacteria.

- c. The coverage provided above applies only when such loss or costs are the result of a Peril Insured Against that occurs during the policy period and only if all reasonable means were used to save and protect the property from further damage at or after the time of the occurrence of that Peril Insured Against.

- d. If there is covered loss to covered property, not caused, in whole or in part, by "fungi", wet or dry rot, or bacteria, loss payment will not be limited by the terms of this Additional Coverage, except to the extent that "fungi", wet or dry rot, or bacteria causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Additional Coverage.

This is additional insurance and is the most we will pay for the total of all loss or costs payable under the Additional Coverage regardless of the number of locations insured or the number of claims made. No deductible applies to this coverage.

(This is Additional Coverage **8.** in Form **HS 00 06** and Additional Coverage **5.** in Form **HS 00 08.**)

## SECTION I – EXCLUSIONS

Paragraph **2. Earth Movement** is replaced by the following:

### 2. Earth Movement

Earth Movement means:

- a. Earthquake, including land shock waves or tremors before, during or after a volcanic eruption;
- b. Landslide, mudslide or mudflow;
- c. Subsidence or sinkhole; or
- d. Any other earth movement including earth sinking, rising or shifting.

This Exclusion **2.** applies regardless of whether any of the above, in **2.a.** through **2.d.**, is caused by an act of nature, an act of man or is otherwise caused.

However, direct loss by fire, explosion or theft resulting from any of the above, in **2.a.** through **2.d.**, is covered.

(This is Paragraph **A.2.** in Form **HS 00 03.**)

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

### 3. Water

This means:

- a. Flood, including but not limited to flash flood, surface water, waves, including tidal wave and tsunami, seiche, tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind, including storm surge;
- b. Water which:
  - (1) Backs up through sewers or drains; or
  - (2) Overflows or is otherwise discharged from a sump, sump pump or related equipment;
- c. Water below the surface of the ground, including water which exerts pressure on, or seeps, leaks or flows through a building, sidewalk, driveway, patio, foundation, swimming pool or other structure; or
- d. Waterborne material carried or otherwise moved by any of the water referred to in **3.a.** through **3.c.** of this exclusion.

This Exclusion **3.** applies regardless of whether any of the above, in **3.a.** through **3.d.**, is caused by an act of nature, an act of man or is otherwise caused.

This Exclusion **3.** applies to, but is not limited to, escape, overflow or discharge, for any reason, of water or waterborne material from a dam, levee, seawall or any other boundary or containment system whether natural, man-made or is otherwise made.

However, direct loss by fire, explosion or theft resulting from any of the above, in **3.a.** through **3.d.**, is covered.

(This is Paragraph **A.3.** in Form **HS 00 03.**)

Paragraph **6. Intentional Loss** is replaced by the following:

### 6. Intentional Loss

Intentional Loss means any loss arising out of any act an "insured" commits or conspires to commit with the intent to cause a loss.

This exclusion only applies to an "insured" who commits or conspires to commit an act with the intent to cause a loss.

(This is Paragraph **A.6.** in Form **HS 00 03.**)

The following exclusion is added:

### 8. "Fungi", Wet Or Dry Rot, Or Bacteria

"Fungi", Wet Or Dry Rot, Or Bacteria means the presence, growth, proliferation, spread or any activity of "fungi", wet or dry rot, or bacteria other than as provided in Additional Coverage **9.** "Fungi", Wet Or Dry Rot, Or Bacteria.

(This is Exclusion **A.8.** in Form **HS 00 03.**)

## SECTION I – CONDITIONS

### C. Duties After Loss

The following is added to the end of Paragraph **6.:**

However, if a state of disaster is proclaimed or declared for the State of North Carolina or for an area within the state in accordance with North Carolina law and the covered property that has sustained loss is located within the geographic area designated in the disaster proclamation or declaration, this 60-day period shall not commence until the expiration of the disaster proclamation or declaration, including all renewals of the proclamation or 45 days, whichever is later.

### D. Loss Settlement

In Forms **HS 00 02** and **HS 00 03** Subparagraph **2.a.** is replaced by the following:

- 2. Buildings covered under Coverage **A** or **B** at replacement cost without deduction for depreciation, subject to the following:

a. If, at the time of loss, the amount of insurance in this policy on the damaged building is 80% or more of the full replacement cost of the building immediately before the loss, we will pay the cost to repair or replace, without deduction for depreciation, but not more than the least of the following amounts:

- (1) The limit of liability under this policy that applies to the building;
- (2) The replacement cost of that part of the building damaged with material of like kind and quality and for like use; or
- (3) The necessary amount actually spent to repair or replace the damaged building on the "residence premises" or some other premises within the State of North Carolina.

Paragraph **F. Appraisal** is replaced by the following:

#### **F. Appraisal**

If you and we fail to agree on the value or amount of any item or loss, either may demand an appraisal of such item or loss. In this event, each party will choose a competent and disinterested appraiser within 20 days after receiving a written request from the other. The two appraisers will choose a competent and impartial umpire. If they cannot agree upon an umpire within 15 days, you or we may request that a choice be made by a judge of a court of record in the state where the "residence premises" is located. The appraisers will separately set the amount of loss. If the appraisers submit a written report of an agreement to us, the amount agreed upon will be the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of loss. Each party will:

1. Pay its own appraiser; and
2. Bear the other expenses of the appraisal and umpire equally.

In no event will an appraisal be used for the purpose of interpreting any policy provision, determining causation or determining whether any item or loss is covered under this policy. If there is an appraisal, we still retain the right to deny the claim.

Paragraph **H. Suit Against Us** is replaced by the following:

#### **H. Suit Against Us**

No action can be brought against us unless there has been full compliance with all of the terms under Section **I** of this policy and the action is started within three years after the date of loss.

Paragraph **J. Loss Payment** is replaced by the following:

#### **J. Loss Payment**

We will adjust all losses with you. We will pay you unless some other person is named in the policy or is legally entitled to receive payment. We will pay within 60 days after the amount is finally determined.

This amount may be determined by:

- a. Reaching an agreement with you;
- b. Entry of a final judgment; or
- c. The filing of an appraisal award with us.

The following condition is added:

#### **Choice Of Law**

This policy is issued in accordance with the laws of North Carolina and covers property or risks principally located in North Carolina. Any and all claims or disputes in any way related to this policy shall be governed by the laws of North Carolina.

All other provisions of this policy apply.

**PREFILED TESTIMONY  
OF  
ROBERT J. CURRY**

**2017 HOMEOWNERS INSURANCE  
RATE FILING BY THE  
NORTH CAROLINA RATE BUREAU**

Q: Please state your name and business address.

A: My name is Robert J. Curry. My business address is Insurance Services Office, 545 Washington Boulevard, Jersey City, New Jersey.

Q: By whom are you employed?

A: I am employed by Insurance Services Office (ISO) and have been employed by ISO since October 8, 1984.

Q: What are your responsibilities at ISO?

A: At the time when this rate review was prepared, I was generally responsible for managing and overseeing preparation of the North Carolina personal property rate reviews. Additionally, I am ISO's Regulatory Actuary. In this role, I interface with all the insurance departments on actuarial questions and issues about ISO filings for all lines of business.

Q: What is your employment background?

A: I have been employed by ISO for over thirty years in various actuarial positions. I was hired as an Actuarial Assistant in 1984 in the Data Management and Control area. In 1990, I joined Actuarial Development as an Actuarial Consultant coordinating work on the quarterly Industry Operating Results and several Insurance Issues Series studies. In 1994, I joined Actuarial Government Services as a Regional Actuary. In 1998, I joined the Personal Lines Actuarial Division (PLAD) as a Manager and Associate Actuary. In PLAD, I was responsible for personal auto filings in 25 states and the use of catastrophe models in personal property ratemaking. In 2003 I was appointed Assistant Vice President and Actuary of the Personal Property Actuarial Division. In 2015, after a reorganization, I was named Actuarial Product Director for Personal Property.

I am now Assistant Vice President and Regulatory Actuary in Government Relations.

Q: What is your background in actuarial science and your educational background?

A: I have a Bachelor of Science degree in mathematics from Cook College at Rutgers University. I am a Fellow of the Casualty Actuarial Society (CAS) and a member of the American Academy of Actuaries (AAA). I have met the continuing professional education requirements of the AAA through the date of this testimony. I am a Chartered Property Casualty Underwriter (CPCU). I have also earned the Associate in Insurance Accounting and Finance (AIAF) and Associate in Regulatory Compliance (ARC) designations. I have served on the CAS Examination Committee, CAS Committee on Special Interest Seminars, CAS Ratemaking and Product Management Seminar Committee, CAS Continuing Education Committee and CAS Syllabus Committee. I was the chair of the CAS Predictive Modeling Seminar Committee. I have also served as a member of the American Academy of Actuaries Committee on Automobile Insurance Issues. I am currently the chair of the In Focus Seminar planning committee. I am a member of the AAA Big Data Task Force.

Q: Are you familiar with homeowners insurance ratemaking in North Carolina and other states?

A: Yes. I have worked on all Bureau property reviews and filings in North Carolina since 2003. As part of my duties at ISO, I am familiar with the data collection and ratemaking procedures in use in states in addition to North Carolina.

Q: What work have you performed with respect to the Bureau's 2017 homeowners rate filing in North Carolina?

A: Through ISO I have been involved in the preparation of the 2017 homeowners rate filing for the Bureau in several respects. First, ISO, as a licensed statistical agent in North Carolina, collects homeowners insurance data from a significant number of the companies which write that line in North Carolina, as well as from the North Carolina Insurance Underwriting Association (commonly called the "Beach Plan" and discussed further below).

Second, ISO collects, reviews and compiles data from three other statistical organizations licensed in North Carolina that collect homeowners data from Bureau member companies. All companies writing homeowners insurance in North Carolina must report to one of these four organizations. The other three organizations are: the Independent Statistical Service (ISS), the American Association of Insurance Services (AAIS) and the National Independent Statistical Service (NISS).

Third, ISO provides consulting actuarial services directly to the Bureau. I have been directly involved in this aspect of the Bureau's homeowners insurance rate filings for a number of years. As in the past, ISO staff and I compiled the ratemaking data to be reviewed by the Property Rating Subcommittee, the Property Committee and the Governing Committee in preparation of the filing.

Fourth, ISO staff put together the vast majority of the data, information and calculations contained in Exhibit RB-1. This lengthy process was performed under the direction of the Bureau committees. I attended meetings of those Bureau committees together with other ISO staff.

Finally, I have reviewed the filed rates to determine if they are calculated in accordance with the Casualty Actuarial Society's (CAS) Statement of Principles Regarding Property and Casualty Insurance Ratemaking. In accordance with Actuarial Standard of Practice No. 17 Expert Testimony by Actuaries, I conducted my review in terms of reasonableness rather than solely in terms of whether there is precise agreement on each issue. In addition, I applied the applicable rate standards set forth in Article 36 of Chapter 58 of the North Carolina General Statutes, including but not limited to 58-36-10, i.e., that rates must not be excessive, inadequate or unfairly discriminatory and that certain statutory rating factors must be considered.

Q: What is the source of the data utilized in Exhibit RB-1?

A: Since the Rate Bureau has the responsibility of filing forms and making rates for all homeowners insurance policies written in North Carolina (with the exception of such policies that may be written by county farm mutual pursuant to N.C.G.S. 58-36-50), it combines the data as to those policies in its filings as if there were a single company with the loss experience of all those policies. Rates are then analyzed in rate filings as if those rates were being made for this hypothetical one company. The ratemaking data reflected in Exhibit RB-1 is, in general, based on the aggregate homeowners experience of the approximately 95 individual insurance companies that write homeowners policies in North Carolina, together with the experience written on homeowners insurance policies in the residual market as described below. Those entities submit their data to one of the four statistical organizations described above. The four statistical organizations subject each entity's data to a series of verification edits and then consolidate the data. The statistical agents then transmit their consolidated data to ISO for final review and consolidation with the ISO data. After consolidating the data, ISO produces exhibits of the combined data in a format and detail necessary for review by the Rate Bureau committees and ultimately for use in rate filings.

The statistical agents are licensed by the Commissioner of Insurance in North Carolina. They have collected, reviewed, compiled and submitted the data underlying this filing as a regular practice and in the regular course of their business responsibilities as licensed statistical agents in North Carolina.

Q. Please describe what is commonly called the “Beach Plan” and the role of its loss data?

A. The term “Beach Plan” is a commonly used name for the North Carolina Insurance Underwriting Association. It is a residual market organization set up by the North Carolina legislature in Article 45 of the insurance statutes. It writes homeowners and other types of insurance policies for policyholders in the 18 coastal counties. It uses forms and manuals filed by the Bureau.

A residual market organization writes policies for policyholders who cannot obtain insurance in the voluntary market. Although voluntary companies have chosen not to accept the risk of writing homeowners policies at the rates that they can charge, North Carolina law requires those companies to be responsible for payment of some of the losses that may occur on those policies when they are written by the Beach Plan, up to an aggregate statutory cap of \$1 billion annually. The significance of such assessments on the companies will be discussed elsewhere in my testimony.

The Beach Plan writes the same homeowners forms that are written by voluntary companies. Those forms have been prepared and filed by the Rate Bureau on behalf of all companies and the Beach Plan. The Beach Plan writes policies in its own name in the same manner as the voluntary companies. The Beach Plan receives and retains premiums, adjusts losses (on full homeowners policies), reports statistics and operates in a manner similar to voluntary insurance companies in many respects. It uses classifications and rating plans filed by the Bureau. It uses rates filed by the Rate Bureau, except that by statute, the Beach Plan applies a 15% surcharge above the Bureau rate on full homeowners policies and a 5% statutory surcharge on the wind only rate on policies where it writes only the wind and hail coverage on homeowners policies. When the Beach Plan reports its statistical data to ISO, ISO reviews those statistical data in the same manner that it does for voluntary companies.

It should be noted that there is a second residual market mechanism in North Carolina called the North Carolina Joint Underwriting Association or Fair Access to Insurance Requirements organization (“FAIR Plan.”) It writes in all areas of the state except the beach. It writes dwelling fire and extended coverage policies but does not write homeowners policies.

In the “beach” territories, (territories 110 and 120) approximately 78% of the homeowners premium was written by the Beach Plan during 2011-2015, and in “coastal” territories (territories 130, 140, 150 and 160) over 53% of the homeowners premium was written in the Beach Plan. On a statewide basis, approximately 13% of homeowners premium was written in the Beach Plan even though the Beach Plan is only able to write policies in the 18 coastal counties.

Over the years, the Beach Plan's large growth reflects the fact that voluntary companies are unwilling to write in such areas, due in large part to the inadequacy of the Bureau manual rate in those areas. This growth has occurred despite the fact that the legislature only intended the Beach Plan to be the "market of last resort" in those areas.

Loss and exposure data from these two residual market organizations have always been included in Bureau property filings for the line of insurance under review, in the same manner as data from voluntary insurance companies that write that line of insurance. It is actuarially appropriate to include the residual market data with the voluntary data to ensure that the rates developed are representative of the entire market since every policy has the potential to be written in the voluntary market. Since the FAIR Plan does not write homeowners policies, its data are not included in this filing. Only the homeowners data from the Beach Plan are included in this filing.

Q: What statistical data supporting the filing are contained in Exhibit RB-1?

A: In general, the supporting data for the rate level changes are contained in Section C. The most recent five years of experience are displayed in Section C.

The loss experience used in the filing is what we call "accident year" experience for the years ended December 31, 2011 through December 31, 2015. I can explain what is meant by accident year experience by providing an example. The losses for the accident year ended December 31, 2015 consist of all losses caused by accidents which occurred during the one year period ended December 31, 2015. If an accident occurred December 29, 2015 and resulted in either a loss being paid or a reserve being established after January 1, 2016, that loss would be a part of the accident year losses for the period ended December 31, 2015. The test for breaking losses down into accident years is the date the accident occurred.

Q: What is the reason for using five years of data to determine the indicated rate level change?

A: Ratemaking is prospective. The objective is to set rates at the level sufficient to pay expected losses, expected expenses and leave a reasonable margin for profit. That is the fundamental equation in insurance ratemaking to achieve an adequate rate level; i.e., a rate level that is not excessive, inadequate or unfairly discriminatory as required by law.

Rates are set for the period when they will be in effect, which is often the year after the effective date of the filing. The assumed effective date for this filing is June 1, 2018. Past loss data are generally examined for the purpose of projecting expected losses. For types of loss other than hurricane losses (for which the average of two models is used) and non-hurricane catastrophic wind losses (for which a separate excess wind smoothing procedure is employed), five years of

data are considered to be actuarially appropriate to balance the stability of the rates with responsiveness to more recent conditions. The North Carolina statutes allow the Rate Bureau to review five years of experience in its rate level filings in addition to other factors that are to be considered.

Traditional homeowners ratemaking has for many years relied on the consideration of five years of experience with weights of .10, .15, .20, .25 and .30 being given to each year respectively, as the way to achieve a balance of stability and responsiveness. Those weights are used in this filing as in past Bureau homeowners filings. The weights used by the Bureau are identical to those used by Insurance Services Office in all other states for homeowners insurance. These weights are generally accepted in all jurisdictions in which ISO makes homeowners filings.

Q: Please turn to page C-2 of Exhibit RB-1. Would you explain what that page shows?

A: Page C-2 is what is called a statewide rate level calculation for homeowners forms 2, 3, 5, 7 and 8 for North Carolina. These are the forms commonly referred to as the "owners forms." Page C-2 is a determination of what the actuarially indicated rate level changes are for policy forms 2, 3, 5, 7, and 8. The data shown are for all business written in the state on those forms. As will be discussed below, the overall homeowners program to which this filing applies consists of three categories of forms: the forms identified above for "owners," as well as form 4 for "tenants" and form 6 for "condominium owners." Page C-2 deals with the owners forms, and similar calculations are shown on C-3 for tenants and on C-4 for condominium owners. In my testimony, I will generally refer to the owners forms, but it should be noted that my testimony generally applies to the analysis and calculations as to the tenants and condominium owners forms as well, unless otherwise noted. As can be seen in the filing, the owners forms constitute the overwhelming majority of the premium volume.

Q: Referring to column 1 on page C-2, what are "Incurred Losses Excluding Hurricane"?

A: The incurred losses in column 1 are the losses from all causes, except those losses identified as being caused by hurricanes, from insured events that occurred during each of the five respective accident years. The figure includes losses which have already been paid; losses which are not yet paid and are represented by outstanding claim reserves; and losses which have been incurred but for which no individual reserve exists because they have not yet been reported. Hurricane losses have been replaced by average modelled losses from two modelers, as described later in my testimony.

Q: Have the losses excluding hurricanes as shown in column (1) been adjusted in any way?

A: Yes, as explained below, there are two adjustments. First, these losses have been adjusted to a common \$1000 deductible level. The second adjustment results from the use of loss development factors.

Q: Please explain what is done to adjust losses to a common deductible level?

A: In order to properly analyze losses for ratemaking, it is necessary to adjust losses from all policies to some common deductible level. Beginning with this filing, the common deductible level that is assumed for owners forms is \$1,000. In the 2014 homeowners filing, the level was \$250. There has been a similar revision in the common deductible level for tenants and condominium forms. In the previous filing, the assumed common deductible was \$250, but in this filing, it is \$500.

To adjust the current manual rates for the change in the deductible base, the current deductible relativities at the new base deductible were used to determine a weighted average relativity across all of the amount of insurance (AOI) groups with five-year earned house years as the weight. The weighted average relativities used was 0.841 for Owners forms.

Using a weighted average deductible relativity by policy form was necessary due to the fact that the ratemaking systems used to produce the rate indications in this filing reflect deductible pricing in the loss amounts rather than the premium amounts via Loss Elimination Ratios (LERs) and these LERs represent the averages across all AOI groups. However, while the use of weighted average deductible relativities was appropriate to produce the rate indications in this filing, they do not produce factors of unity, which is desired, for the base deductible for any of the AOI groups in the rebased all-perils deductible table. Therefore, the filed rates reflect an additional off balance factor in order to produce unity factors for the new base deductible corresponding to the new base AOI group. The off balance factors are equal to the ratio of the current relativity at the new base deductible (\$1000) to the weighted average relativity used to produce the rate indications. The off balance factor is 0.939 ( $=0.790/0.841$ ) for Owners forms.

Even though selecting different common deductible levels does not affect the indicated rate level, the new selections have an effect on the display of the aggregate premium at current level on page A-2 of the filing. As a result of increasing the assumed deductible from \$250 to \$1,000 on the owners forms, there is a corresponding reduction in the aggregate premium at current level displayed on A-2. Another factor that affects the premium displayed on page A-2 for the owners forms is that the Commissioner's Order in the 2014 filing reduced rates for the owners forms by -0.3%. It should be noted that the Commissioner's Order increased rates for the tenants and condominium owners forms by 11.2% and 8.1%, respectively. These rate level changes together with the rebalancing of the deductible levels are reflected in the numbers on A-2 for aggregate premium at current level.

Q: What is the purpose of adjusting the reported losses by applying loss development factors?

A: As I mentioned earlier, the losses in column 1 of page C-2 include losses from events which have happened but which have not yet been reported. By definition, since they have not yet been reported, we cannot simply take a reported number and add it in. Such events are included by what is known as an adjustment for IBNR (incurred but not reported) losses. This is accomplished through the use of loss development factors. The losses as they are reported to statistical agents cover all accidents which occur during the respective accident years ended December 31. When they are reported to the statistical agent, they are evaluated as of March 31 of the next year. As of March 31 some of the losses have already been paid and some have not. Those that have not are represented by loss reserves. The loss reserves are estimates of what will ultimately be paid on these outstanding claims.

Since we want the losses used in the filing to be as accurate as possible, we look at history to see how losses have changed, or "developed," in the past from the time they were initially reported to the time they were ultimately paid. For example, if we look back and see that historically there has been a 1% increase in the dollar amount of losses from the time they were initially reported as reserves until the time they were ultimately paid, we would logically assume that the same development pattern will hold true for losses incurred during the accident year ended December 31, 2015. Accordingly, we would make an adjustment by increasing the losses as they are initially reported to us by 1%.

Q: What causes losses to change or develop as you have described?

A: The losses which have been paid as of the date of the initial reporting may not change. As to the reserve portion of the losses, however, changes would typically result from the fact that the ultimate loss payments are more or less than estimated at the time of the initial report that led to the reserve. Another factor would be the late reporting of claims. For example, if a loss event occurred on December 15 of any given year and for some reason was not timely reported to the company by the end of the year, it might very well be that the losses as initially reported would not include any provision for that particular claim. By the time of the next year's evaluation, however, the claim would have worked its way into the system and the total loss would include either the paid amount or the reserved amount for that particular claim. This would cause an upward development in the losses as initially reported.

Q: Will you please refer to page D-12 of RB-1 and explain how the loss development factors used in the filing were calculated?

A: Yes. The top section of that page shows the incurred losses evaluated as of 15, 27, 39, 51 and 63 months for the accident years for which data are available are shown. In calculating loss development factors, we have used the data of companies reporting to ISO and three large writers reporting to PCI. For instance, the first entry for the accident year ended December 31, 2013 is \$670,462,536. This is in the column which is labeled "15 Months." This is the first evaluation of the losses caused by loss events which occurred during the year which ended December 31, 2013. The evaluation was made as of March 31, 2014, 15 months after the beginning of the accident year. Twelve months later (March 31, 2015) the losses caused by accidents which occurred during the year ended December 31, 2013 had grown to \$683,728,555. This is the evaluation as of 27 months after the beginning of the accident year. This increase from roughly \$670 million to \$684 million represents a growth in losses, or a positive development, of 2.0% (or 1.020) as shown in the column under Link Ratios located lower on that page labeled "27:15." As shown on page D-12, we have looked at the development from 15 months to 27 months for all years. The average development for these years was 2.0%. The selected loss development factor for 15 to 27 months is 1.020.

Q: Does page D-12 also show development figures for periods longer than 27 months?

A: Yes. We also calculate loss development factors for the periods from 27 months to 39 months, 39 months to 51 months and 51 months to 63 months. Studies have shown that for homeowners insurance virtually all losses have been paid by the time of the evaluation at 63 months after the beginning of an accident year. For example, by the time of the 39 month evaluation the losses for the accident year ended December 31, 2013 had become \$684,102,851. This represents an increase of 0.1%, over the losses for the same accident year evaluated as of 27 months. The average development over the period 27 months to 39 months for the years for which the data are available was 1.002, or 0.2%.

Q: Please explain how the loss development factor used to determine the ultimate payment value of the accident year ended December 31, 2013 losses was determined?

A: The loss development factors for each of the applicable periods, as shown on page D-12, are:

<u>Development Period</u>	<u>Factor</u>
15 to 27	1.020
27 to 39	1.002
39 to 51	0.999
51 to 63	0.999

If you multiply all of these factors together, you will get a factor of 1.020 to apply to the year ended December 31, 2015 losses.

Q: You referred earlier to a separate procedure for dealing with non-hurricane excess wind losses. Please describe that procedure.

A: An adjustment was made to the non-hurricane wind losses in the years in which there were very severe storms such as tornadoes, thunderstorms, hailstorms, derechos and other damaging wind storms, other than hurricanes. The adjustment caps average losses by territory in years where abnormally high losses coincide with severe non-hurricane windstorm activity. The adjustment relies on a factor developed by using a statewide average consisting of years without losses influenced by severe non-hurricane storms. As a result of this procedure, a long-term Excess Factor of 1.068 was calculated and therefore applied to the losses. This procedure has been employed in past homeowners filings and is customarily employed to smooth out and properly reflect prospective non-hurricane wind losses. In this filing, more non-hurricane wind losses have been removed than have been added back in by applying the 1.068 factor. The reason is that there were a number of wind events during the five year experience period that caused unusually high non-hurricane wind losses.

Q: Was it necessary to exclude hurricane losses in calculating the excess wind factor?

A: Yes, such losses have been excluded in the calculation of the Excess Factor derived on pages D-31 through D-33.

Q: How have hurricane losses been identified in order to be excluded from the Derivation of Excess Factor (Excludes Hurricane Losses) exhibit on page D-31, D-32 and D-33?

A: The method to remove the hurricane losses from the derivation of the excess factor depends on the detail of the available data during different periods of time. For 1950-1965, only statewide data is available, and it is only from dwelling policies for the early years. Consequently, for a year in which a hurricane occurred, losses from that year are removed from the calculation of the statewide non-hurricane excess factor. This is shown by the omission of the year in question on page D-31. For example, in 1954 Hurricane Hazel was a Category 4 storm that caused major losses in North Carolina, so that year was removed from the exhibit.

Since territory data is available (in varying detail) for 1966-2015, the calculation of the non-hurricane losses is performed at the territory level for this period.

For 1966 - 1986, the non-hurricane wind losses for a territory are calculated by replacing the hurricane year wind to non-wind ratio by the average wind to non-wind ratio of the non-hurricane years. Given the revised wind to non-wind ratio for the hurricane year, the reported non-hurricane total losses and the reported

non-hurricane wind losses are then “backed into.” For the years (1966 - 1982) in which old territory codes were in effect, the average wind to non-wind ratios are based on the non-hurricane years from 1966-1982. For the years (1983-1999) in which the former territory codes were in effect, the average wind to non-wind ratios are based on the non-hurricane years from 1983 to 1999. For the territory codes introduced as part of the 1993 filing, the average wind to non-wind ratios from the predecessor territories have been used.

For 1987--September 1995, territory losses by month are available for ISO data only. The territory non-hurricane losses for this period are calculated as follows: first, the average losses for the month in which the hurricane occurred are calculated based on the non-hurricane years. The average monthly losses are then added to the eleven remaining months of the hurricane year and divided by the hurricane year annual losses resulting in a non-hurricane adjustment factor. This factor is then applied appropriately to either reported losses or adjusted losses by territory for all statistical agents to obtain non-hurricane losses. For severe hurricanes, wind type losses are sometimes reported as water losses or all other property damage losses. To accurately estimate the non-hurricane losses, the above non-hurricane factors are calculated for water and all other property damage and then applied to the water losses and the all other property damage losses.

For October 1995-2015, based on information from NOAA and other sources, the specific dates on which a given hurricane was active in North Carolina are determined. The loss experience for ISO is then examined by date and cause-of-loss. Wind losses and losses for other weather-related perils which occurred on these dates are assumed to be hurricane losses. For ISO data, the percentage of hurricane losses to total losses is calculated. To estimate the hurricane losses for statistical agents other than ISO, the percentage of hurricane losses in the ISO data (relative to the ISO yearly total) is applied to the total loss amounts for the other statistical agents.

For 2003-2015, the data described above is also available from ISS and has been examined together with the ISO data. For the combined ISO and ISS data, the percentage of hurricane losses to total losses is calculated. To estimate the hurricane losses for statistical agents other than ISO and ISS, the combined percentage of hurricane losses from ISO and ISS data (relative to the ISO and ISS yearly total) is applied to the total loss amounts for the other statistical agents.

- Q. Can you use the year 2011 as an example of how losses have been smoothed and how the smoothing affects the losses for an individual year?
- A. Yes. The year 2011 was a bad year for insurance companies in North Carolina, but the smoothing processes reduced its impact on this filing significantly. Total losses without any smoothing were \$1,760,862,761. We know that there was a relatively weak Cat. 1 hurricane in 2011 (Irene), and we also know that there

were a number of non-hurricane wind events that made 2011 a greater than normal year in terms of such losses. Hurricane losses in the amount of \$363,354,681 were removed because we use the long term average hurricane loss costs rather than the actual losses. The long-term average hurricane losses are \$304,932,514. We also analyzed the non-hurricane wind losses and removed a large number of those losses under our excess wind procedure which was described above. By using that excess wind procedure, we removed \$781,355,970 in losses and spread those losses over the long run by the use of the excess wind factor. If our ratemaking procedure had not removed the actual hurricane losses and substituted the long term average, and if the ratemaking procedure had not removed the actual excess wind losses and used the excess wind smoothing procedure, then the statewide rate level indications would be higher than in the filing. These smoothing procedures have been consistently applied by the Bureau for many years and serve to keep rate indications significantly lower than they otherwise would be following years with high wind losses.

Q: Do you have an opinion as to whether the incurred losses excluding hurricanes shown in column 1 on page C-2 of Exhibit RB-1 accurately represent the anticipated value of owners forms incurred losses excluding actual hurricane losses which resulted from accidents which took place during each of the years ended December 31 in North Carolina?

A: Yes, I do.

Q: What is that opinion?

A: I believe that the losses shown in column 1 do accurately represent the expected ultimate value of those losses excluding actual hurricane losses. More information will be set out later in my prefiled testimony about the actual hurricane losses that were considered but excluded from the data in this filing.

Q: Please explain trending of the losses.

A: The losses need to be adjusted by trend to reflect the cost levels anticipated to prevail during the period that the proposed rates are expected to be in effect. For this filing, the assumed effective date is June 1, 2018. This date is relevant for trending purposes as explained in my testimony. If the filing were to become effective on a date later than the June 1, 2018 assumed effective date, then the rate indications would be higher than those set forth in the filing for the owners and condominium forms and lower for the tenants form.

Q: Could you please describe how the loss trend is developed and applied?

A: The loss trend is developed in a two-step process. The first step is the development of a Current Cost Factor, which brings the losses up to the cost level

of the external Current Cost Index that is used as the basis of loss trend. The second step is the development of a Loss Projection Factor based upon an exponential fit of the last twelve quarters of the Current Cost Index and the actual homeowners pure premium trend. The Loss Projection Factor projects the losses from May 15, 2017 (the midpoint of the latest quarter of the external index) to June 1, 2019, the average date of loss for policies which will be written at the proposed rates (i.e. one year beyond the assumed effective date of June 1, 2018).

Q: You mentioned that the loss trend is based on a Current Cost Index. What are the components of the Current Cost Index used for the owners forms?

A: The Current Cost Index is a weighted average of the Modified Consumer Price Index (MCPI) and the CoreLogic Residential Index, with the MCPI receiving 20% weight and the CoreLogic index receiving 80% weight. The intent of the weights is to reflect the split between contents type losses and buildings type losses. The weights have been updated from the previous weights of 45% to the MCPI and 55% to the CoreLogic index. The revision was based on a review of buildings and contents data. For ease of use, the MCPI and the CoreLogic index have been rebased to a more current date (2012) rather than the old date of 1967, but rebasing the indices does not make a change in the indications.

Q: What is the CoreLogic Residential index?

A: The CoreLogic Residential index is the successor to the Boeckh Residential Index that has been used in homeowners filings for many years. It is an index of construction costs compiled by CoreLogic. The particular index used in the filing is based on information compiled specifically for construction costs in North Carolina.

Q: How are the weights of 80% to the CoreLogic index and 20% to the Modified Consumer Price Index determined?

A: The weights were based on an examination of losses by cause of loss and apportioning the losses between buildings and contents. North Carolina homeowners losses (normalized for catastrophe losses) were reviewed by cause of loss and split into percentages that correspond to buildings and contents as shown below:

	Buildings	Contents
2008	78.9%	21.1%
2009	79.4%	20.6%
2010	81.6%	18.4%
2011	89.7%	10.3%
2012	83.5%	16.5%
2013	82.1%	17.9%
2014	86.0%	14.0%
2015	84.6%	15.4%

Average 83.2% 16.8%

Q: What is the Modified Consumer Price Index?

A: The Modified Consumer Price Index is composed of selected components of the Bureau of Labor and Statistics' Consumer Price Index that correspond to the items for which homeowners insurance provides coverage. The components used and the weights given to them are House Furnishings (48%), Medical Care (20%), Apparel Commodities (16%) and Entertainment Commodities (16%).

Q: Please illustrate what factors would be applied to trend the losses for the year ended December 31, 2015.

A: The losses from the accident year ended December 31, 2015 are first adjusted by the Current Cost Factor for 2015 of 0.998, which is found on page D-13. The Current Cost Factor is the ratio of the Current Cost Index from the quarter ending June 30, 2017 to the Current Cost Index value for the full year 2015. The Current Cost Factor brings the losses from the cost levels corresponding to an average date of loss of June 30, 2015 to the cost levels corresponding to the midpoint of the latest quarter (May 15, 2017). Since the average date of loss for policies which will be written at the proposed rates is assumed to be June 1, 2019 (one year past the assumed effective date) it is necessary to project the losses from the May 15, 2017 cost level to that assumed effective date. This is accomplished by projecting the losses at the annual rate of change of 0% (as determined by an exponential fit of the Current Cost Index) for 24.5 months. This factor is calculated on page D-14.

Q: You mentioned that the pure premium trend was considered in the selection of trend factors. How was that data considered?

A: The pure premium experience was examined by ISO and the Bureau's Rating Subcommittee. A pure premium is the ratio of the losses to the number of insured house years. These data were fit to an exponential curve, and an annual rate of change was calculated. This rate of change was compared with the annual rate of change of the Current Cost Index. In reviewing the loss trends, the annual rates of change in homeowners pure premium during the 2011-2015 experience period are higher than the observed annual changes in the external indices. Therefore, to project losses to a June 1, 2019 level, a 3% additional annual loss trend adjustment was indicated and selected by the Property Rating Subcommittee for owners forms. This results in the 3% annual rate of change used to trend the prospective losses for the owners forms. After reviewing the pure premium data for the tenants and condominium forms, the Bureau selected a 0% loss trend adjustment for the tenants form and a 5% loss trend adjustment for condominium form.

Q: Where on page C-2 are these factors applied?

A: The Current Cost Factor for each year is applied as part of the Current Cost/Current Amount factor in column 5. For example, for the year ended December 31, 2015 the Current Cost/Current Amount Factor of 0.973 is the ratio of the Current Cost Factor of 0.998 (shown on page D-13) and the Current Amount Factor of 1.026 (shown for that year on page D-19). The Loss Projection Factor is combined with the Premium Projection Factor and the Trend from First Dollar to produce the Composite Projection Factor. This Composite Projection Factor is applied in column 7 in the development of the Trended Base Class Loss Cost in column 9 on page C-2.

Q: You mentioned the Trend from First Dollar. Could you describe what that is and how it is developed and applied?

A: The external indices used in the trend analysis are all first dollar indices. This means that they are measuring changes from the first dollar of an item's value. Since a deductible is applied when insurance claims are settled, an adjustment must be made to the trends from the external indices so that they are appropriate for use with a deductible. All of the losses have been adjusted to a common \$1,000 deductible level. As such, increases in cost as measured by the Current Cost Index would affect losses below the deductible and cause an additional increase as losses below the deductible increase above it. For example, a loss of \$1,500 subject to a \$1,000 deductible results in a payment of \$500 to the insured. If there is 10% inflation, the \$1,500 loss grows to \$1,650. This results in a payment to the insured of \$650, which is a resulting effective inflation of 30%, an incremental trend of 18.1%. The Trend from First Dollar procedure used in the filing accounts for this effect. The procedure in essence converts all the losses to a first dollar basis before the trend factor is applied. To obtain the resulting trended losses, the deductible portion of the trended losses are subtracted out. The Trend from First Dollar factor as shown on page D-19 is the incremental difference in the trend factor resulting from the application of this procedure. Using the example from before, the formula for trend from first dollar on page D-19 results in a trend from first dollar factor of  $1 + (((.1)(1000))/((1.1)(500))) = 1.181$ , which matches what was calculated earlier.

Q: Please refer to column 4 of page C-2. With reference to the column headed "Adjusted Incurred Losses Including LAE," please tell us what the figure 902,256,864 represents.

A: These are the losses and loss adjustment expenses associated with claims or accidents that occurred in the accident year ended December 31, 2015. The losses are the sum of the adjusted incurred losses excluding hurricane losses found in Column 1, minus the non-modeled adjusted excess losses in Column 2, all multiplied by the non-modeled excess factor of 1.068, adjusted by a trended loss adjustment expense factor of 1.153.

Q: How is the trended loss adjustment expense factor of 1.153 developed?

A: Each year the Rate Bureau sends a call to its member companies for expense-related data. These calls showed that loss adjustment expenses for the calendar years December 31, 2011 , December 31, 2012 , December 31, 2013 , December 31, 2014 and December 31, 2015 , after dropping the high and low values, averaged 14.5% for the period, as shown on page D-28.

This factor of 14.5% must be adjusted for the change in cost levels of the items that go into loss adjustment expenses. These expenses include items such as adjuster's salaries, rents and overhead items related to claims settlement. In essence, these items will vary as general economic trends vary. We adjust the loss adjustment expense factor by taking a ratio of the expense trend to the loss trend on page D-29. This adjustment results in a trended loss adjustment factor of 1.153.

Note that in this filing, the Bureau relied on AON for the loss adjustment expense factor relating to modeled hurricane losses. AON's data showed that the factor for loss adjustment expenses on modeled hurricane losses to be 6%, which is lower than the loss adjustment expense for non-hurricane losses.

Q: Could you please explain how the expense trend used to adjust the loss adjustment expense factor is developed?

A: The expense trend used to adjust the loss adjustment expense factor is based on an analysis of the Current Expense Index, which is an index based on a 50% weighting to the Compensation Cost Index, a 25% weight to the all items CPI (less energy) a 25% weight to the all items CPI (including energy), which were the latest available when the selection was made, for marine, fire and casualty insurance. The data for this index are shown on pages D-25-26. Based on an analysis of these data, an annual rate of change of 2% was selected by the Property Rating Subcommittee of the Bureau.

Q: Please explain the development and application of the expense projection factor in adjusting the loss adjustment expense factor?

A: The five year (excluding the high and low values) average loss adjustment expense factor of 14.5% reflects an averaging of the five years. As such, the factor is representative of the time period corresponding to July 1, 2013.

The expense projection factor uses the 2% annual rate of change based on an exponential curve of the Current Expense Index. Since the Loss Adjustment Expense ratio is at the cost level corresponding to July 1, 2013, it is necessary to project this cost to the average date of accident for the period which our rates are assumed to be effective, June 1, 2019 (one year beyond our assumed effective date of June 1, 2018). This calculation is displayed on page D-29.

Q: What other adjustments must be made to the Loss Adjustment Expense factor in order to use it?

A: The Loss Adjustment Expense Factor is determined as the ratio of loss adjustment expenses to losses. Having adjusted the expense portion of the factor in the numerator, we need to adjust the losses in the denominator by the Loss Trend to reflect both the Current Cost Factor and the Loss Projection Factor.

Q: Could you please describe what is done in Column 5 on page C-2?

A: In Column 5 the Current Cost Factors and Current Amount of Insurance Factors are combined into the Current Cost/Current Amount Factors. This is done by taking the ratio of the Current Cost Factor to the Current Amount Factor. For example, the Current Cost/Current Amount Factor of 0.973 for 2015 is the ratio of the 2015 Current Cost Factor of 0.998 to the 2015 Current Amount Factor of 1.026. In combining these steps, the losses and average rating factor have been brought to the cost level of May 15, 2017.

Q: Please describe the development of the Current Amount Factor.

A: The Current Amount Factor is calculated by taking the ratio of the average policy size relativity for each year to the projected policy size relativity as of May 15, 2017, the same projection date as is used for the losses in the development of the Current Cost Factor. The average policy size relativity is calculated by taking a weighted average of the policy size relativity curve for each amount of insurance using the exposures for each amount of insurance as weights. By taking the ratio of these relativities for each year to the May 15, 2017 value, we are in effect measuring the percentage growth in the premiums at present rates from year to year caused by changes in amount of insurance. These changes in average amount of insurance are not based on a consistent set of insureds, since some of the growth is due to the addition of new homes. A selection of an annual growth of 1.1% was made by the Property Rating Subcommittee of the Bureau for owners forms.

Q: How is the Current Amount Factor used in the calculation of the indicated rate level change?

A: The Current Amount Factor for each year is the denominator in the Current Cost/Current Amount factor for that year shown in column (5) of page C-2. The Premium Projection Factor is the denominator in the Composite Projection Factor used in column (7) of page C-2. The combined effect of these two factors is to bring the average rating factor to the level for the amount of insurance expected to prevail during the period for which these rates are expected to be in use. For example, for 2015 the Current Cost Factor is 0.998 and the Current Amount Factor is 1.026. The ratio of these two factors results in a Current Cost/Current Amount Factor of 0.973 which appears in column 5 on page C-2 in the row.

Q: Could you please describe what is done in Column 7 of page C-2?

A: Column 7 combines all of the elements in Columns 1 to 6. In Column 7, the losses and loss adjustment expenses are trended to the cost level expected to prevail during the period in which the policies written at the proposed rates will be providing coverage (average date of accident of June 1, 2019). The house years in column 6 are also projected via the current amount factor in column 6 to reflect the anticipated amounts of insurance for business written between June 1, 2018 and May 30, 2019. As an example, the calculation of column 7 for 2015 is:

(1)	Adjusted Incurred Losses Inc. LAE (C-2, Col 1):	775,118,670
(2)	Excess Losses (C-2, Col. 2):	42,412,861
(3)	Incurred Losses Adjusted for Excess (C-2, Col.3):	782,529,804
(4)	Losses * LAE Factor (C-2, Col 4):	902,256,864
(5)	Current Cost/Amount Factor (C-1, Col.5 from page D-19):	0.973
(6)	Earned House Years (C-2, Col. 6):	1,898,456
(7)	Trended Average Loss Cost (C-2, Col. 7)(4)*(5)*(CPF)/6):	483.70

Q: Please describe the development of the Premium Projection Factor.

A: As mentioned earlier, for each year we compute an average policy size relativity, which is calculated as a weighted average of each amount of insurance relativity. The Premium Projection Factor is calculated by fitting an exponential curve to the average policy size relativities. This curve is used to develop an annual rate of change for the policy size relativities. In the case of owners forms, the average annual rate of change is 1.1% as shown on page D-18. Since the Current Amount Factor has been calculated as the value up to May 15, 2017, the premium projection factor will be calculated as the expected growth from May 15, 2017 to December 1, 2018 (which is six months beyond the assumed effective date of June 1, 2018). This date of December 1, 2018 represents the midpoint of the year in which policies are assumed to be written using the proposed rates. This results in a Premium Projection Factor of 1.017, which is shown on Page D-19.

Q: Could you please explain column 8 on page C-2?

A: Column 8 is the average rating factor for the policies purchased in each year. The average rating factor is the ratio of the average rate at manual level to the average current base rate. Note that since the base coverage A amount of insurance has been increased to \$200,000 from \$75,000, the average rating factors in this filing are not directly comparable to the average rating factors in past filings. The change in the base coverage A amount does not impact the indications. For example, let's assume that the current territory base rate for frame construction with \$200,000 coverage A is \$100, that the rating factor for masonry is 0.9 and that the rating factor to purchase an additional \$25,000 of coverage A is 1.2. Then the average rating factor for a \$100,000 masonry policy is calculated as:

$$(100 * 1.2 * 0.9) / 100 = 1.08$$

This factor is needed to adjust the average trended loss costs in column (7) to a base class level. Since most policyholders do not purchase exactly the base amount of coverage, the average trended loss cost is divided by the average rating factor to convert this average trended loss cost into a trended base class loss cost which is shown in column 9.

Q: Could you please explain line 11 on page C-2?

A: Line 11 is the resulting Weighted Trended Non-hurricane Loss Cost obtained by applying the accident year weights shown in Column 10 to the Trended Base Class Loss Cost for each year shown in Column 9. This Weighted Trended Base Class Loss Cost is the forecasted Base Class Non-hurricane Loss Cost for policies written during the one-year period after the assumed effective date of June 1, 2018, if there were no change in rate level.

Q: Could you please explain line 12 on page C-2?

A: Line 12 is the reflection of the credibility of the experience based on the number of house years during the five year experience period. The full credibility standard is based on a procedure considering the frequency of claims and the variability of the size of those claims. The procedure is explained in a CAS Proceedings Paper "Credibility of the Pure Premium" by Mayerson, Jones and Bowers. The full credibility standard is based on a normal distribution with a 90% probability of the pure premium being within 5% of the expected value. The full credibility standard for the owners forms is 240,000 house years.

Q: Could you please explain the figure contained on Line 13 of page C-2 labeled "Trended Modeled Hurricane Base-Class Loss Cost"?

A: That figure is the amount of the prospective hurricane loss resulting from the blending or averaging of the results of two hurricane simulation models developed by AIR Worldwide (AIR) and Risk Management Solutions (RMS). They are the two

most widely used and relied upon hurricane models. The use of multiple models is required by statute starting with filings made on or after October 1, 2017. The Bureau actually decided to use two hurricane models prior to that date in response to statements by Department of Insurance personnel and the Order of the Commissioner of Insurance in the 2014 homeowners filing to the effect that multiple models should be employed in rate filings. By averaging the two models, the Bureau appropriately has given them equal weight. Given the legislature's instructions to use more than one model, it would be inappropriate to employ the results of just a single model.

Q: Did you and the Bureau consider actual hurricane losses?

Yes. The actual hurricane losses during the five years of experience were reviewed and considered; however, as has been done in Bureau filings since 1993, those losses have been excluded from the historical losses used in the filing and have been replaced by modeled losses.

Q: What were the amounts of actual hurricane losses that were excluded from the losses in the five years of experience?

A: The statewide losses that were excluded are :

Year	Owners Forms	Tenants	Condos	Total
2011	\$363,354,684	\$1,084,394	\$725,011	\$365,164,089
2012	\$9,502,021	\$84,190	\$181,604	\$9,767,815
2013	\$0	\$0	\$0	\$0
2014	\$8,350,670	\$73,973	\$91,370	\$8,516,012
2015	\$22,140,038	\$172,942	\$121,963	\$22,434,943
Total	\$403,347,413	\$1,415,499	\$1,119,947	\$405,882,86

The excluded losses by territory are shown on pages D41-D43.

Q: In addition to excluding losses from hurricanes on Page C-2, have such losses been excluded anywhere else in the filing?

A. Yes, they have been excluded in the development of the indications by class and by territory, and in the calculation of the non-hurricane excess factor that was explained earlier in my testimony.

Q. Why were models used to develop the projected hurricane losses instead of using actual hurricane losses?

A. Modeling is the accepted and most accurate way of considering the hurricane exposure. Hurricanes are highly variable in frequency, intensity and location of

occurrence. Modeling employs publicly available meteorological data and scientifically accepted procedures for the purpose of analyzing average hurricane losses and appropriately reflecting a more complete distribution of the types of hurricanes that could occur and the potential for losses from those hurricanes at a given location. In addition to providing accuracy in projecting hurricane exposure, one of the effects of using modeling to replace actual losses is that rate indications are smoothed out rather than affected by periodic spikes following hurricanes. Since we consider the losses from five years of data in the basic ratemaking calculation, if a very large hurricane like Hazel, Fran or Floyd happened to hit during one of the five years, it would make rates rise above the actuarially sound rate level that is based on the long-term potential of hurricanes. Also, if a hurricane were to hit a particular area of the state, the losses might be reflected only in that area of the state, with little or no reflection in other areas of the state. Without modeling, such an occurrence would result in rates in that area of the state spiking in beyond the actuarially sound level.

An example of the need and value of models in producing stable loss costs can be seen from the hurricane season of 2017. Earlier this year one major hurricane struck Texas and shortly thereafter, another major hurricane struck Florida. Still another major hurricane struck Puerto Rico, and another hurricane struck the Gulf coast.

If rates for next year in those jurisdictions were based on those hurricanes rather than on models, rates would spike up in the next rate filings in those jurisdictions. Conversely, if rates for 2017 had been made the year before based on there being no major hurricane strikes during the preceding five year period, it would not be actuarially appropriate to assume that the absence of any hurricane losses would be the expectation for 2017. Conceptually, in my actuarial opinion it is unsound for regulators to try to justify suppressing rates by claiming that there have been no recent significant hurricane losses and promising to raise rates after the occurrence of a future significant hurricane. Further, from a practical and public policy standpoint, raising rates drastically following a devastating and sometimes tragic hurricane is the worst time for the policyholder. The use of simulation models produces a stable and actuarially sound projection of the true loss potential both in terms of statewide exposure values and in terms of territorial distribution of that exposure. Modeling is far preferable to any analysis based on the happenstance of historical hurricane loss data.

As stated above, the Property Rating Subcommittee and I have for a number of years examined actual hurricane losses in North Carolina in connection with excluding those losses from the incurred losses in filings. Further, the Bureau committees and I have determined that the limited amount of longer-term hurricane loss data and the age of much of such hurricane loss data call into question the validity of employing such data to project hurricane losses, for a number of reasons. For one thing, devastating hurricanes are relatively uncommon events in comparison with other causes of loss. The occurrence or

non-occurrence of actual hurricane events are not properly predictive of the range of hurricane events that can occur or the probability of occurrence of those events. There is not enough experience with hurricanes since accurate insurance loss records began to be maintained for actuaries to employ actual losses as opposed to models. Much of the past insurance loss data is quite old and is of limited utility in projecting future hurricane losses. It includes losses from hurricanes that occurred when housing patterns were different, when population density was lower, when houses were built differently, when building codes were different, when construction prices were different, when houses had fewer and less expensive contents, when labor costs and practices were different, etc.

Modeling is uniformly employed in the insurance industry, in the reinsurance industry, in the financial world and in the meteorological world to determine expected prospective hurricane losses. Modeling analyzes the risk of future hurricane losses based on scientific principles rather than on the happenstance of past hurricanes. Scientists who work on the models update those models frequently to reflect the latest understanding of meteorological science.

Q. What did ISO furnish to Aon to enable Aon to perform its analysis?

A. ISO furnished to Aon the North Carolina insurance exposure data on the total number of earned house years and earned insurance years by territory for the most recent year in the experience period. These data included ISO, Beach Plan, NISS, AAIS and ISS data and were compiled by ISO. These data are correct to the best of my knowledge, information and belief.

Q. How were modeled hurricane losses derived?

A. The two models simulate many years of hurricanes and resulting losses for the portfolio of North Carolina exposures. The results of the two models were averaged by Aon. Aon also trended the losses for use in the filing. The Property Rating Subcommittee reviewed the blended model results provided by Aon and found them to be actuarially sound and based on the most reasonable and unbiased approach to estimating future hurricane losses. The modeled hurricane losses are shown on page D-36.

Aon also accounted for loss adjustment expenses (LAE). Aon Benfield's database shows that LAE, as a percentage of hurricane losses, is lower than the LAE percentage for non-hurricane losses. Therefore, the lower LAE percentage from Aon's data base of 6% was selected by the Property Rating Committee and applied to the modeled hurricane losses.

Q. Do you have an opinion as to whether the amounts for incurred losses excluding hurricanes shown in column 1 on page C-2 of RB-1 accurately represent the anticipated value of incurred losses, excluding actual hurricane losses which

resulted from claims which took place during each of the years ended December 31 in North Carolina?

A. Yes, I do.

Q. What is that opinion?

A. I believe that the losses excluding actual hurricane losses shown in column 1 do accurately represent the expected ultimate value of those losses.

Q: Could you please explain what line 14 entitled "fixed expense per policy" on page C-2 refers to and what it represents?

A: Line 14 "fixed expense per policy" refers to the dollars of the prospective premium that the general expenses will be on policies written between June 1, 2018 and June 1, 2019. General expenses along with other acquisition expenses constitute the so-called fixed expenses. They are fixed in that they do not vary as a direct function of the premium dollar. For example, the cost of office equipment, rent and other overhead-type expenses are fixed expenses. Such expenses as commissions and premium taxes, on the other hand, are examples of expenses that do rise or fall directly with premium. The number shown on line 14 - \$89.12 represents the dollars of general expenses trended to the levels anticipated to prevail during the periods from June 1, 2018 to May 30, 2019 (the average date of which is December 1, 2018) and the projected premiums for business written during the same period. This is appropriate because general expenses are generally incurred at the time a policy is written.

Q: Could you explain how the figure \$89.12 on line 14 of page C-2 was derived?

A: The derivation of the 89.12 is shown on page D-30. It starts out with an untrended general expense ratio of .046 and the other acquisition expenses of .068, which are based on the rounded average of the 2013, 2014 and 2015 ratios. These are shown on page D-27. The averages of these represent the average expense ratio corresponding to calendar year 2014. In order to trend these to the cost levels anticipated to prevail between June 1, 2018 and May 30, 2109, we project these by using the Current Expense Index described earlier. This is done by projecting the average annual change of 2% over the time period from June 30, 2014 (the average date of the experience on which the general expense ratio is based) to December 1, 2018 (the average data of writing under the proposed rates). Since this ratio is relative to premium, we must project the amount of insurance from 2015 levels to the level anticipated to be in effect on business written between June 1, 2018 and May 30, 2019. This is done by using the Current Amount Factor for 2015 of 1.026 and the premium projection factor of 1.017. The resulting calculation is:

$$\frac{(.046 + .068) \times 1.091}{1.026 \times 1.017} = 0.119$$

This trended fixed expense ratio is then multiplied by the average current rate for all forms of 933.76. The result is a statewide all forms fixed expense loading of 111.12. It is projected that forms 4 and 6 need 50% of the fixed expenses of Forms 1-3, 5, and 7. Since General Expense and other Acquisition Expense information is not available separately for the Owners, Tenant and Condominium forms, it must be selected judgmentally. The selections were made by the NCRB Rating Subcommittee and reflect the expectation that general and other acquisition expenses for the Tenant and Condominium forms will have a significantly smaller average dollar value than would apply to the Owners forms.

A calculation is then performed to ensure that the average fixed expense loadings by form balance to the 111.12. The average dollar loading for owners forms is 122.65. This is adjusted to a base policy level by dividing by the average rating factor of 1.319, the premium projection factor of 1.017 and a current amount factor of 1.026 which results in a fixed expense loading of 89.12. A calculation is then performed to ensure that the average fixed expense loadings by form balance to the 111.12. The average dollar loading for owners forms is 122.65. This is adjusted to a base policy level by dividing by the average rating factor of 1.319, the premium projection factor of 1.017 and a current amount factor of 1.026 which results in a fixed expense loading of 89.12.

Q: What does Line 15 show on page C-2?

A: Line 15 is a combination of the Trended Base Class Loss Cost and the Trended General Expense and Other Acquisition expenses. The figure \$542.16 is the dollar amount that is required to cover the portion of the insurance base rate that covers losses, loss adjustment expenses, general expenses and other acquisition expenses.

Q: What does line 16 on page C-2 show?

A: This line takes into account the variable expenses, profit, contingencies and dividends. If you look at page D-27 of the filing, you can see that the commissions and brokerages round to 12.1% of the premium dollar, and you can further see that taxes, licenses and fees round to 2.7% of the premium dollar. The dividends provision is 0.4%. The provision utilized in this filing for underwriting profit is 11% statewide.

As in past homeowners filings, Bureau committees reviewed the payment of dividends to policyholders. Based on a review of the latest available data as well as the multi-year history of companies consistently paying dividends to policyholders, the Bureau concluded that a factor for expected dividends is appropriate. The data contained on page D-27 show that the dividends, though

constituting a small percentage of premium, have been paid consistently and in material amounts over the years. Based on these facts, the Bureau has included a provision of 0.4% of premium to reflect anticipated dividends during the experience period. Given the consistency of the historical data as to the payment of dividends, this is a reasonable assumption. Reflecting dividends in a filing by a rating bureau is an actuarially sound methodology and reflects the fact that the profit level in the filing will not be achieved without reflection of the fact that dividends will be paid.

The 11% underwriting profit provision was selected by the Bureau's committees based on reviewing the analyses by Dr. Appel and Dr. Vander Weide. This filing also contains a 1% margin for contingencies. Unlike past homeowners filings the Bureau elected to apply the profit and contingency factors equally across the state rather than allocating them more heavily to the coastal territories. This was in response to criticism of geographic allocation by the Department and the Commissioner.

The items that are known as variable expenses are shown in line 16. They vary in direct proportion with the premium dollar. You know that out of every dollar of premium, 27.2 cents will have to go to pay for these expenses and there remains 72.8 cents to pay for losses, loss adjustment expenses, general expenses and other acquisition expenses. The expected loss and fixed expense ratio shows the percentage of the premium dollar that will be available to pay for trended losses, trended loss adjustment expenses, trended general expenses trended and other acquisition expenses.

Q: What is the source of the percentages on page D-27 with respect to commissions and brokerage and taxes, licenses, and fees?

A: They were calculated from the 2013, 2014 and 2015 North Carolina expense call for data undertaken by the North Carolina Rate Bureau.

Q: What is the source of the percentage on page D-27 for contingencies?

A: The Bureau committees selected that factor, and I agree with it. A 1% factor has been consistently employed in past Bureau property insurance rate filings. A 1% contingency factor is a standard factor that has been used for many years across the country in property insurance ratemaking. The factor was selected by the Bureau committees based upon recognition of the systematic bias that causes actual underwriting results, analyzed over time, to be worse than the provision assumed in the rates. Reasons for this bias are many.

One reason is that property insurance involves many risks, but not all of them are observable in the experience or are adequately recognized in normal ratemaking. An example is the potential for conflagration such as could result either from large, spreading urban fires or from fast spreading brush fires that begin in areas near smaller towns. The state is particularly at risk for brush fires for several years

following hurricanes that blow down thousands of trees, particularly pine trees in the eastern part of the state. Those trees become the tinder for brush fires. The risk is particularly significant if droughts occur in years subsequent to the hurricane. Widespread brush fires have destroyed many homes in other states and constitute an exposure in North Carolina. The risks of significant urban fires and significant brush fires are not reflected in the five years of loss data underlying this filing because there fortunately have not been any such catastrophic events in that period.

In addition, the writing of property insurance in North Carolina is subject to law changes, court interpretations, jury determinations and judicial decisions that expand losses beyond what was contemplated when the policies were written. For example, under rules of legal construction of insurance policies, ambiguity in policy language, although unintended, will result in the courts construing policy provisions in favor of greater coverage than was envisioned by the insurance industry when it drafted the policy. An unexpected ruling as to coverage in one case may then be compounded many times by similar results as to numerous other policyholders. Similarly, the nature of the claims settlement process often results in claims payments for losses that were never intended to be covered, including losses from storm surge and flooding.

An additional and significant factor contributing to the justification for a contingency factor is the delay, uncertainty and difficulty in obtaining needed rate increases in North Carolina. In North Carolina and a very few other states, insurance companies writing homeowners insurance are required to go through rating bureaus in order to achieve needed rate increases. This regulatory system can cause significant delay in obtaining needed rate level increases. North Carolina differs from states that rely more on competition to set rates. The system in this state requires that data be collected from almost a hundred companies writing homeowners insurance and then be aggregated and analyzed prior to making a filing for needed higher rates on behalf of all companies. As the physical size this filing shows, the amount of information that is required to be submitted is massive, and it takes significant time to put together that information. Additionally, there can be significant further delays in the setting of hearings and in obtaining regulatory approval before revised rates can be charged and premiums collected.

Historically, the statutory system and judicial doctrines in North Carolina vest a great deal of discretion to the Insurance Commissioner and the Insurance Department to oppose and sometimes reduce rate increases that are very much needed from the viewpoint of the insurance industry, as occurred in connection with the 2014 homeowners rate filing. In that filing the Bureau sought an overall increase in statewide homeowners rates of 25.3%. After a lengthy hearing, the Commissioner ordered an overall 0.0% rate change, and his Order was upheld on appeal in proceedings that were not finally concluded for over two years from the date of the filing. As a result, companies writing owners policies in North Carolina

are using rates that are lower than the rates set as a result of the Bureau's 2012 rate filing.

An additional factor supporting the contingency factor is that companies writing homeowners insurance are exposed to very infrequent but huge hurricanes losses beyond their reinsurance programs. Aon, based on its market data, employed a typical reinsurance limit, or exhaustion point, of the hypothetical one company writing homeowners in North Carolina. That exhaustion point is designed such that reinsurance will cover storms that have a return period of once in 231 years. As we know, even more extreme events do occur. For example, the hurricane that struck Texas earlier this year caused massive flooding that was reportedly at a one in 1,000 year level. Unfortunately for companies writing homeowners insurance in North Carolina, there is no special limit or stop loss provision built into the rates for situations when losses exceed the hypothetical one company's reinsurance program that exhausts with a one in 231 year hurricane.

Q: Would you explain line 17 on page C-2 entitled "Base Rate Excluding Comp. for Assess. Risk, Net Reinsurance Cost, Deviations"?

A: The net base rate per policy is calculated by dividing the Loss and Fixed expenses in line 15 by the expected loss and expense ratio in line 16. This is the net base rate before incorporating the factors for deviations, the compensation for assessment risk and the net cost of reinsurance per policy.

Q: Would you explain line 18 on page C-2 entitled "Compensation for Assessment Risk Per Policy"?

A: Compensation for assessment risk is a provision that is calculated by Dr. Appel and Mr. Anderson of Milliman (see their prefiled testimony and exhibits) to reflect the cost to voluntary market insurers of maintaining sufficient capital to pay the assessments for residual market losses, to the extent required by law. If the two residual market mechanisms (the Beach Plan and the FAIR Plan) do not have sufficient capital, reinsurance and reserves to pay losses for a catastrophic hurricane event or series of events, then companies writing homeowners in the voluntary market will be assessed for such losses even if they had chosen not to write in the coastal or beach areas in which the losses originated. In effect, the voluntary market companies are being required to provide free reinsurance to the residual market and its policyholders who can only find coverage in the residual market. The voluntary market companies must therefore maintain capital sufficient to cover such losses, in addition to their own losses, even though those companies have elected not to write the policies that give rise to those losses. The compensation for assessment risk factor is the provision for compensation that must be paid to voluntary market insurers for bearing this risk of assessments from the Beach/FAIR Plans, i.e., it is the cost of the capital required to support the exposure to potential residual market assessments.

A factor to reflect this exposure began to be incorporated in homeowners filings to reflect the extremely rapid growth in the residual market's exposure that has occurred in the last decade or so. As a result of rapid growth during that period, the Beach Plan writes approximately 55% of policies in the beach territories (Full and Wind only policies) and about 78% of the premium. In the coastal territories they write about 39% of the policies and 53% of the premium.

As a result of legislative action in 2009, some of the exposure of the voluntary market companies to residual market assessments has been capped at one billion dollars per year. Milliman's analysis of the necessary compensation for the risk of residual market assessments incorporates this new cap, and as a result, the 3.8% factor in this filing for compensation for assessment risk is significantly lower than it was in the 2008 homeowners filing when there was no cap. It should be noted that the one billion dollar cap only applies to assessments by the Beach Plan (i.e., for losses in the beach and coastal areas) and does not apply to assessments to pay for losses in the FAIR Plan. Since the last homeowners filing, the FAIR Plan has rapidly increased its writings statewide. As the number of policies and amount of uncapped exposure in the FAIR Plan has grown rapidly in the last few years that growth is reflected in the factor for the compensation for assessment risk.

The compensation for assessment risk of \$35.57 is calculated by first multiplying the 3.8% provision by the current average statewide base rate of \$797.42, resulting in a value of \$30.30. To be incorporated in the rates, however, this provision must be adjusted to account for the commissions and the taxes, licenses and fees that the companies will need to pay on this additional premium. That is done by dividing the 30.30 by 1 minus the sum of commission and brokerage expense and taxes, licenses and fees expense as shown below:

$$\frac{30.30}{1 - 0.121 - 0.027} = 35.57$$

Q: What is the source of the \$209.62 for net cost of reinsurance in line 19?

A: The source of the \$209.62 for net cost of reinsurance is an analysis performed for the Bureau by AON. In that analysis, AON determined the net cost of reinsurance incurred by the composite of insurers writing homeowners in North Carolina. The need for reinsurance results from the fact that companies need to buy catastrophe reinsurance due to of North Carolina's significant hurricane exposure. The net cost of that reinsurance is the expense and profit component of the reinsurance premium paid by insurers (the loss component is in the direct losses used in the overall rate determination). More details of the analysis are included in the testimony of other witnesses.

In the 2014 homeowners filing, the factor for the net cost of reinsurance was determined solely by Dr. Appel's methodology, which is based on his analysis of

economic principles and data. The Department and the Commissioner, while acknowledging that the necessity of purchasing reinsurance is a cost of writing homeowners insurance in North Carolina, criticized Dr. Appel's methodology as being hypothetical and not based on actual data. In this filing, the Bureau relies upon the data that AON has accumulated as to the actual cost of purchasing reinsurance in the current reinsurance market. AON is the largest reinsurance broker and maintains a database of reinsurance transactions in the actual reinsurance market.

To calculate the net cost of reinsurance per policy, the amount of total dollars of reinsurance is divided by the number of house years for 2015 times the 2015 average rating factor, current amount factor and premium projection factor. This quantity is then divided by the expected loss and fixed expense ratio. The actual calculation is:

$$\frac{398,730,143}{1,898,456 * 1.319 * 1.026 * 1.017 * 0.728} = 209.62$$

Q: What is the source of the percentages used on line 21 for anticipated deviations?

A: As in past homeowners filings, the Bureau committees also reviewed deviations. The Bureau reviewed deviations in conjunction with reviewing consent to rate data and surcharges on homeowners policies written in the Beach Plan. The Bureau and I believe that it is actuarially appropriate for filings made by rating bureaus to contain a factor to reflect expected deviations and other variations from the manual rate that would result in the filed profit level not being achieved. However, in this filing the Bureau elected not to file a factor for deviations.

Q: Would you explain line 23 on page C-2 entitled "Required Base Rate per Policy"?

A: Line 23 is the required base rate that is needed to ensure that sufficient revenue is collected to cover the losses and expenses that are expected to result from the policies written during the year following the effective date of this filing.

Q: Would you explain line 24 on page C-2 entitled "Current Base Rate"?

A: Line 24 is the current base rate for all of the owners policies included in the review. This rate assumes that each policyholder is buying only the base coverage.

Q: Would you explain line 25 on page C-2 entitled "Indicated Rate Level Change"?

A: Line 25 is the percentage change in the current rates that will be necessary to make the rates adequate for the cost levels that are expected to prevail in the one-year period following the effective date of the filing. The percentage change is determined by taking the required base rate per policy on line 23 and dividing it by the current base rate from line 24. This results in an indicated rate level change for the owners forms of 24.1%.

Q: Does the filing contain a revision of the present territory rate levels?

A: Yes. In connection with the overall rate level change we have been discussing, new territory rates are displayed on page A-4.

The development of the indicated relative change by territory is completed in such a way that the overall effect is to balance to the overall statewide change. This is shown in Column 13 of page C-8.

Q: How has the Bureau treated general and other acquisition expense by territory?

A: The Bureau has treated general expense and other acquisition expense as not varying by territory.

Q: Have the indications been voluntarily capped by the Bureau?

A: Yes. To minimize the impact on policyholders, the Bureau has capped the rate changes for owners at 25% and for tenants and condominium owners at 40%. These caps result in a reduction of the overall indicated rate level increase of 24.9% to 18.7% across all forms.

Q: Thus far, in your prefiled testimony, you have been primarily describing the data and calculations for the owners forms. In general, are the calculations for tenants forms (Form 4) and condominium owners forms (Form 6) on pages C-3 and C-4, respectively, the same or similar to the calculations you have described for the owners forms on Page C-2?

A: Yes they are, with a few exceptions as previously noted or apparent from the calculations and exhibits relating to those forms. For Form 4 (tenants) and Form 6 (condominium owners) there is no non-hurricane excess wind procedure used in determining the statewide rate level change. The external indices used for tenants and condominium owners forms reflect the items insured under those types of policies, and the selected value for premium trend of 1% for tenants forms and 0.5% for condominium forms differs from that of the owners forms. Other parts of the calculations are the same or similar.

Q: What other changes does the filing make for homeowners insurance?

A: The filing revises the credit for the Windstorm or Hail Exclusion that is available in Territories 110, 120, 130, 140, 150 and 160. The derivation of these credits is shown on pages C-14 and C-15. These credits are used when policies are written "ex. wind;" i.e., referring to those situations in the beach and coastal territories where companies voluntarily write homeowners policies covering perils other than wind and hail, and the Beach Plan writes the wind and hail coverage. When this is done, there is a 5% statutory surcharge above Bureau rates. The wind only rates are also being revised in this filing. The wind mitigation credits for these territories are also being revised in accordance with the data and methodology shown in the filing.

Q: Please turn to page A-3 of Exhibit RB-1 and explain what is shown on that page?

A: Page A-3 of Exhibit RB-1 shows the indicated and filed statewide rate level changes. The differences between these percentages are due to capping as described above.

Q: What is shown on Page A-4 of Exhibit RB-1?

A: A-4 shows the indicated and filed rate level change for each territory.

Q: Do you have an opinion as to whether the data utilized and the methods of calculating the indicated rate level changes contained in the filing are sound and actuarially reliable and if so, what is that opinion?

A: Yes, I have an opinion. In my opinion, the data utilized and the ratemaking methodologies used by the Bureau are based on and consistent with generally accepted actuarial principles and procedures, and the indicated rates are actuarially sound and reliable. In my opinion the ratemaking methodology is actuarially sound and produces indicated rates that meet the standard of being not excessive, inadequate or unfairly discriminatory. The filed rates differ from the actuarially indicated rates because of territory caps of 25% for owners forms and 40% for tenants and condominium owners forms. The filed rates are a reasonable step toward an adequate level.

Q: Do you have an opinion as to whether the indicated rate level changes contained in Exhibit RB-1 are fully justified and, if so, what is that opinion?

A: In my opinion, the indicated rate level changes are fully justified and are not excessive or unfairly discriminatory in any respect.

Q: Are there any qualifications you wish to attach to your opinion?

A: Yes. In reaching my opinion, I have, as in the past and as is customary in the general course of my work, relied on the accuracy of the data supplied by the Bureau, by ISS, AAIS, NISS, by the individual companies that reported their data

to ISO and the other statistical agents and by the Beach Plan and FAIR Plan. I have relied on Dr. Vander Weide and Dr. Appel for the determination of the appropriate profit. I have relied on Dr. Appel and Mr. Anderson as to the compensation for assessment risk component of the rates. I have relied on Aon Benfield and Dr. Appel for net cost of reinsurance component of the rates. Additionally, I have relied upon Aon Benfield and Mr. Anderson for the blended output of the AIR and RMS models. I have also relied upon and concur with the decisions and the actuarial judgments of the persons on the Bureau's committees, who in many cases are actuaries. I have applied appropriate actuarial standards when reviewing these various data sources.

Q: Does that conclude your testimony?

A: Yes, it does.

**PREFILED TESTIMONY  
OF  
BRIAN MICHAEL DONLAN  
2017 HOMEOWNERS INSURANCE  
RATE FILING BY THE  
NORTH CAROLINA RATE BUREAU**

**Q: Please state your name and your employer.**

**A:** My name is Brian Michael Donlan. I work at Allstate Insurance Company at 2775 Sanders Road, Northbrook, IL 60062.

**Q: What is your educational background?**

**A:** I received Bachelor of Arts in Economics with High Distinction from the University of Minnesota, Morris Campus in 1994. I received a Masters of Arts in Economics from the University of Iowa in Iowa City, Iowa in 1996.

**Q: Do you have any additional certifications or qualifications?**

**A:** I have been a Fellow of the Casualty Actuarial Society since 2005. I have participated in several committees of the organization. I was on the Examination Committee of the Casualty Actuarial Society between 2005 and 2008. I volunteered as a University Liaison for the Casualty Actuarial Society from 2003 until 2011. I have been a member of the Committee on Professionalism Education for the Casualty Actuarial Society since 2009. I am a member of the American Academy of Actuaries, and meet all of the continuing education requirements. I also serve as a Trustee for the Actuarial Foundation.

**Q: What is your employment background?**

**A:** I worked as a Pricing Analyst at GEICO Insurance Company in Washington, DC from 1996 until 1998. At GEICO, my primary responsibilities included developing the pricing strategies for Private Passenger Auto in a variety of states. From 1998 until 1999 I worked as an analyst at PricewaterhouseCoopers (PwC) in Chicago, Illinois. At PwC my responsibilities included assisting in the evaluation of the adequacy of reserves for several insurance companies. In the fall of 1999 I began my career at Allstate. From 1999 until 2006, I served several different Allstate regions developing rates. In 2007 through 2012, I served as a State Manager (Product Manager) for Encompass Insurance. Encompass is the Independent Agency channel in the Allstate Corporation. I determined the pricing, product and underwriting strategies for 12 states. Since the beginning of 2013, I have been serving as the Pricing Director for Encompass Insurance. In this role I have had countrywide responsibilities for Encompass. This has included North Carolina.

**Q: Do you have experience with homeowners insurance?**

**A:** Yes. From 1999 until 2006 I assisted in the analysis and development of actuarially sound homeowners rates in several states for Allstate companies. From 2007 until 2012, my responsibilities included the determination of homeowners pricing for Encompass Insurance Company in several key regions. I am currently the responsible actuary for homeowners rates across the states where Encompass is licensed including North Carolina.

**Q: What is your role with respect to with homeowners insurance in North Carolina?**

**A:** For the past several years I have been Chairman of the Property Rating Subcommittee of the North Carolina Rate Bureau ("Bureau"). I am also on the Property Committee of the Bureau. I represent Allstate on these committees.

**Q: Can you explain the role of the Bureau?**

**A:** The Bureau was set up by statute in 1977. According to the statutes and the Bureau's Constitution, its jurisdiction and role include the establishment of policy forms and rates for residential real property insurance policies written in North Carolina. This jurisdiction includes all policies of homeowners insurance. Homeowners policies in North Carolina are written by approximately 95 companies that are required by law to be members of the Bureau, as well as by the North Carolina Insurance Underwriting Association (which is commonly called the "Beach Plan"). The Beach Plan, which is discussed in more detail later in my testimony, is statutorily authorized to write homeowners policies in the 18 coastal counties, where it uses the Bureau's forms when it does so. Policyholders in those 18 counties have the option of seeking insurance either from the voluntary market or from the Beach Plan.

The rates for all homeowners policies written in the state (with the limited statutory exception of any that may be written pursuant to N.C. G. S. 58-36-50) are filed by the Bureau and are subject to approval by the Commissioner of Insurance in filings such as this one. Total written premium for homeowners insurance in North Carolina is over \$2.4 billion dollars a year. Individual companies can charge more or less than the approved Bureau rates through deviations and consent to rate. Such actions by individual companies are subject to the ultimate approval of the Commissioner through statutory and regulatory provisions outside of the Bureau's jurisdiction. In recent years, there has been a significant growth in the use of consent to rate, by which companies may charge higher premiums on individual policies after obtaining the consent of the policyholder. As to homeowners policies written by the Beach Plan, statutes require that the Bureau rate be the starting point and that a percentage surcharge be placed on that rate. Despite that surcharge, the Beach Plan is overwhelmingly the largest writer of homeowners policies in the 18 coastal counties. The growth of consent to rate and the growth of the Beach Plan business both result from the fact that the Bureau rate level is inadequate.

**Q: Can you explain the responsibilities of the Property Rating Subcommittee of the Bureau?**

**A:** The Property Rating Subcommittee is involved in the development of rates, rating plans and territories for the Bureau, including the homeowners rates. Current companies that have representation on the Subcommittee include American Bankers Insurance Company of Florida, American Modern Home Insurance Company, Farmers Insurance Exchange, Foremost Insurance Company, Horace Mann Insurance Company, Nationwide Mutual Insurance Company, N.C. Farm Bureau Mutual Insurance Company, State Farm Mutual Automobile Insurance Company, Travelers Indemnity Company, USAA and Allstate Insurance Company. Allstate Insurance Company chairs the Subcommittee. All representatives on the Subcommittee are actuaries and/or have extensive experience in ratemaking.

**Q: Please describe how the Property Rating Subcommittee was involved in this particular Filing.**

**A:** The Subcommittee analyzed the data that was reviewed and presented to the Subcommittee by Insurance Services Office (“ISO”). This includes premium, loss and expense data. The committee makes selections based on the data and the expertise provided by Rob Curry and others of ISO, Dr. David Appel of Milliman, Paul Anderson of Milliman, Dr. Jim Vander Weide, Elizabeth Henderson of Aon Benfield and Robert Fox of Aon Benfield. Ultimately, the Subcommittee developed recommendations to the Property Committee and the Governing Committee as to rate levels that meet the statutory requirement that rates not be excessive, inadequate or unfairly discriminatory. Those Committees adopted the recommendations of the Subcommittee.

The Rating Subcommittee has always been involved in developing and recommending to the Bureau the methodology used in its property filings. The approach in this Filing is generally consistent with prior filings, but there are several significant differences in comparison with the last homeowners filing. The last homeowners filing was made in 2014. That filing resulted in the Commissioner ordering no overall rate increase and a small decrease in the “owners” forms, which constitute the overwhelming majority of the policies written in North Carolina.

The Subcommittee made a concerted effort to change methodology in this Filing in a number of respects in order to respond to the positions, statements and actions of the North Carolina Commissioner of Insurance, the North Carolina Department of Insurance and the North Carolina Legislature. These changes include using two hurricane models, making a major change to the methodology and calculation of the net cost of reinsurance and making other changes that will be described in more detail below and in the testimony of other witnesses.

**Q: Please describe the overall ratemaking methodology in the Filing.**

**A:** The approach in this Filing is consistent with prior property filings of the Bureau. Premiums should equal expected losses, plus expected expenses, plus a margin for a fair and reasonable profit. This is the fundamental insurance ratemaking equation. In this Filing, the required base rate per policy is developed by adding the appropriate profit and contingencies to the estimated costs associated with the policy. The required base rate is then compared to the current base rate to determine the “indicated” rate change, which in this case is an overall 24.9% increase.

The indicated rate change is the actuarially sound rate change necessary to make the rates comply with the statutory standard that they not be excessive, inadequate or unfairly discriminatory. The indicated rate level differs from the “filed” rate level because of capping, which will be discussed later in my testimony. As a result of capping, the filed rate change is for an overall 18.7% increase. The Bureau’s Governing Committee elected to cap in order to mitigate the impact of this Filing on policyholders. The Bureau’s goal is to have rates eventually reach the full indicated rate level, but the Bureau has in the past engaged in a process of gradualism to reach the actuarially sound rate level. Since the indicated changes generally were the largest in the beach and coastal territories, the impact of caps was greatest in those areas.

**Q: How does the methodology account for the loss experience of all of the insurance companies and entities that write homeowners policies subject to the Bureau’s jurisdiction in North Carolina?**

**A:** For purposes of Bureau rate filings, all of the homeowners loss data in the state is consolidated to essentially assume a single insurance entity with the composite or aggregate loss and expense distribution of all homeowners policies in the state. The rating exposure characteristics of every homeowners policyholder are captured. Since the Beach Plan writes many of these policies, its losses and exposure data are included. ISO aggregates the data that it receives directly from various insurers as well as the data compiled by other licensed statistical organizations.

There are three general types of forms in the Bureau’s overall homeowners program: the Owners, Tenants and Condominium forms. Page A-2 of the Filing shows the relationship between the amount of premium written on these forms based on earned premiums at current rates (a calculation that factors in rate changes and premiums at an assumed common deductible of \$1,000). The vast majority of the premium is written on the Owners forms. The premium on the Tenant and Condominium forms is much lower.

**Q: How are the expected losses determined?**

**A:** This Filing uses the loss experience of five accident years ending December 31, 2011 through December 31, 2015, the most recent five year period for which such experience is available. Using five years is consistent with prior filings, North Carolina statutes, and generally accepted homeowners ratemaking practices. The losses, excluding hurricane and excess wind losses, are adjusted to the base class level (\$1,000 deductible level) and loss development factors are applied. The loss development factors account for the fact that the final ultimate losses are oftentimes different from early estimates. A factor for excess wind losses of 6.8% for Owners forms was determined based on historic experience and applied to each accident year. The excess wind factor was determined based on the longstanding excess wind procedure employed by ISO in prior homeowners filings. Under that procedure, the long-term excess factor is the ratio of the long-term average of the excess loss ratios to the average of the long-term normal loss ratios. Historical non-hurricane wind experience back to 1950 is considered.

Losses are also trended to reflect the change in costs. The Current Cost Index reflects this trend and is based on a Modified Consumer Price Index and the CoreLogic Residential Index. In determining the Current Amount Factor, the Subcommittee reviewed pure premium experience and determined that loss trends outpaced the Modified Consumer Price Index and the CoreLogic Residential Index. Therefore, an additional trend adjustment of 3% was selected for Owners, 0% for Tenants and 5% for Condominiums. The trended losses and loss adjustment expenses are divided by the house years to determine the average trended loss cost. That cost is then converted to the trended base-class loss cost by dividing the average rating factor for each accident year. Ultimately, the five years are each applied a weight. Accident year 2015, the most recent year for which data is available, is applied a weight of 30%. Accident year 2014 is applied a weight of 25%. Accident year 2013 is applied a weight of 20%. Accident year 2012 is applied a weight of 15%. Accident year 2011 is applied a weight of 10%. These weights are consistent with past filings. The use of differing weights is a longstanding procedure in homeowners filings that is intended to reflect responsiveness to changes while incorporating multiple years of data. The number of house years determines the credibility of trended base loss costs. For owners, tenants and condominiums, the data is considered fully credible.

**Q: How is hurricane exposure reflected?**

**A.** Hurricane losses are so extreme and so volatile that for many years the accepted and uniform actuarial procedure for determining prospective hurricane losses has been through the use of hurricane models rather than past hurricane losses. The Bureau began doing so in 1993 using the AIR model, and that model was used uniformly and exclusively by the Bureau in all property filings until 2015 when the Bureau resolved to use two models. The Bureau first filed using two models in

its 2016 Dwelling filing. In considering whether to use two models in that filing, the Property Rating Subcommittee reviewed the positions and statements of the North Carolina Commissioner of Insurance, the North Carolina Department of Insurance, legislation in the North Carolina legislature and the practices of many companies that do so despite the significant expense and technical difficulty. The Bureau decided that an actuarially appropriate methodology for a Bureau filing is to use two models and to weight their results equally. The legislature has now enacted a requirement that the Bureau use more than one hurricane model in Bureau property rate filings made after October 1, 2017.

Prior to selecting the two modelers, the Subcommittee reviewed which modelers are most commonly relied upon by insurers, reinsurers and parties to related financial transactions and found that AIR and RMS are the two most widely used. The Subcommittee selected RMS to be the second modeler. In determining prospective hurricane losses in the Filing, the Subcommittee made certain to use modelers whose models have been approved by the rigorous review process of the Florida Commission on Hurricane Loss Projection Methodology. That Commission has examined hurricane models in great detail over many years and authorizes their use in Florida rate filings. It retains experts in relevant fields who review the meteorological, wind engineering, damageability, claims, statistical, computer programming and other aspects of modeling in great detail. Over the years, it has reviewed advancements in various scientific disciplines relating to hurricane modeling and has required modelers to reflect such advancements. It approves only those models that meet its rigorous standards.

The Subcommittee noted that it is natural and expected that model results will differ and will change over time. Different models project different loss costs in different areas. Prior to the Bureau having a second model run for the first time, the Subcommittee concluded that the actuarially sound and fair approach to the use of two models is to blend those models by averaging the loss costs of the two models. The Subcommittee determined that Aon Benfield, the world's largest reinsurance broker with extensive experience with modeling, is able to both supply the modelers' results and to average the results from the two modelers. It was determined that AON Benfield does this often in the course of its business. The blended results from the AIR standard catalogue and the RMS long term historical model are employed to determine the prospective hurricane losses on page C-1 of the Filing. As will be discussed further below, the AIR warm sea surface temperature catalogue and the RMS medium term model are employed in the analysis by Aon Benfield of the net cost of reinsurance factor in the filing.

**Q. Was hurricane modeling designed to produce high rate levels?**

**A.** Absolutely not. One of the great values of modeling is to produce stable rate levels. Without modeling, rate levels would fluctuate wildly higher and lower following the occurrence or non-occurrence of significant hurricanes. Modeling is

relied upon on all sides of insurance, reinsurance, catastrophe bond and other financial transactions to give the best and most unbiased projection of future hurricane losses.

Further, the Subcommittee made decisions that led to a lower estimate of hurricane loss costs than could otherwise have resulted. For example, the Subcommittee chose not to utilize the storm surge component of the models. The storm surge component is intended to reflect the fact that losses from storm surge flooding, that are not intended to be covered under a homeowners policy, are sometimes paid as wind losses after a hurricane. Additionally, in this Filing the Bureau elected to employ the loss adjustment expense factor based on AON's data as to catastrophes, a factor that is lower than the factor based on data in non-catastrophe situations.

The model versions used were RMS RiskLink v 17 and AIR Touchstone v 5. As is the customary and accepted practice in the insurance, reinsurance and catastrophe bond industries, the models were run with aggregate demand surge (AIR) and loss amplification (RMS) included. These aspects of the models account for the expected additional cost for supplies and labor if a very large hurricane event occurs. Experience demonstrates that when such catastrophic events have occurred, there is significant increase in demand for the limited supply of plywood, shingles, labor, hotel rooms and other necessities, there are delays in repairing properties, there are longer stays in hotels and there are other increased costs beyond those when smaller hurricanes occur. As a result, the costs increase. Loss amplification also factors in claims inflation. Claims adjusters may not investigate every claim if it is under a certain threshold, given the volume of claims they have to settle post-event.

**Q: How is the expense data compiled and reviewed?**

**A:** The Bureau conducts special expense data calls annually. Companies individually complete the special expense call, which includes reporting expense dollars as well as premiums at collected level and adjusted to manual level. The Bureau checks and compiles this information for all companies and sends it to ISO to include in the Filing.

Commissions and brokerage, taxes, licenses, and fees are a function of written premium. The ratios for these expenses from the North Carolina special calls from 2013-2015 were used. The three year average was selected. For Commissions & Brokerages, the selection was 12.1%. The selection is within 0.14% of each individual year. For Taxes, Licenses and Fees, the selection was 2.7%. The selection is within 0.1% of each individual year. General and other acquisition expenses are determined based on a ratio to earned premium at manual level. The North Carolina special calls from 2013 to 2015 were used for these also. The three year average was selected. The selected General Expense was 4.6%. The selection is within 0.2% of each individual year with the

most recent year experiencing a higher percentage at 4.8%. The selected Other Acquisition Expense was 6.8%. The selection is within 0.2% of each individual year with the most recent year experiencing a higher percentage at 7.0%.

The loss adjustment expenses, both allocated and unallocated, are included with the losses in calculating the indication. Similar to the other expenses, the Subcommittee reviewed the data from NCRB's data calls. Experience from calendar years 2011 through 2015 was reviewed. The ratio of loss adjustment expenses to incurred losses was analyzed. Consistent with past filings, the highest and lowest years were removed. This allows for more stability due to the variable nature of incurred losses. The selected loss adjustment expense was 14.5%. This is 1.1% lower than the most recent year, which is one of the two excluded years in determining the average. A lower loss adjustment expense provision for modeled hurricane losses of 6.0% was selected, based upon data from Aon Benfield. The Subcommittee reviewed expense index trends, including the All Items CPI Index (both with and without Energy) and the Total Compensation Cost Index – Insurance Carriers, Agent Brokers and Service from the Bureau of Labor Statistics. These measures varied from 0.89% to 2.90% based on different periods. Based on the review, the Subcommittee selected a 2.0% trend. This factor was then used to trend expense dollars from the midpoint of the base period (July 1, 2014) to the midpoint of the trend period (December 1, 2018).

**Q: Did the Subcommittee consider the profit provision?**

**A:** Yes. Like past filings, the Subcommittee picked a conservative underwriting profit provision. Dr. Vander Weide provided a range for the current cost of capital, which was relied on by the Subcommittee. The range varied from 8.8% on net worth using a Risk Premium Analysis, to 12.1% using a Discounted Cash Flow methodology for the property/casualty insurance industry.

The committee selected an underwriting profit provision of 11.0% of premium. Based on Dr. Appel's analysis, this would generate a statutory return of 6.6% on net worth. This is significantly below Dr. Vander Weide's lower bound of 8.8%. It is the statutory return that should be considered when determining the underwriting profit in North Carolina because it does not take into account investment income on surplus, so clearly the Subcommittee is being very conservative with its selection. Even if the 11.0% underwriting profit is combined with both investment income from insurance operations and investment income from surplus, the estimated return on net worth would be 9.1%. This is within Dr. Vander Weide's range but near the low end of that range, and thus the selected underwriting profit provision cannot be excessive. Furthermore, the Bureau has capped the filed rate changes below the indicated rates to no more than 25 % in any territory. Assuming all other assumptions in the filing are realized, that would result in even lower profit margins being realized in the territories subject to capping.

**Q: Did the Subcommittee consider a contingency provision?**

**A:** Yes, the Subcommittee chose to include a 1% contingency provision. This is consistent with past filings and is common across the country. The contingency provision reflects the systematic bias that causes actual losses to be higher than reflected in the rates. There are multiple reasons for the bias.

Sources of this systematic bias in property insurance include, but are not limited to, judicial decisions that extend policy coverage beyond what was anticipated in the rates, legislative changes, and regulatory delay or reduction of rate filings and other factors.

Rate filings are generally not approved prior to their intended effective date or for more than requested. Some much needed rate filings are denied altogether.

Courts rarely restrict coverage to less than intended in the policy forms and frequently expand coverage beyond what was intended. In addition, major unexpected losses can and do come from large and infrequent events of a type and magnitude that are not reflected in the experience period.

Thus, estimated premium that does not reflect a provision for these contingencies will fall short of needed premium very frequently. When these premiums are inadequate and underwriting losses are observed, an insurer must borrow from surplus to properly indemnify its policyholders or claimants. According to the Actuarial Standard of Practice #30, "the actuary should include a contingency provision if the assumptions used in the ratemaking process produce cost estimates that are not expected to equal average actual costs, and if this difference cannot be eliminated by changes in other components of the ratemaking process." The Subcommittee believes that a contingency provision is appropriate and necessary, and it has conservatively selected a 1% factor in this Filing, the same as with all recent property insurance filings. I believe that a 2% factor would not be unreasonable given the nature of homeowners insurance.

**Q: Has the risk of residual market assessments been considered in the Filing?**

**A:** Yes. The prospect of residual market assessments is a cost of doing business in the state and is a condition for writing homeowners insurance. This cost is imposed by state law. Two residual market mechanisms write property insurance policies in North Carolina: the Beach Plan that was mentioned above and the FAIR Plan. In the event that hurricanes require the Beach Plan to deplete its surplus after reinsurance recoveries, a non-recoupable assessment will be imposed of up to \$1 billion dollars annually on the voluntary companies. Losses from the FAIR Plan are also assessed on the companies, but without the existence of any cap on those assessments. Assessments by the Beach Plan and the FAIR Plan constitute a significant consideration for companies choosing

to do business in North Carolina and selecting the amount of insurance they are willing to write. The voluntary companies need to have and retain capital in order to contemplate these potential assessments. The Subcommittee reviewed an analysis done by Milliman on the compensation for this assessment risk. The analysis is explained in the testimony of Dr. Appel and Mr. Anderson. Based on this analysis the Subcommittee determined that a 3.8% factor is appropriate to reflect in the Filing. It is important to note that the assessment percentage would be higher if the exposure for the voluntary market companies for Beach Plan losses were potentially greater than \$1 billion.

**Q: Was the cost of reinsurance considered in the Filing?**

**A:** Yes. There are numerous scenarios where the potential losses due to a single hurricane are far greater than the entire premium collected by all the companies for the entire state of North Carolina. In order to remain viable long-term, the industry must purchase reinsurance. The costs associated with such reinsurance are costs of doing business in the state.

**Q: What is reinsurance?**

**A:** Simply, reinsurance is insurance for insurers. When insurers are aware of situations in which the potential losses are greater than the company is willing or able to tolerate, they will frequently purchase reinsurance or catastrophe bonds to mitigate those situations. Essentially the insurers will use a portion of the premium to purchase reinsurance. This is common across the industry, including at Allstate.

**Q: How are the reinsurance costs reflected in the Filing?**

**A:** The costs of reinsurance are incorporated through the work of Aon Benfield, based on Aon Benfield's extensive data and experience relating to reinsurance transactions. Aon Benfield is the largest reinsurance broker in the world. Aon Benfield advised the Subcommittee as to the parameters of the reinsurance program that the hypothetical one company for which rates are being made in the Filing reasonably would select. It then calculated the net cost of that reinsurance. As the world's largest reinsurance broker, Aon Benfield maintains extensive and up to date data on reinsurance transactions and has vast experience as to those transactions. The parameters that were recommended by Aon Benfield and selected by the Subcommittee include the attachment and exhaustion points, the placement percentage, the perils that are commonly included in reinsurance treaties for a hurricane prone state such as North Carolina and the inclusion of one reinstatement. The parameters were determined to reflect the amount of reinsurance that the hypothetical one company should purchase to protect its solvency in the optimal manner. Consistent with Aon Benfield's extensive experience and advice, the Subcommittee recommended the use of AIR's warm sea surface temperature

event set and RMS' medium term model as the bases for determining the provision for reinsurance costs. Reinsurers, primary insurers and other parties customarily use such models to determine reinsurance rates. The results from those two models were used in the calculation of the net cost of reinsurance displayed on page C-2 of the Filing.

**Q: Can reinsurance payments by each company writing in North Carolina be allocated and aggregated for use in this Filing?**

**A:** No. It is not possible to measure reinsurance costs of the various insurance companies applicable to homeowners insurance written in North Carolina. The approximately 95 individual insurance companies have hundreds of different treaties that cover many different lines of insurance (automobile, commercial property, other residential property, etc.) as well as homeowners. Those companies negotiate reinsurance treaties in many different geographical areas (portion of a state, single state, multiple states, Atlantic Basin areas, countrywide or international), and covering many different perils (such as automobile flooding, hurricanes, direct earthquake losses, tornados, wildfires, etc.). Often, an individual company will purchase reinsurance from different reinsurers for different layers of loss under different types of treaties. Often, companies use catastrophe bonds for different layers of loss. It is generally not feasible to measure reinsurance costs specific to North Carolina and specific to the line of homeowners insurance in each individual treaty or bond or for each individual company.

It is important to note that the calculation of the net cost of reinsurance in this Filing should and does relate exclusively to the loss costs in North Carolina. It would not be appropriate for North Carolina insureds to assume the reinsurance costs of exposures in other states (such as Florida or California), and vice-versa. Aon Benfield's database is based on actual reinsurance transactions and on conditions in the current reinsurance market. It is updated regularly to reflect changes in actual market conditions. Aon Benfield's database and expertise are a great source of information as to actual reinsurance practices and costs for the hypothetical one company writing homeowners insurance in North Carolina.

**Q: Have dividends to policyholders been considered in the Filing?**

**A:** Yes. According to the Statement of Principles Regarding Property and Casualty Insurance Company Ratemaking, the rates should contemplate the cost of policyholder dividends. Policyholder dividends are returns of premium to a company's policyholders and are not the same as dividends that for-profit companies pay to their shareholders. The Subcommittee gave consideration to policyholder dividends over the years 2011 through 2015. It noted that payments have consistently been made and in material amounts. Therefore, the Filing has incorporated a provision of 0.4% of premium to reflect anticipated dividends during the prospective period for which rates are being made in this Filing.

Reflecting anticipated dividends is an actuarially sound methodology in a rating bureau context such as that in North Carolina where rates are made for all companies.

**Q: Have deviations been considered in the Filing?**

**A:** Yes. Deviations, or savings to policyholders, are a cost of doing business in North Carolina for the insurers that have them approved. They are a cost of the risk transfer and therefore need to be contemplated according to the Statement of Principles Regarding Property and Casualty Insurance Company Ratemaking. Companies are required to reflect their approved deviations. If rates were set without contemplating them, the industry would not achieve the profit provision included in the rates. The Subcommittee reviewed the net variances from manual premium from deviations, consent to rate and Beach Plan surcharges and did not include a factor for deviations in this Filing.

**Q: Are the data in the Filing reliable and accurate for ratemaking purposes?**

**A.** Yes. The data underlying the Filing are reliable, accurate and appropriate for ratemaking. Individual insurance companies employ extensive procedures to assure the quality and reliability of ratemaking data used in the Filing. When individual companies submit their data to their statistical agents, the statistical agents review the data for possible errors and compliance with approved statistical plans. If an error is suspected, the statistical agents ask the company to review the data and to correct the data if necessary.

When ISO consolidates premium, loss and expense data from the statistical agents, it reviews the accuracy of the data and similarly requests that the data be reviewed and corrected if errors are suspected. These data include data for business written at or below the Bureau manual rates, business written under consent to rate procedures and business written in the residual market. When the Bureau assembles expense data and furnishes it to ISO, there are checks to determine the data's accuracy. Sometimes, if it is not feasible for a company to correct its data, that company's data is excluded from the filing and that fact is noted in the filing.

An additional check is that the Bureau requested the statistical agents to produce exhibits for the 10 largest writers displaying exposure distributions for key factors (such as territory, amount of insurance and protection class) for the years in the filing. Each such company was asked to review and evaluate the accuracy of its data as reported to its statistical agent. Companies have confirmed that they have performed these reviews and that to the best of their knowledge their data are correct in all material respects.

**Q: Please describe the difference between the "indicated" rate level and the "filed" rate level?**

**A:** The indicated rate level is the actuarially sound and correct rate level. It is the rate level necessary in order that rates cover prospective losses and expenses and leave a fair and reasonable profit. The indicated rate level is the one that complies with the statutory standard that the rates be neither excessive, nor inadequate, nor unfairly discriminatory

In the case of the owners forms, the indicated rate level change is 24.1%. That rate level change is the statewide composite of indications that vary by territory throughout the state. For the western territories, the indicated rate level change is a decrease in some cases, and for certain territories at the beach, the indicated rate level change is higher than 24.1%.

The “filed” rates represent the amount actually proposed by the Bureau. The filed rates reflect a procedure known as “capping.” The Bureau elected not to file the full indicated rates in each territory and instead capped the Filing at +25% per territory for the owners forms and +40% per territory for the condominium and tenants forms. Thus, for the owners forms +25% is the maximum filed rate increase in any territory. Capping results in the filed statewide rate level change for all forms being reduced from 24.9% to 18.7%.

**Q. From the standpoint of individual companies, how does homeowners ratemaking in North Carolina differ from other states?**

**A.** In almost every other state, each company files its own homeowners rates independently. However, in North Carolina, the Bureau has the responsibility to file rates on behalf of the entire industry. The filing process in North Carolina establishes a system of “Bureau rates” (often called “manual” rates) for use on all homeowners policies written in the state.

In essence, the Bureau makes rates for a hypothetical one company that is composed of the aggregate policyholder attributes and loss experience of all the homeowners policies written in the state. Those policies include attributes such as the dollar amount of insurance written on each home, the territory in which each home is located, the protection class of the area in which the house is located, the type of construction, the deductible level, the type of coverage, etc. A more technical term for these attributes is “exposure.”

Once the Bureau rate has been set through the filing and approval process, Bureau companies must charge that rate unless they obtain approval to charge either more (through consent to rate) or less (through downward deviations).

**Q. You stated earlier that premiums are established at a level equal to expected losses plus expected expenses and a margin for a fair and reasonable profit. Does this mean that homeowners ratemaking is a simple matter of adding up past losses, past expenses and past profit and then putting them into a simple equation to equal premium?**

- A.** That is not at all the case, for numerous reasons. A prime reason is that ratemaking is prospective. The ratemaking process requires the determination of the expected future losses and the expected future expenses of the composite company. While it is important to consider past losses and expenses in determining expected future losses and expenses, the process is much more complex than that. There may be many reasons why past losses and expenses are not expected to occur at the same level in the future. Even if they were expected to occur at about the same level as in the past, past losses and expenses have to be extended to the future period when the rates are going to be in effect in order to reflect factors such as underlying trends and cost of living changes.

Further, it is particularly difficult to estimate prospective losses for property lines of business such as homeowners insurance because losses in those lines are so volatile and the types of perils insured are so varied. For numerous reasons, it is more difficult in property lines than in other personal lines to determine prospective losses because policies cover so many different situations and events. For instance, homeowners policies must pay for losses to buildings and contents for fires, numerous types of weather events, theft and lawsuits. Even putting aside the potential impact of hurricanes, property lines are highly dependent upon weather events, including tornado outbreaks, winter storms, hail storms, freezing temperatures, etc.

Such volatility is greatly compounded in hurricane prone states such as North Carolina. In North Carolina and other hurricane prone states a significant percentage of the prospective long-term average annual losses in certain territories of the state are caused by intense hurricanes which are relatively infrequent but are devastating when they do occur. It would be actuarially unsound to rely on a few years of actual hurricane losses to estimate prospective hurricane losses because of the extreme volatility of such losses.

The volatility of property insurance in a hurricane prone state can be explained in part by a statistical concept of "independence" that is useful to consider in distinguishing between different lines of property casualty insurance. If one home is damaged by a hurricane, it is very likely that many other homes in the same geographic region will be damaged at the same time. The risk of damage for each individual home is not independent of the risk of damage to the other homes because a single event can cause widespread damage. By way of contrast, in auto liability insurance, when there is one auto collision, there generally is not a greater likelihood of there being numerous other auto collisions in the same geographic region at the same time. While the amount paid for a personal injury claim arising out of that single auto collision may far exceed the premium collected for the individual policy involved, that fact is not replicated to numerous other policies because auto collisions are generally random and independent events. However, when intense hurricanes occur, there are likely to

be payments far in excess of the premium collected on a large number of policies.

**Q: Please describe the nature and the operations of the Beach Plan and FAIR Plan as they relate to homeowners insurance in North Carolina.**

**A.** The Beach Plan, which was discussed earlier in my testimony, and the FAIR Plan are both residual market mechanisms set up by the North Carolina legislature to write property insurance in situations where policyholders cannot obtain insurance through the competitive, voluntary market. The FAIR Plan writes dwelling fire and extended coverage policies that provide essential property coverage, but it does not write homeowners policies that are the subject of this Filing. The FAIR Plan writes policies throughout the state. Since the FAIR Plan does not write homeowners policies, my testimony primarily relates to the Beach Plan which does write homeowners policies.

The Beach Plan is highly relevant to homeowners ratemaking in North Carolina. By statute the Beach Plan writes property insurance only in the 18 coastal counties. In addition to writing homeowners policies, it writes dwelling fire and extended coverage and commercial property insurance policies.

The 18 coastal counties are statutorily divided into the “beach” area and the “coastal” area. The beach area generally consists of areas south and east of the Inland Waterway, often called the Outer Banks or barrier islands. The coastal area consists of the remainder of those 18 counties.

The Beach Plan offers homeowners policies filed by the Bureau that contain the same provisions as the voluntary insurance companies. In some instances, the Beach Plan writes the entire homeowners policy. In other situations, it writes only the wind and hail portion of such policies, with companies in the voluntary market writing the remainder of the policy. Data from all of these policies is in the Filing.

Voluntary insurance companies that desire to write homeowners insurance anywhere in North Carolina are required to be members of the Beach Plan, even if they do not intend to write in the 18 coastal counties. However, since voluntary companies are statutorily prohibited from receiving a distribution from the Beach Plan’s surplus, they are prohibited from profiting on business written by the Beach Plan. In effect, the voluntary companies give up any opportunity to make a profit by allowing policyholders to be written in the Beach Plan. As will be explained below, even though the voluntary companies give up a chance to make a profit, they are nevertheless exposed to the losses of the Beach Plan when those losses exceed the ability of the Beach Plan to pay.

Statutes provide for surcharges on Beach Plan homeowners policies above the Bureau manual rate. When a full homeowners policy is written by the Beach

Plan, policyholders pay the Bureau manual rate plus a 15% surcharge. When voluntary companies exclude the wind/hail portion of a policy and policyholders obtain that coverage through the Beach Plan, there is a 5% surcharge on the rate charged for the wind/hail coverage.

The Beach Plan was designed to write homeowners policies in situations where policyholders cannot obtain such policies from voluntary companies writing in the competitive market. Essentially, the reason that those companies are unwilling to write the policy is that the Bureau rates they are permitted to charge in the voluntary market are inadequate. As shown in the Filing, the current Bureau manual rate is far too low in the beach and coastal territories, and even after a 15% surcharge is applied on Beach Plan policies, the rate is too low. Further, the consent to rate process, by which companies can charge higher than the Bureau rate with the consent of the policyholder, is largely unavailable as a practical matter because of the existence of the Beach Plan. Even after a 15% surcharge, the rate charged by the Beach Plan is much lower than the actuarially sound rate.

When a prospective policyholder seeks homeowners insurance in the 18 coastal counties, it is not predetermined whether the policyholder will be written by the Beach Plan or by a voluntary company. Policyholders often switch back and forth depending on which option works best for them and depending on whether a voluntary company will write them. In computing the exposures and loss experience of the hypothetical one company in North Carolina for which rates are being made in this Filing, the Beach Plan's exposures and loss experience are reported to ISO and are combined with the rest of the data as if the Beach Plan were a private insurance company.

The FAIR Plan writes dwelling fire and extended coverage policies throughout the state. Since the FAIR Plan does not write homeowners policies, data from its policies are not included in the loss data in this Filing, but such data has always been used in dwelling fire and extended coverage rate filings. Despite the fact that the FAIR Plan does not write homeowners policies, its policies increase the risk of assessments for companies writing homeowners policies in North Carolina. This is explained in my testimony concerning the compensation for assessment risk factor.

- Q. Please comment on the size and financial condition of the Beach Plan as those factors impact homeowners ratemaking.**
- A.** I will provide a brief summary of the financial condition of the Beach Plan. First, it is noteworthy that a very large percentage of homeowners premium in the 18 coastal counties goes to the Beach Plan. In the "beach" territories, approximately 78% of the homeowners premium is written by the Beach Plan, and in "coastal" territories over 52% of the homeowners premium is written in the Beach Plan. On a statewide basis, approximately 13% of homeowners premium

is written in the Beach Plan even though the Beach Plan is only able to write policies in the 18 coastal counties. Thus, while the Beach Plan was statutorily set up to be the market of “last resort,” it appears to be the market of first resort in many instances. As stated above, the reason for this fact is largely that the currently approved Bureau rates are highly inadequate for the risk in those 18 coastal counties. Otherwise, with 95 companies competing to write homeowners insurance in the state, normal competitive market forces would come into play and companies would write voluntarily.

The fact that rates at the beach and coast are significantly inadequate creates a dilemma for the Beach Plan. On the one hand, the inadequate rates diminish the Beach Plan’s ability to build up sufficient surplus in the “good” years where there are no hurricanes to provide a cushion to pay losses in the “bad” years when severe hurricanes occur. Even in the good years, the Beach Plan has to pay claims for traditional insured events such as fires, thefts, personal injury claims, etc.

The Beach Plan’s approach has been to purchase both reinsurance and catastrophe bonds. Whatever amounts the Beach Plan spends in the reinsurance and catastrophe bond markets is at the expense of building up surplus in those years when hurricanes do not affect North Carolina.

**Q. Please explain what will happen when a catastrophic hurricane hits the coastal area and exceeds the surplus of the Beach Plan.**

**A.** When a truly catastrophic hurricane next occurs, the inadequacy of rates at the beach and coast will lead to one and possibly two types of assessments: “non-recoupable assessments” on the companies that voluntarily write homeowners insurance throughout the state and “catastrophe recovery charges” on all property insurance policyholders throughout the state. These assessments are set forth by statute. The assessments on the companies will occur first, and any catastrophe recovery charge on policyholders will occur following exhaustion of that assessment on companies.

The 95 companies writing any homeowners insurance in North Carolina are subject to a non-recoupable assessment for Beach Plan losses in a given year up to a total of \$1 billion dollars. Other witnesses have quantified the cost of this potential assessment to the companies, and it is reflected in the factor called the “compensation for assessment risk.” Since the assessment will be imposed in accordance with a formula reflecting each company’s pro rata property insurance writings across the entire state, a company will be assessed even if it elected not to write any homeowners policies in the beach and coastal counties. Each company makes an individual decision as to the extent that it writes homeowners insurance in North Carolina. Those that elect to write in the state make a decision as to the extent that they will do so in areas of the state such as the

beach and coastal territories. The prospect of an assessment affects the willingness to write and extent of each company's decision if it chooses to write.

The potential assessment on policyholders is called the catastrophe recovery charge. Statutes require the assessment of policyholders with homeowners and other property policies throughout the entire state after their insurance companies have paid the \$1 billion assessment discussed above. The catastrophe recovery charge on policyholders throughout the state could be up to 10% of their premium per year on their property insurance policies. The voluntary companies will be required to administer the charge. The 10% charge would continue annually as long as necessary to collect the amounts that were paid out for Beach Plan losses in excess of the \$1 billion assessment on companies.

In addition to the indications in the Filing as to beach and coastal areas, the fact that the Beach Plan's rates are too low for the risk involved is demonstrated by the large number of policies in the residual market. The greater the inadequacy of homeowners rates, the greater will be the number of policies written by the Beach Plan at inadequate rates. The result is a greater potential that policyholders across the state will be required to pay catastrophe recovery charges to the Beach Plan to fund claims payments to policyholders at the beach and coast. As stated above, since the rates are inadequate, the Beach Plan's ability to accumulate a sufficient surplus to pay losses or alternatively to use those premiums to purchase an adequate amount of reinsurance, is diminished. This means, in turn, that there is a greater chance that Beach Plan losses will have to be paid by policyholders throughout the state in the form of the catastrophe recovery charge.

The ultimate effect of the regulatory system in North Carolina is that rates for policyholders insured through the Beach Plan area are being subsidized, both explicitly and implicitly. The explicit subsidy arises from the fact that insurance companies have to pay the first \$1 billion of losses over and above the Beach Plan's existing surplus, and the Filing passes along this cost in the form of the 3.8% provision for the compensation for assessment risk. This is paid by policyholders throughout the state, not just those in the Beach Plan. In addition, there is an implicit subsidy in that policyholders across the state face the possibility of imposition of the 10% catastrophe recovery charge. Another way of looking at the situation is that the insurance industry and policyholders across the state are providing free reinsurance to the Beach Plan.

It is important to note that the companies' exposure to losses of the FAIR Plan are not subject to the \$1 Billion cap that is applicable to Beach Plan losses. While the FAIR Plan does not write homeowners policies, it writes dwelling fire and extended coverage policies statewide, except in the beach territories. Such policies are vulnerable to losses from catastrophic hurricanes, and the companies are subject to unlimited assessments as to those losses. The FAIR Plan has experienced rapid growth in recent years, with the number of earned

house years growing from approximately 116,000 in 2011 to approximately 264,000 in 2015.

**Q. Is the reason that the Beach Plan purchases reinsurance similar to the reason that private companies purchase reinsurance?**

**A.** Yes. For the same reason that the Beach Plan purchases reinsurance, the hypothetical “one company” for which the Bureau files rates must purchase reinsurance. That hypothetical one company is faced with numerous realistic hurricane loss scenarios that far exceed its ability to pay. It would be irresponsible and imprudent for that one company not to purchase reinsurance. The need of that hypothetical one company to purchase and maintain reinsurance is reflected in the net cost of reinsurance analysis prepared by Aon Benfield. Aon Benfield has access to the largest database of reinsurance transactions and used that database to calculate the net cost of reinsurance provision used in the Filing. In prior homeowners filings, that analysis was conducted by Dr. Appel of Milliman, but he did not have access to the direct data that Aon Benfield retains. Dr. Appel necessarily had to calculate the net cost of reinsurance indirectly. In the last homeowners filing, witnesses for the Department of Insurance criticized his calculations as being hypothetical. Even though data is now available through Aon Benfield, the Subcommittee requested Dr. Appel to perform his analysis again. Dr. Appel’s analysis corroborates the Aon Benfield analysis that is used in the Filing. That analysis was reviewed and approved by the Rating Subcommittee.

The hypothetical one company (voluntary companies plus the Beach Plan) receives about \$2.4 billion in homeowners written premium annually in North Carolina. In comparison, there are many scenarios in which hurricane losses are projected to be many multiples of that amount. If an individual company experienced a loss many multiples of its collected premium, it would first look to its surplus and reinsurance. If there is insufficient surplus and reinsurance, then that company would become insolvent. Unlike the Beach Plan, which has the backstop of assessing policyholders statewide, individual companies do not have a backstop. There has been a history of multiple company insolvencies following major hurricanes in the United States. Following Hurricane Hugo that hit Charleston, South Carolina and Hurricane Andrew that hit Florida, there were multiple insolvencies. Unlike the Beach Plan, the hypothetical one company does not have the right to recoup losses from policyholders across the state.

**Q. Does the Filing in any manner require policyholders in North Carolina to pay the losses or subsidize the rates of policyholders in other states, particularly hurricane prone states such the Gulf Coast states?**

**A:** No. It would not be actuarially appropriate to do so, as each state is evaluated separately, and rates in North Carolina are based only on North Carolina’s loss potential. Imposing such a subsidy would not be fair to North Carolina

policyholders and would not be permitted by North Carolina regulators. There is a greater risk of hurricane losses in Florida and some other Gulf states than in North Carolina, and it would not be fair or actuarially sound for North Carolina policyholders to be asked pay for their losses or subsidize the insurance costs for persons in those areas. For the same reason, it would not be fair or actuarially sound for the Bureau to attempt to spread the hurricane exposure of the hypothetical one company in North Carolina to persons in other states such as in the Midwest where there is little hurricane exposure. Policyholders and regulators in Iowa, for example, would not be willing to do that.

**Q. Did the Subcommittee review rate level adequacy by territory?**

**A.** Yes it did. ISO was asked to prepare the indicated rate level changes by territory. The indicated change for a particular territory was determined by comparing the required base class rate to the existing base class rate.

First, ISO calculated the indicated base class loss cost by territory. This resulted from calculating the total loss cost by territory and applying the resulting territorial relativity to the indicated statewide base loss cost. The territorial indicated base class loss cost was converted to the required base class rate by performing expense, profit and deviation adjustments at the territorial level, similar to how adjustments were performed at the statewide level. The indicated changes by territory show rate levels by territory that are needed to equitably spread the overall rate level.

Unlike past homeowners filings, the Bureau did not allocate profit and contingencies differently across the state. This change was in response to criticism by the Commissioner and Department witnesses that such items should not be allocated in greater proportion to the areas of the state that have the highest prospective hurricane loss costs. As a result of this change, indications in this Filing are lower in coastal areas than they would have been under the prior methodology.

The Bureau also did not allocate the net cost of reinsurance by zones as in recent homeowners filings. The Department and its witnesses criticized the use of zones and the method of creating zones in the last homeowners filing. In this filing, the Bureau has allocated the net cost of reinsurance to each individual territory, based on the analyses of Aon Benfield. The Rating Subcommittee felt that it is appropriate and important that reinsurance costs be allocated to the territories based upon each territory's contribution to the need for reinsurance. Failure to do so would result in rates that are unfairly discriminatory toward policyholders in territories with a low contribution to the need for reinsurance. Policyholders in those territories are already subsidizing policyholders in the coastal areas in multiple other ways that are required by law, and it would be unfair to compound that subsidy by allocating reinsurance costs to policyholders in territories that do not create the need for reinsurance.

**Q. Can you identify Exhibit RB-1?**

**A.** Yes. This is a large portion of the Filing submitted by the Bureau with respect to revised homeowners insurance rates in North Carolina. Exhibit RB-1 includes numerous exhibits and voluminous regulation responses and explanations pertaining to the indicated and filed rate level changes. The Filing also includes the rate manual (Exhibit RB-2), as well as the prefiled testimony and exhibits of six witnesses in addition to mine (Exhibits RB-3 through RB-23).

**Q. Can you identify the document marked Exhibit RB-2 and entitled “Homeowners Policy Program Manual”?**

**A.** Yes. As I mentioned, Exhibit RB-2 includes the current manual of rules, rates and classifications used to write homeowners insurance in North Carolina. The manual and any amendments have been approved and are on file with the Department. Copies are maintained at the offices of the Bureau.

**Q. Are you aware of changes in this filing other than to the Homeowners rates?**

**A.** Yes. In addition the homeowners base rates, this filing makes changes to the base amount of insurance for homeowners and the base deductible amount. There are also several schedules that require changes, such as wind exclusion credits, wind mitigation factors and the wind only policy program.

**Q. Do you have an opinion as to whether the indicated rate level changes in the Filing are excessive, inadequate or unfairly discriminatory?**

**A.** Yes.

**Q. What is that opinion?**

**A.** It is my opinion that the indicated rates in the Filing are actuarially sound and meet the legal standard of producing rates that are not excessive, inadequate or unfairly discriminatory. In that regard, I note that I have relied upon the accuracy of the data and analyses supplied by the statistical agents, the Bureau, Aon Benfield and Milliman as reviewed and checked, and I have also relied on the reinsurance and profit analyses performed by Dr. Appel and Dr. Vander Weide. I qualify my opinion by noting that the filed rates have been developed by applying territory caps to the indicated rates. The filed rates are not excessive and the 18.7% filed rate increase is a reasonable step toward the adequate level.

**Q. Does this conclude your prefiled testimony?**

**A.** Yes.

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**PRE-FILED DIRECT TESTIMONY OF ELIZABETH A HENDERSON**  
**2017 HOMEOWNERS INSURANCE RATE FILING**  
**by the**  
**NORTH CAROLINA RATE BUREAU**

**Q. Please state your full name and business address for the record.**

A. My name is Elizabeth Ann Henderson. My business address is Aon Benfield, 200 East Randolph Street, 11<sup>th</sup> Floor, Chicago, Illinois 60601.

**Q. What is your involvement in this matter?**

A. My employer, Aon Benfield, has been retained by North Carolina Rate Bureau (NCRB) to provide expertise and analysis with respect to the expected hurricane losses utilized in the NCRB 2017 Homeowners Insurance rate filing. I am part of the team at Aon Benfield that performed these services.

**Q. What are your primary duties for Aon Benfield?**

A. Aon Benfield is the world’s largest reinsurance brokerage firm, and I am a Managing Director of the Catastrophe Risk Analytics group. I lead a catastrophe risk management team, consisting of 25+ catastrophe modeling professionals, engineers, and meteorologists. I am responsible for providing catastrophe modeling support for reinsurance placements and expected hurricane losses and

1 am charged with positioning my team as a key differentiator in client solutions  
2 including support for multi-model analyses, benchmark pricing, data quality peer  
3 comparisons, model evaluation, real-time event response, portfolio optimization,  
4 catastrophe cost allocations, and rating agency questionnaire support. In effect,  
5 we assist our clients in all aspects of managing their exposure to catastrophe  
6 risk.

7

8 **Q. Describe your professional and educational background.**

9

10 A. I have been with Aon Benfield for 14 years since graduating from  
11 Northwestern University with Bachelor of Arts degrees in Mathematics and  
12 Philosophy. In my role at Aon Benfield I have participated in and led the  
13 modeling efforts for reinsurance treaty placements on behalf of Aon Benfield's  
14 clients. My specializations include providing risk management consulting and  
15 catastrophe modeling services to United States property and casualty insurance  
16 companies, particularly in personal lines property, small commercial property,  
17 and worker's compensation. I have worked directly with companies to help them  
18 analyze the amount of risk due to catastrophes against which they are exposing  
19 their capital, and compare that risk to their risk tolerances. In assessing their  
20 catastrophe risk, we utilize two independent modeling firms: Risk Management  
21 Solutions (RMS) and Applied Insurance Risk (AIR). We provide detailed  
22 analyses of the model results to enable companies to make business decisions  
23 around catastrophe risk management, including setting underwriting guidelines,

1 developing rate indications, determining the appropriate amount of reinsurance to  
2 purchase and deploying growth capacity.

3

4 **Q. Describe your early career at Aon Benfield.**

5

6 A. I began working at Aon Benfield 14 years ago as a Catastrophe Risk Analyst.  
7 During my tenure at Aon Benfield I have worked within the Catastrophe Risk  
8 Analytics Group and have been promoted through five positions (Analyst, Senior  
9 Analyst, Associate Director, Director, and now Managing Director). My  
10 responsibilities grew with each new job as I expanded my capabilities. When I  
11 began my career as an Analyst, I was responsible for the day-to-day modeling for  
12 a variety of client accounts. This included processing and profiling raw client data  
13 into a model-specific import files, importing client data into the models of AIR and  
14 RMS, setting up and executing model runs in AIR and RMS, and pulling out  
15 results and building exhibits. I was responsible for ensuring the accuracy of my  
16 work, and reporting back to my clients about their results and how those results  
17 impacted their reinsurance treaties. In my early career I spent most of my time  
18 working within the models' framework and learning how different types of  
19 insurance terms are handled in each model, how to properly code client data to  
20 ensure accurate results, and how to interpret how portfolio changes and model  
21 changes impact results.

22

1 I was working in this role in 2004 and 2005 during the very active hurricane  
2 seasons that produced Hurricanes Katrina, Wilma, and others. These events  
3 were among the first major tests of the hurricane models after Hurricane Andrew  
4 in 1992. The utilization of modeling and understanding of how the models  
5 worked when these events occurred was greatly impacted, and the new  
6 knowledge resulting from those events led to changes that had a far-reaching  
7 impact on the insurance industry. It was at this time that both RMS and AIR  
8 developed their Medium-Term and Warm Sea-Surface Temperature hurricane  
9 event sets.

10

11 **Q. How has your career progressed and changed over time?**

12

13 A. In my current role at Aon Benfield I am responsible for the work output of a  
14 team of over 25 catastrophe analysts covering many clients. My job has three  
15 distinct areas of responsibility. First, I am responsible to my clients. I work  
16 directly with clients on specific projects such as reviewing how their internal  
17 coding process impacts model results and making recommendations on refining  
18 their data to produce more accurate loss estimates. I help clients identify their  
19 profitable business opportunities and build out a plan with regular monitoring to  
20 achieve the clients' growth plans. In addition to working directly on client  
21 projects, I meet regularly with my team to discuss and review other active client  
22 projects to ensure that we are delivering best in class analytics to all of our  
23 clients.

1 My second responsibility is to my team. I am a mentor and a coach to all  
2 members of my team and I take steps every day to align individual performance  
3 goals with business and client needs. The number of clients and amount of  
4 support we provide to our clients has increased significantly. As clients become  
5 more dependent on using model input across their business, there has been a  
6 large demand for support and evaluation of model results. We have increased  
7 the number of engagements pertaining to model evaluation and validation.  
8 My third responsibility is to the business unit. I help to set the strategic priorities  
9 of the Catastrophe Analytics team within the context of the overall goals of Aon  
10 Benfield. In that role I am responsible for delivering innovative analytics solutions  
11 for Aon Benfield clients. In the past year I lead a team that developed and  
12 launched a new, interactive, data and analytics platform: Analytics Dashboards.  
13 Analytics Dashboards advance the way that business-critical data is visualized,  
14 interpreted, and delivered.

15

16 **Q. Describe the role of Aon Benfield Analytics.**

17

18 A. Aon Benfield Analytics provides consultative services to clients of Aon  
19 Benfield who sell primary insurance coverage and assists those insurers in the  
20 assessment of the risk of catastrophe loss to their portfolio and in the placement  
21 of reinsurance treaties to address that risk of catastrophe loss. The main areas of  
22 services to Aon Benfield clients include: catastrophe modeling; catastrophe  
23 insurance rate making assistance; actuarial services (e.g., range of loss and

1 expense estimation, enterprise risk management, reinsurance analysis, capital  
2 analysis); rating agency modeling and analysis; insurance and reinsurance  
3 accounting; and tax and finance related modeling and assistance.

4

5 **Q. Describe the role of the Catastrophe Risk Analytics group.**

6

7 A. The Catastrophe Risk Analytics group is a part of Aon Benfield Analytics. The  
8 role of this group is to provide clients of Aon Benfield with analytics involving the  
9 management of catastrophe risk and how it relates to their reinsurance  
10 purchasing decisions. We provide clients with analyses of their catastrophe risk  
11 and develop their understanding around different model views for their portfolio.  
12 We help our clients develop a management view of their catastrophe risk against  
13 which they can evaluate reinsurance purchasing decisions.

14

15

16 **Q. Describe your experience with catastrophe models.**

17

18 A. Beginning 14 years ago in my role as a catastrophe analyst, I have used  
19 multiple models to evaluate catastrophe risk for my clients. My daily work  
20 requires me to interpret and transform client data into appropriate “model-ready”  
21 files. I determine how to best incorporate the client data into the different  
22 models. I have prepared data and run analyses in the models RMS RiskLink,  
23 AIR Touchstone, Impact Forecasting Elements, and CoreLogic RQE, and have

1 pulled and analyzed loss output from those models. I have observed and  
2 reviewed changes in these models during my tenure at Aon Benfield. I use the  
3 output of the models (such as PMLs, AALs, Layer Expected Losses, Historical  
4 Loss projections) to help clients determine the exposures at risk to a catastrophe  
5 at various confidence intervals. Clients compare those loss projections to their  
6 internal risk thresholds to determine how much reinsurance they need to protect  
7 their earnings and capital. The models are used by reinsurers to evaluate  
8 portfolios and determine an appropriate price for risk transfer.

9

10 **Q. Describe your experience with catastrophe reinsurance.**

11

12 A. I work for Aon Benfield, the world's largest reinsurance brokerage. My role as  
13 a catastrophe analyst means that I am directly involved with our clients who are  
14 seeking to purchase catastrophe reinsurance. Output from our modeling is used  
15 by our brokers, clients, and capital markets to determine AAL's and the  
16 appropriate amount of reinsurance to purchase and what the appropriate fair  
17 market price for that reinsurance should be.

18

19 **Q. Do you speak on topics pertaining to catastrophe modeling?**

20

21 A. Yes. I speak annually at the Aon Benfield Analytics Client conference on  
22 various topics related to catastrophe modeling. That conference is routinely

1 attended by primary insurers, reinsurers, regulatory agencies, and modeling  
2 firms.

3

4 **Q. What was Aon Benfield's role in this filing with respect to expected  
5 hurricane losses?**

6

7 A. We provided advice to NCRB regarding how to input the exposure data it  
8 provided, how to run the AIR and RMS models consistently based on that  
9 exposure data, how to assure that the model output is correct and how to blend  
10 the results of the two models in the manner utilized in the marketplace by Aon  
11 Benfield's clients.

12

13 **Q. Did the NCRB asked Aon Benfield to run the AIR and RMS models?**

14

15 A. Yes. We ran the models of AIR Touchstone and RMS RiskLink. These are  
16 the most commonly relied upon hurricane catastrophe models in the industry and  
17 we run these two models on all of our clients' data, regardless of whether either  
18 model is used by the client to set rates. Our view is that it is important to  
19 understand the two primary views of risk that exist in the industry. These two  
20 models are routinely relied upon by reinsurers in pricing catastrophe risk and by  
21 primary insurers in determining anticipated hurricane losses. More than half of  
22 our clients use two models when evaluating their catastrophe risk and blend  
23 those results, as opposed to relying only on one model for management

1 decisions. Of those that utilize two models, the majority blend the results evenly,  
2 taking a straight average. We have used the same approach here for the NCRB  
3 to determine the appropriate modeled hurricane losses to use in the rate filing.  
4 Our recommendation is to use a straight average when calculating a blend of the  
5 results. This means that we run the individual models and determine the  
6 appropriate allocation of reinsurance and loss costs, independently for each  
7 model. Then we average the two results to determine the blend. The vast  
8 majority of our clients who blend multiple models use this method. One reason is  
9 due to the ease of understanding and auditing of results. Models change  
10 frequently in different ways, and it is important for people making business  
11 decisions based on those models to be able to track those changes at every  
12 point. By first determining the losses from RMS and AIR independently, you can  
13 gain insight into how each model interprets the risk differently. It is an approach  
14 that balances an insurer's access to detailed information from both models and  
15 then uses a blended metric to make purchasing decisions and allocate costs.

16

17 **Q. Is it customary to run multiple models to determine catastrophe risk for**  
18 **your clients?**

19

20 A. Yes. At Aon Benfield we believe it is important to understand the various  
21 views of catastrophe risk that exist about any particular client's portfolio. In a  
22 reinsurance transaction, multiple parties must agree upon a fair estimate of the  
23 cost to transfer the risk. Our clients need to understand how the market will be

1 interpreting their catastrophe risk, therefore it is important for them to understand  
2 how various models interpret their portfolios.

3

4 **Q. Is it common that modeled losses will differ between the various model  
5 vendors?**

6

7 A. Yes. There exists a degree of uncertainty in predicting losses from  
8 catastrophes. That is a natural consequence of the substantial volatility  
9 associated with the occurrence of relatively infrequent and rare events. While all  
10 modeling firms start with relatively similar meteorological and insurance data  
11 inputs, such as information on past storm characteristics and claims data from  
12 insurance companies, there are differences between modelers in their  
13 approaches to interpreting and supplementing this data to build a robust model.  
14 The process of developing the models brings with it a degree of uncertainty in the  
15 results, although there is no inherent upward or downward bias in this degree of  
16 uncertainty. Modelers must take the known meteorological data from actual  
17 storms and employ standard statistical techniques to distribute that limited data  
18 to create a distribution of storms that may happen in the future. This is how  
19 models can take similar input and come up with different results. The spread  
20 between two views of the same risk helps companies understand the uncertainty  
21 inherent in these models. Through blending of the results of multiple models,  
22 clients can better manage their catastrophe risks despite variation between  
23 model results. Given the number of variables involved in the development of a

1 catastrophe model and the degree of uncertainty associated with each variable, it  
2 would be unexpected and atypical if two independently derived models resulted  
3 in the same output or conclusions on a given set of data.

4

5 **Q. How do the models change over time?**

6

7 A. Over time modelers utilize advanced research and loss analyses to enhance  
8 their methodology, applying the most recent and relevant scientific understanding  
9 to their models. New research into past events, updates to building practices  
10 and building codes, insight from engineering experiments, and findings from  
11 recent events are among the many different types of information that are used to  
12 inform how the modelers make updates to their models. Each modeling firm  
13 takes a different approach to how frequently it updates its models and how it  
14 prioritizes the schedule by which perils and regions will be updated.

15

16 **Q. Do modeled losses change as updated data is entered into the models?**

17

18 A. Yes. As noted above, the models are reliant on many sources of data. Data  
19 on past storms and updated building code data, for example, will be used by  
20 modeling firms as inputs into developing their models. For the insurer, changes  
21 in coverage and the underlying policies-in-force will change the model output.  
22 Also, changes in an insurer's portfolio composition (i.e., where they write new

1 policies and the geographic concentration of their exposures) over time will  
2 change the results of the models.

3

4 **Q. How do clients typically account for variation in the model losses between**  
5 **different models?**

6

7 A. It has become increasingly common for companies to use two models. As I  
8 said, more than half of our clients use two models when evaluating their  
9 catastrophe risk, blending those results. Of those that utilize two models, the vast  
10 majority blend the results evenly, taking a straight average, as has been done for  
11 the NCRB in this filing. The percentage of clients that blend models to build a  
12 management view of risk has grown substantially in recent years. In my opinion,  
13 this has been driven by large loss experience, most specifically from hurricanes,  
14 that demonstrates the degree of uncertainty around any single selection, as well  
15 as what I will call model change volatility. The blending of two models produces  
16 less volatile and more reliable results over the long term than the use of a single  
17 model.

18

19 Clients are also exposed to volatility related to model change. When the models  
20 make changes to their underlying assumptions around frequency, hazard, and  
21 vulnerability, clients will see their catastrophe loss estimates change. The fact that  
22 modeling firms make updates on different schedules, and often interpret and apply  
23 new research in different ways, results in a changing risk management

1 environment. Using a blended view will smooth out some of that model change  
2 volatility over time.

3

4 **Q. Let's talk further about the work Aon Benfield performed for the NCRB for**  
5 **this Homeowners rate filing. Can you describe the client data that was**  
6 **employed as input for the model runs?**

7

8 A. The data we employed was provided to us by the NCRB. My understanding is  
9 that the data had been compiled on behalf of the NCRB by Insurance Services  
10 Office (ISO). The NCRB advised us that the data consisted of the aggregate  
11 exposure information for all homeowners risks in North Carolina, including those  
12 written by the companies and those written by the residual market (which in North  
13 Carolina is the NCIUA, or Beach Plan). In effect, the NCRB asked us to run the  
14 models using the aggregate data as if there were a single company writing all of  
15 the homeowners insurance in North Carolina.

16

17 **Q. Please describe what Aon Benfield then did with the data provided by**  
18 **NCRB.**

19

20 A. As is customary in our work, we reviewed the data received from the NCRB for  
21 completeness and reasonableness before we input it into the AIR and RMS  
22 models. Since the two models have different formats for inputting data, we worked  
23 with the NCRB to assure that the exposure data was properly and consistently

1 entered in the required format for each model. We are accustomed to this  
2 procedure because we have to do the same thing for the many individual  
3 companies that we represent.

4

5 The next step was to input the data and run the models. We ran the AIR Standard  
6 model and the RMS Historical model for the purpose of determining the modeled  
7 hurricane losses. We ran the AIR WSST model and the RMS Medium Term Rate  
8 model for the purpose of analyzing the cost of reinsurance against our extensive  
9 reinsurance market data, which is what we always do in assisting our clients with  
10 their reinsurance placements. In my experience, it is standard practice throughout  
11 the industry to rely upon the models we used to determine modeled hurricane  
12 losses and in reinsurance placements.

13

14 After the models were run, we reviewed each model's output individually to be sure  
15 that the output resulted from a consistent entry of the same exposure data. We  
16 again followed the same procedure for assuring data quality that we follow for all  
17 of our clients. Then we blended the results of the two models, taking a straight  
18 average of the results as I described earlier. We again reviewed the blended  
19 results to assure that the blending procedures were correctly performed and that  
20 the blended results were correct. Once we were satisfied that the results were  
21 correct, we provided the blended modeled hurricane losses to the NCRB for use  
22 in its homeowners rate review. At the NCRB's request, we also provided the  
23 results to Milliman for its use in the work it was doing as part of the NCRB's

1 homeowners rate review. Exhibit RB-6 sets forth the blended modeled hurricane  
2 losses resulting from the work I have described. Based on my knowledge and  
3 experience and the input data provided by the NCRB, these modeled hurricane  
4 losses are reasonable and appropriate projections of expected hurricane losses  
5 for use by the NCRB in its homeowners rate review and rate filing.

6

7 Also, we employed the modeled hurricane losses as part of our work determining  
8 and allocating the cost of reinsurance. My colleague, Robert Fox, led our analysis  
9 of the net cost of reinsurance, and his testimony is also included in this filing. I  
10 assisted with that work and, from my perspective the procedures that we followed  
11 were consistent with our standard business practices in assisting our clients with  
12 their reinsurance placements and produced results that are reasonable, sound and  
13 reliable.

14

15 **Q. Does that conclude your testimony?**

16

17 A. Yes.

18

19

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21

22

North Carolina Rate Bureau  
Gross Modeled Hurricane Expected Losses including Cat LAE and Trend

Territory	Expected Loss
110	25,272,151
120	29,049,005
130	11,651,409
140	85,507,578
150	15,833,619
160	14,941,348
170	481,687
180	11,335,346
190	3,911,667
200	2,194,293
210	3,169,613
220	8,476,598
230	2,816,097
240	8,720,828
250	3,858,761
260	1,770,847
270	29,358,111
280	3,737,854
290	3,538,505
300	988,036
310	11,401,726
320	6,073,889
330	206,326
340	16,705,647
350	2,952,194
360	3,996,382
370	147,575
380	453,756
390	479,654
Grand Total	309,030,501

Modeled hurricane expected losses for North Carolina Rate Bureau, net of limits and deductibles. Results include demand surge and exclude storm surge. Losses represent 50/50 blend of AIRv4.0 100k Standard event set and RMSv17 Historical event set. Results also include provisions for LAE and loss trend.

**PRE-FILED DIRECT TESTIMONY OF ROBERT C. FOX**  
**2017 HOMEOWNERS INSURANCE RATE FILING**  
**by the**  
**NORTH CAROLINA RATE BUREAU**

**Q. Please state your full name and business address for the record.**

A. My name is Robert Charles Fox. My business address is Aon Benfield, 200 East Randolph Street, 11<sup>th</sup> Floor, Chicago, Illinois 60601.

**Q. What is your involvement in this matter?**

A. My employer, Aon Benfield, has been retained by North Carolina Rate Bureau (NCRB) to provide expertise and analysis with respect to the expected hurricane losses and net cost of reinsurance utilized in the NCRB's 2017 Homeowners Insurance rate filing. I am part of the team at Aon Benfield that has performed those services.

**Q. You indicated that you are employed by Aon Benfield. Who is Aon Benfield and what are your primary duties for that employer?**

A. Aon Benfield is the world's largest reinsurance brokerage firm. I am Managing Director of the Catastrophe Actuarial practice group within Risk and Capital Strategy, a division of Aon Benfield Analytics. My primary responsibility is to assist insurance company clients of Aon Benfield in the areas of pricing and managing catastrophe risk.

The clients I work with buy some of the largest reinsurance programs in the world and many of these programs are exposed to hurricane risk along the Atlantic and Gulf coasts of the United States.

**Q. Describe the role of Aon Benfield Analytics.**

A. Aon Benfield Analytics is a division of Aon Benfield, and it provides consultative services to reinsurance clients of Aon Benfield. The main areas of services to Aon Benfield clients include: catastrophe modeling; catastrophe ratemaking assistance; actuarial services; rating agency modeling and analysis; insurance and reinsurance accounting; and tax and finance related modeling and assistance.

**Q. Describe the role of the Catastrophe Actuarial practice group.**

A. The role of this group is to provide clients of Aon Benfield with analytics and related support involving the pricing and management of catastrophe risk. We provide estimates and allocations of expected catastrophe costs for use in accounting, ratemaking, strategic planning, profit sharing, and production incentives. These catastrophe costs are expected average annual losses, the net cost of reinsurance, and cost of capital required to support retained catastrophe risk.

**Q. What is catastrophe reinsurance, who buys it, and why do they buy it?**

A. Reinsurance is insurance for insurance companies. An insurer that provides insurance to another insurer is called a reinsurer. The policy the reinsurer issues

reflecting the agreement to assume risks from the original policy-issuing insurer is referred to as a reinsurance treaty or a reinsurance contract. It is typically purchased in layers of coverage, with each layer attaching where the prior layer exhausts.

While much of the risk an insurer assumes by writing insurance policies, house fires for example, can be diversified by writing multiple policies because losses are typically not correlated, this increases the insurer's exposure to natural catastrophes. Because catastrophe losses are highly correlated, they can threaten the solvency of an insurer and impair its ability to pay the claims of its policyholders, and insurers with significant property exposure will secure catastrophe reinsurance through traditional reinsurance treaties or catastrophe bonds to address this risk. This reinsurance transfers catastrophe risk from individual insurers to the global reinsurance market, thereby protecting the solvency of the insurance industry and helping to ensure that all policyholder claims will be paid at a lower cost than maintaining surplus sufficient to retain the risk.

**Q. Describe your professional and educational background.**

A. I have been employed as an actuary for twenty-seven years, with all of that time devoted to the actuarial science called ratemaking. During thirteen of those twenty-seven years I was employed at Nationwide Insurance, where I developed rate filings for Homeowners and Auto, researched and improved ratemaking methodologies, and developed spreadsheets to implement those methodologies.

I was hired by Aon Benfield (then Aon Re) in 2005 to build a team dedicated to providing its primary insurance company clients with analytics based on catastrophe model output and expertise related to the pricing of catastrophe risk.

I graduated from Wheaton College in 1990 and received a bachelor of sciences degree in mathematics. I am an associate of the Casualty Actuarial Society and a member of the American Academy of Actuaries. I have satisfied the continuing education requirements of and am in good standing with those organizations.

**Q. Describe your experience with hurricane models.**

A. I have utilized hurricane model output in ratemaking since the mid-1990's as my employer then was an early adopter of hurricane modeling and I was involved in the evaluation and implementation of our first model. Prior to that time, I and many other actuaries were relying on various procedures based on historical hurricane loss data. Computerized models became available in the 1990's and became the state of the art by the late 1990's. Today, computer hurricane models are widely accepted as the best way of determining expected hurricane losses for ratemaking purposes.

Since joining Aon Benfield in 2005, I have used catastrophe model output heavily in my daily work for our insurance company clients. The models I have used most heavily are those for the perils of hurricane, earthquake and fire following, convective storm, and wildfire in the United States. I am personally responsible for our compliance with Actuarial Standard of Practice 38—Use of Models Outside the Actuary's Area of Expertise (ASOP 38), and actuaries at a number of clients of Aon Benfield state full or

partial reliance on me as having performed the steps required by the standard. I have advised over 100 insurance companies on incorporating the results of catastrophe models into primary insurance rates, with many of these having significant exposure to hurricane risk.

Client rate filings require allocating modeled loss costs to legal entity or business unit, line of business, policy form, and geographic unit. For filing purposes the most common geographic unit is rating territory, but finer detail is often provided and allows for evaluation of territory definitions. I also assist clients in incorporating model results appropriately in statewide indications and relativity analyses, either up front or by reviewing a filing prior to submission. Once a filing is submitted, I am heavily involved in helping clients respond to regulator questions regarding catastrophe models.

**Q. Describe your experience with catastrophe reinsurance.**

A. I have incorporated reinsurance costs into rate filings since the late 1990's. Since joining Aon Benfield in 2005, I have analyzed thousands of catastrophe reinsurance layers in my daily work for Aon Benfield's insurance company clients. My work involves determining reinsurance costs for client rate filings, advising clients on the rate implications of various reinsurance structures, and developing strategic plans with executive management of client insurers.

Similar to my answer on modeled loss costs above, client rate filings require allocating catastrophe reinsurance costs to legal entity or business unit, line of business, policy form, and geographic unit. For filing purposes the most common geographic unit again

is rating territory, but finer detail is often provided and allows for evaluation of territory definitions. I also assist clients in incorporating reinsurance costs appropriately in statewide indications and relativity analyses, either up front or by reviewing a filing prior to submission. Once a filing is submitted, I am heavily involved in helping clients respond to regulator questions regarding reinsurance costs.

I am frequently involved in evaluating and communicating the primary insurance rate impacts of various reinsurance structures. Since this involves multiple divisions of a primary insurer, these conversations typically involve more senior management. Evaluating rate impacts involves modeling and estimating rates-on-line for various reinsurance structures as well as their impact on required capital. Because reinsurance and capital costs involve different cost drivers, these costs are sometimes allocated to state and line of business level for a more detailed analysis of rate impacts.

Strategic planning involves the most detailed analysis and collaboration with the highest levels of client management. These projects often involve multiple representatives, some of whom may be a vice president, president, chief actuary, CFO, COO, or CEO depending on the size of the company. This analysis involves allocating all costs associated with catastrophe risk, expected losses, reinsurance costs, and capital costs, down to the individual policy or location level, adding provisions for non-modeled catastrophe and non-catastrophe losses, and expenses, and comparing to policy premiums. The results are mapped and aggregated along various dimensions to identify segments for rate action and/or growth. Multiple scenarios are evaluated for their impact on rate adequacy and some measure of portfolio size. The size of the portfolio may be

measured in premium, insured values, or policy counts, depending on the goals of the client.

**Q. Do you speak on topics pertaining to insurance, catastrophe modeling, and/or catastrophe reinsurance?**

A. Yes. I speak frequently on ratemaking for catastrophe risk, catastrophe risk management, and strategic planning for property insurance lines. All of these involve applications of catastrophe model output and reinsurance costs. In addition to speaking at Aon Benfield's annual Analytics Conference almost every year since 2006, I have spoken at meetings of the Casualty Actuarial Society (CAS), the Southeastern Regulators Association (SERA), the Southern California Casualty Actuarial Club (SCCAC), the Alabama Governor's Affordable Home Insurance Commission (AHIC), South Carolina's Coastal Property Task Force, and the Milliman Conference for Chief Actuaries. In addition, I have held educational meetings or less formal discussions on these topics with regulators in Alabama, California, South Carolina, Massachusetts, and Mississippi.

**Q. Have you testified in other jurisdictions regarding catastrophe modeling or reinsurance?**

A. Yes, I have testified in Florida regarding the use of hurricane models in ratemaking and incorporation of the net cost of reinsurance in actuarially sound rates. I have also testified in California regarding the use of wildfire and fire following earthquake models and the net cost of reinsurance in ratemaking.

**Q. What was your role in this filing with respect to expected hurricane losses?**

A. I provided advice to NCRB regarding best practices for estimating expected hurricane losses for ratemaking based on my experience advising primary company clients, communications with regulators in several states, and an annual review of hundreds of rate filings by me and my staff.

**Q. Are catastrophe simulation models commonly used by insurers for ratemaking in catastrophe-exposed lines and jurisdictions?**

A. Yes, catastrophe models, especially those modeling hurricane and earthquake risk, have become the standard method of estimating catastrophe risk in rate filings. In fact, the use of a certified hurricane model is required by law in Florida, the most hurricane-prone state.

**Q. What is meant by the term, “certified,” in your response?**

A. The Florida legislature in 1995 created the Florida Commission on Hurricane Loss Projection Methodology (FCHLPM) to review both the public and trade secret information underlying submitted models and determine whether or not to certify each model as “accurate and reliable for ratemaking.” The Commission is comprised of the Florida Insurance Consumer Advocate, the Chief Operating Officer of the Florida Hurricane Catastrophe Fund (FHCF), the Executive Director of the Citizens Property Insurance Corporation, the Director of the Florida Division of Emergency Management,

the actuary member of the FHCF Advisory Council, an employee of the Office of Insurance Regulation who is an actuary responsible for property insurance rate filings, five members appointed by the state's Chief Financial Officer (an industry actuary, a state university finance expert with a background in actuarial science, a state university statistics expert with a background in insurance, a state university expert in computer system design, and a state university expert in meteorology who specializes in hurricanes), and a licensed professional structural engineer who is a full-time faculty member in the state university system and who has expertise in wind mitigation techniques. The Commission is supported by a panel of additional experts who conduct on-site reviews of each model at the headquarters of the firm submitting the model. The professional team consists of actuaries, meteorologists, computer scientists, statisticians, hydrologists, structural engineers, and a coastal engineer.

I have personally attended several meetings of the FCHLPM and am convinced that the Commission's review of hurricane models is the most rigorous and thorough review possible outside of the reviews conducted internally by the modeling firms themselves.

**Q. How is this certification in Florida relevant to ratemaking in North Carolina?**

A. Many state regulators, including those in South Carolina, Alabama, Louisiana, and Texas, look to Florida's Commission to determine whether or not to accept a particular model for ratemaking because it is the only public entity that thoroughly examines hurricane models to determine their suitability for use in ratemaking. Most aspects of the Commission's review are as applicable to North Carolina as they are to Florida.

**Q. Are the hurricane models used in the Rate Bureau’s Homeowners Insurance rate filing to estimate expected hurricane losses certified by the Florida Commission?**

A. Yes, the AIR Hurricane Model for the United States, Version 16.0.0, as implemented in Touchstone 5.0.0, was certified by the FCHLPM on August 2, 2017 as “accurate and reliable for projecting hurricane loss costs and probable maximum loss levels for residential property in Florida.” AIR has had a certified model in Florida continuously since 1996.

The RMS North Atlantic Hurricane Model Version 17.0 was certified by the FCHLPM on May 12, 2017 as “accurate and reliable for projecting hurricane loss costs and probable maximum loss levels for residential property in Florida.” RMS has had a certified model in Florida continuously since 1997.

Both current certifications expire on November 1, 2019, by which point both firms are expected to have updated models accepted by the Commission.

**Q. What level of credibility is typically assigned to the blended results of catastrophe simulation models in ratemaking?**

A. It is industry standard practice that model results are considered 100% credible. Where multiple models are used, the blended results of the models are considered 100% credible.

**Q. What does that mean?**

A. Credibility is a relative measure, which depends not only on the credence an insurer places in the model output, but also on the availability of other potential estimates of expected catastrophe losses. Since catastrophe models incorporate all known information pertaining to catastrophe risk, there is no other data that would improve the estimate of expected catastrophe losses if it were used to complement the model output. Catastrophe models produce estimates that involve a significant amount of uncertainty, but model uncertainty is significantly less than the uncertainty inherent in any other approach. Catastrophe models are by far the best tool available to estimate insurers' exposure to catastrophe risk.

**Q. Is it increasingly common for companies to use multiple models in rate filings?**

A. Yes. For a variety of practical reasons, some companies continue to use only one model. For example, all companies filing property insurance rates in Florida use a single model because the Office of Insurance Regulation (OIR) there prohibits the use of multiple models for ratemaking. However, I always recommend the use of at least two models and many companies do so.

**Q. Why does the Florida Office of Insurance Regulation prohibit the use of multiple models for ratemaking?**

A. Florida statutes require that companies use "a" model accepted by the FCHLPM in rate filings. The OIR has interpreted this language to mean that companies must use

“one and only one” model. This conclusion is best understood as a legal interpretation rather than an actuarial opinion. When the statutes were revised in 2014 to accommodate private flood coverage, they were written to specifically permit the use in rate filings of a straight average of the results from multiple flood models.

**Q. What advice do you give clients of Aon Benfield regarding the use of multiple models versus a single model?**

A. As I said earlier, I always recommend a multi-model approach using at least two models, weighting the models equally. Not only are you not overly beholden to the assumptions of a particular model, but you also temper any swings that might occur when a vendor updates a model.

**Q. Did the Rate Bureau seek your advice on the use of multiple models versus a single model?**

A. No. The Rate Bureau had already decided to use two models when it contacted Aon Benfield about its assistance with this Homeowners insurance rate review.

Furthermore, the Rate Bureau indicated in our initial discussions that it desired to use the AIR and RMS models that I identified earlier. I was already very familiar with those models and was very comfortable with the idea of the Rate Bureau using them.

**Q. Would you please explain why or how it is that you were already familiar with the AIR and RMS models?**

A. At Aon Benfield, we use these models on a daily basis in our work, and I have spent a great deal of time familiarizing myself with these models. As I mentioned earlier, I am personally responsible within our team for our compliance with ASOP 38, and I have performed the necessary reviews of the AIR and RMS models required by that standard.

**Q. What types of events are included in the AIR and RMS hurricane models?**

A. I've spent a lot of time researching this question, as it comes up frequently in conversations with clients. The simple answer is that the models include hurricanes but not tropical storms, but that answer is not as simple as it sounds. Consider Gabrielle (2001), which made landfall south of Tampa as a tropical storm but became a hurricane after crossing the state and heading back out to sea. Isidore (2002) was a hurricane in the Gulf, but weakened to tropical storm strength before making landfall near New Orleans. Cindy (2005) was classified as a tropical storm at the time of the event, but was later reclassified as a hurricane. Sandy (2012) produced hurricane winds over the US before finally making landfall as a tropical storm. All of these events are considered hurricanes by the National Hurricane Center because they were hurricane strength at some point in their existence.

We prepared a list of these events and others and sent them to both AIR and RMS to determine whether or not they considered these modeled hurricane events. Based on their responses and some subsequent conversation, we concluded that for an event to be considered a modeled hurricane event for their US models, both firms require that

the event produced hurricane-force winds over the US. Of the events mentioned above, Cindy and Sandy were the only modeled hurricane events.

**Q. Why is the designation of an event important?**

A. Any event that is not addressed by the model needs to be reflected in a provision for non-modeled losses in a rate filing. The responses from the modelers were consistent with the way Property Claim Services (PCS) designates events. Any event assigned a catastrophe code by PCS is also assigned a cause of loss. If that cause of loss is “hurricane,” all losses associated with the event should be removed from traditional ratemaking approaches as they are addressed by the hurricane model.

**Q. How should hurricanes be addressed that lose strength to tropical storm level or even lower before reaching North Carolina?**

A. The goal is to have all expected losses addressed somewhere but none double-counted. The most common approach from an individual company perspective is to remove from historical experience all losses from events that are assigned a hurricane-designated PCS catastrophe code, since these events are the same as those the modeling firms consider modeled hurricane events. Unfortunately, PCS codes are not utilized by all companies reporting data to the Rate Bureau, so when aggregating industry data ISO must use a more complicated approach.

**Q. Have you reviewed the approach taken by ISO to remove hurricane losses from the historical experience?**

A. Yes, I have.

**Q. Do you believe based on your review that the ISO approach is reasonable?**

A. Yes. Given the data available to the Rate Bureau and ISO, I think the approach produces a reasonable complement to modeled hurricane losses. I see no reason to believe that any hurricane losses might be double-counted, even for lower wind speeds far out from the eye of the hurricane or associated with hurricanes that have weakened but are still causing damage.

**Q. What is demand surge?**

A. Demand surge represents the increase in the cost of labor and materials needed to repair damaged property following a significant natural catastrophe event or series of events. This increase has been observed following such very large events and it is a natural result of the increased demand for labor and materials in those situations. As a result, the models incorporate it into their loss estimates.

**Q. Which applications of catastrophe model output typically reflect demand surge?**

A. All applications of catastrophe model output should reflect demand surge. There is no reason to underestimate the impact of large events by ignoring the increase in demand for labor and materials as a result of those events. In our experience, all

companies run the models with demand surge. In fact, the only times we ever run a model without demand surge at Aon Benfield are to measure the impact of demand surge for testing purposes and where specifically requested, such as for the South Carolina Department of Insurance, which requires that the impact of demand surge be separately displayed in filing forms. Here, the Rate Bureau requested that we also run the models without demand surge so that it could provide certain statutory information in the filing.

**Q. Does South Carolina or any other state prohibit the inclusion of demand surge in modeled losses for rate filings?**

A. No. South Carolina asks for the impact of demand surge in filing forms, but does not prohibit its inclusion in expected losses. I'm not aware of any prohibitions against the use of demand surge in rate filings. In fact, the Florida Commission standards actually require that certified models incorporate demand surge based on relevant data and actuarially sound methods and assumptions.

**Q. North Carolina has laws prohibiting "price gouging" following a hurricane. Does that eliminate demand surge?**

A. No. Florida has a similar law. Demand surge can and does occur due to supply and demand economics in situations that would not be considered price gouging and/or that would not be prevented by statutes prohibiting price gouging.

**Q. Does it make sense for North Carolina hurricane losses to include demand surge for very large events impacting other states even if those events were less significant in North Carolina?**

A. It does. Labor and materials can and do move freely across state lines, so demand surge is a regional, rather than a state-specific, phenomenon.

**Q. The models contain simulated hurricane events that produce Category 5 wind speeds over North Carolina, even though North Carolina has not experienced Category 5 wind speeds in the recorded experience. Should those events be excluded from the models for ratemaking purposes?**

A. No, that would not be appropriate. The meteorologists and other experts who have created the models have determined that it is appropriate to include simulated hurricane events that produce Category 5 wind speeds over North Carolina, and it is not appropriate for me as an actuary to interpose my judgment over that of those experts and to adjust the model in that manner unless I have evidence indicating that such an adjustment should be made. As I described earlier, I have performed a detailed review of both the AIR and RMS models and I am not aware of any evidence indicating that such an adjustment of the models would be reasonable or appropriate. Further, it would not be reasonable or appropriate to exclude individual simulated events from the model results simply because they are rare or large. The models already take into account the relative rarity of such events, just as they already reflect the much more common scenarios of years in which there are no losses from hurricanes. Excluding rare or large events would improperly bias the results downward without justification.

**Q. Is it reasonable that rare simulated hurricane events should have a significant impact on expected average annual losses?**

A. Absolutely. This is the nature of skew distributions like that of hurricane activity. Looking at the history of PCS hurricane events in North Carolina, two events account for over 60% of losses in today's dollars. Two events over the 66-year history of PCS means that 60% of losses came from 3% of the years tracked by PCS. Almost 80% of historical losses come from three events or 4.5% of the years. It is reasonable and expected that rare events will have a significant impact on expected average annual losses.

**Q. Earlier you mentioned that the projected losses produced by the catastrophe models may involve a significant amount of uncertainty. Does that uncertainty mean that it is appropriate to discount the losses produced by the models?**

A. No. Uncertainty is an inherent part of modeling, but the uncertainty in these models means that the resulting modeled losses could be too low or too high. Unless one has clear and reliable evidence that a model's results are higher than they should be, the uncertainty that exists in catastrophe models is not a reasonable or appropriate basis upon which to discount those model results.

**Q. Are you aware of how the reinsurance program was designed for purposes of this rate filing?**

A. Yes, I am. Our team reviewed the actual reinsurance programs of our client companies writing property insurance predominantly in the Southeast, including North Carolina, that are currently in force. (Companies whose peak exposure is in Florida are not included.) We set the attachment and exhaustion points of the proposed reinsurance program at the average attachment and exhaustion points of those actual programs. We then sent this information to Aon Benfield brokers actually working with companies in the reinsurance market and requested input as to how the various layers of reinsurance would be structured in the current marketplace. Based on the guidance received from those brokers, the reinsurance layers between the attachment and exhaustion points were determined. We then presented our proposed reinsurance structure to the Rate Bureau, and the Rate Bureau approved it. This reinsurance structure, as recommended by Aon Benfield and approved by the Rate Bureau, is shown in Exhibit RB-8 accompanying this testimony.

**Q. Do you believe the reinsurance structure selected by the Rate Bureau is reasonable?**

A. Yes. The approach taken by the Rate Bureau is consistent with other elements of the rate filing. There is an inherent trade-off between reinsurance and required capital. Any risk that an insurer cedes to reinsurers is risk that the insurer does not have to fund with capital. Any risk retained must be funded with capital that requires a return, or profit.

For ease of incorporation into the remainder of the filing, we designed the reinsurance structure for 2018. This simply means that the modeled event losses used to design and

price the reinsurance program were trended to 2018 for all purposes related to the provision for net cost of reinsurance.

**Q. Why does the reinsurance program consider perils other than hurricane?**

A. Peril-specific reinsurance towers are rare, so the program was designed on an all-perils basis. The Homeowners insurance policies contemplated in the Rate Bureau filing are exposed to not only hurricane losses, but also convective storm (tornado and hail) losses, winter storm losses, and fire following earthquake losses, so the program is consistent with what the aggregate one company assumed by the Rate Bureau would purchase.

**Q. Why does the reinsurance structure not consider other lines of business or other states?**

A. At the request of the Rate Bureau for consistency with the remainder of the filing, the reinsurance structure assumes that only Homeowners insurance for North Carolina is covered by the treaty. Insurers purchase a wide range of catastrophe reinsurance structures, with layers covering anything from a single state and peril to a countrywide or even global layer covering all perils. If the Rate Bureau were to depart from consistency with the remainder of the filing with respect to its North Carolina-only approach, there is no alternative reinsurance structure that would be more appropriate for all insurers writing Homeowners insurance in the state.

It is also important to note that there is no diversification benefit (and no reduction in cost) to be gained by writing other property lines such as Dwelling or Commercial Property. These just represent more exposure in the same place and would increase reinsurance cost.

There is also little diversification benefit to reinsurance rates from writing in multiple states, even geographically diverse states. Financial theory says that investors are not willing to pay extra for the stock of a diversified firm because they can diversify more cheaply themselves. This same concept applies to reinsurers. A company with a diversified book does not pay less for reinsurance because the reinsurer can diversify the book more cheaply than the insurer.

A company with a well-diversified book can save reinsurance premium by sharing the layers they buy across multiple geographies. However, this savings comes from buying less reinsurance and not by paying reduced rates, and it comes with an increase in risk. For example, a typical reinsurance layer covering North Carolina would include one reinstatement of the coverage limit so that North Carolina insurers would have reinsurance coverage for two North Carolina events. If the layer were made to cover Texas as well, and Texas generated a reinsurance recovery, North Carolina would be left with reinsurance coverage for only one event. If Texas experienced two significant events, North Carolina would have no reinsurance coverage at all.

**Q. How was the reinsurance premium estimated?**

A. We used two approaches. First, we used our Technical Pricing Model, which is a proprietary model of reinsurance market prices that we maintain. Being the world's largest reinsurance broker provides us the opportunity to build a regression of reinsurance market rates-on-line based on insurer modeled expected losses and volatility in each layer by peril and catastrophe model vendor. This regression provides the most rigorous estimate of reinsurance pricing for the risk ceded. Relevant to the discussion above regarding the assumption of a single state reinsurance program, the Technical Pricing Model reflects that North Carolina hurricane risk is somewhat diversifying against the peak Florida hurricane risk of the reinsurance market. This regression takes a significant amount of time to complete, so it is not necessarily updated unless there is a significant market change. The most recent results are as of January 1, 2016, with treaties expiring December 31, 2016. Regression coefficients have been judgmentally adjusted for subsequent renewal periods to reflect minor market changes, such as the continued reduction in the cost of reinsurer capital.

The second approach is to analyze the relationship between loss-on-line and rate-on-line for the most recent renewal period for regional insurers with Atlantic coast but no Florida exposure. This approach is less technical, but uses more current information. In a changing market, this can be useful.

The results of the two approaches described above were similar, so except for the bottom layer we selected a straight average of rates-on-line derived from each as shown in Exhibit RB-9. For the bottom layer we gave 2/3 weight to the loss on line approach and 1/3 to technical pricing to produce a smooth progression of margins to standard deviation. Before finalizing our recommendation to the Rate Bureau, we

requested a review of our results from some of the more experienced brokers in our office, and they agreed that our rates-on-line were reasonable.

**Q. Are reinsurance rates regulated the way primary rates are?**

A. No they are not. Market rates are determined in a free market which is very competitive. Both parties are knowledgeable and sophisticated regarding the risk transfer, and the buyer typically has the support of and representation by a broker to strengthen its position.

**Q. How was the reinsurance premium allocated?**

A. We allocated the reinsurance premium to peril and territory using an algorithm derived from our Technical Pricing Model as shown in Exhibit RB-11. Designed to replicate the way the reinsurance market prices risk, the model breaks down reinsurance premiums into three drivers: weighted ceded losses by peril, a capacity charge allocated on a quantity we call Internal Correlated Standard Deviation, and reinsurer cost of capital, allocated on External Correlated Standard Deviation.

For lower layers, expected ceded loss is the primary driver of reinsurance premiums so the allocation is based mostly on ceded losses (52.69% for Layer 1). Expected ceded losses are weighted by regression-derived coefficients that reflect the reinsurance market's view of model miss and potentially a charge for volatility of non-hurricane perils. The allocation of the ceded loss driver is based on the contribution of each peril and territory to expected reinsurance recoverables.

The capacity charge is similar to a minimum premium on the primary side. Reinsurers must collect something to cover expenses and risk, even if the models say the risk is negligible. This component becomes more dominant for higher reinsurance layers where the number of simulated events reaching the layer decreases and the rate-on-line approaches a minimum.

The allocation of the capacity charge component is intuitive. The segments of the business that drive the need for capacity should pay more of the capacity charge. Our goal therefore is to allocate the capacity charge to those perils and territories that see the greatest reductions in volatility of expected losses as a result of the placement of each layer. Mathematically, we multiply the standard deviation of the losses ceded to the layer by the correlation between each policy and the remainder of the company (or Rate Bureau) portfolio. We call this quantity Internal Correlated Standard Deviation because the correlation is internal to the insurance company. From the policyholder perspective, if a policy is in a territory that drives the need for reinsurance, it will pay a bigger share of the capacity charge than a policy that is in a territory that is unlikely to benefit from the reinsurance being purchased.

Hurricane volatility drives the amount of capital reinsurers need to hold. Higher reinsurance layers involve transferring more hurricane volatility, so reinsurer cost of capital increases for higher reinsurance layers. Six years ago reinsurer cost of capital would have dominated the higher layers of a hurricane exposed treaty, but this component is no longer as significant due to the increase in the supply of capital to the

reinsurance market. For this filing, reinsurer cost of capital drives only 19.36% of the allocation of the reinsurance cost for the top layer.

As it was with the capacity charge, the allocation of reinsurance capital is intuitive. This component is allocated based on the contribution of each peril and territory to expected industry hurricane loss volatility. Mathematically, we multiply the standard deviation of the losses ceded to the layer by the correlation between each policy and an industry loss portfolio, which serves as a proxy for the reinsurance market. We call this quantity External Correlated Standard Deviation because the correlation is external to the insurance company. From the policyholder perspective, if a policy is in a territory that drives industry hurricane risk, it will pay a bigger share of the reinsurer capital cost than a policy that is in a lower risk territory.

**Q. How was the net cost of reinsurance calculated?**

A. The net cost of reinsurance can be thought of simply as the reinsurance premium paid by the insurance company less expected ceded losses recoverable by the insurance company from the reinsurer. However, there are two adjustments that need to be made.

First, the reinsurance program assumes that the industry standard of one reinstatement of the limit applies. The cost to reinstate the limit is paid for as an automatic reduction to ceded losses otherwise recoverable following an event. If we ignore this, we will understate the net cost of reinsurance by overstating ceded losses recoverable.

Second, reinsurance treaties typically cover loss adjustment expenses (LAE) that can be allocated to a catastrophe event. Assuming a 6% ratio of “catastrophe LAE” to catastrophe loss, we adjust all modeled loss events by a factor of 1.06 prior to simulation to avoid double-counting LAE associated with catastrophe events. The factor of 1.06 was selected based on a review of LAE factors applied to catastrophe losses in AM Best SRQ submissions of Aon Benfield Clients as shown in Exhibit RB-10.

Finally, by simulating thousands of years of events, we determine the expected ceded losses and catastrophe LAE by layer as well as an expected reinstatement premium. Then the net cost of reinsurance is simply deposit premium plus expected reinstatement premium less expected ceded losses and catastrophe LAE recoverable.

For the NCRB Homeowners filing, expected premiums are \$620,809,627, expected recoverables are \$206,701,703, and the net cost of reinsurance is \$414,107,923. These results were allocated to territory as reflected in Exhibit RB-12 and provided to the Rate Bureau for use in this filing.

**Q. Are you aware of the work performed by Dr. Appel for this and prior NCRB rate filings?**

A. Yes, I am.

**Q. Given your experience in catastrophe reinsurance, do you find his approach to be reasonable?**

A. Yes. Our approach is based on detailed information on current reinsurance market rates and underlying model output. Dr. Appel does not have direct access to that information, but had instead designed a reinsurance program based at least in part on guidance provided to him several years ago by Aon Benfield. The dramatic reduction in reinsurance costs over the past five years has led to some increases in the amount of reinsurance purchased, so we provided updated information on current attachment and exhaustion return periods in the Southeastern United States. For this filing Dr. Appel has adjusted his treaty structure to be on an apples-to-apples basis with our analysis, and then proceeded with his prior approach as usual.

Dr. Appel's approach to pricing the reinsurance layer could be described as the exact opposite of ours. We built a model tying actual observed reinsurance market rates to client model output metrics, and then applied the model to NCRB data. Dr. Appel instead takes the perspective of the reinsurer. Given various assumptions for items such as expenses and required surplus, he estimates the rate that would be required to achieve a reasonable rate of return to the reinsurer. I have not evaluated the individual assumptions that underlie Dr. Appel's analysis, but his approach produced an expected reinsurance premium and net cost that are similar to the results of our analysis.

**Q. Do you know whether the Rate Bureau has used in the Homeowners filing the Aon Benfield net cost of reinsurance results you provided?**

A. Yes, I am advised that the Rate Bureau has used in the filing both our statewide results and those results allocated down to the territory level.

**Q. Do you have an opinion regarding the appropriateness of the net cost of reinsurance provision incorporated into the Homeowners filing?**

A. Yes. Based on my experience with hurricane models and using modeled hurricane losses and my experience with catastrophe reinsurance and determining catastrophe reinsurance costs for rate filings, it is my opinion that the provision for the net cost of reinsurance in the filing, at the statewide and territory levels, is reasonable and appropriate.

**Q. Does that conclude your testimony?**

A. Yes.

North Carolina Rate Bureau  
Support for Selected Reinsurance Structure

All Perils		Homowners Only				
50/50 Blend						
	1,000	20,168		<b>Over the Top</b>		
	500	15,609				
<b>231</b>	250	11,405				<b>10.9B</b>
<b>122</b>	200	10,208	<b>3.90B xs 7.00B</b>			<b>7.00B</b>
<b>60</b>	100	6,963	<b>2.00B xs 5.00B</b>			<b>5.00B</b>
<b>30</b>	50	4,460	<b>1.95B xs 3.05B</b>		<b>3.05B</b>	
	25	2,684		<b>1.35B xs 1.70B</b>		
<b>15</b>	20	2,219				<b>1.70B</b>
	15	1,704		<b>850M xs 850M</b>		
<b>8</b>	10	1,111				<b>850M</b>
	5	466				
	AAL	647		<b>Retention</b>		
	STDV	1,735				

*in \$Millions*

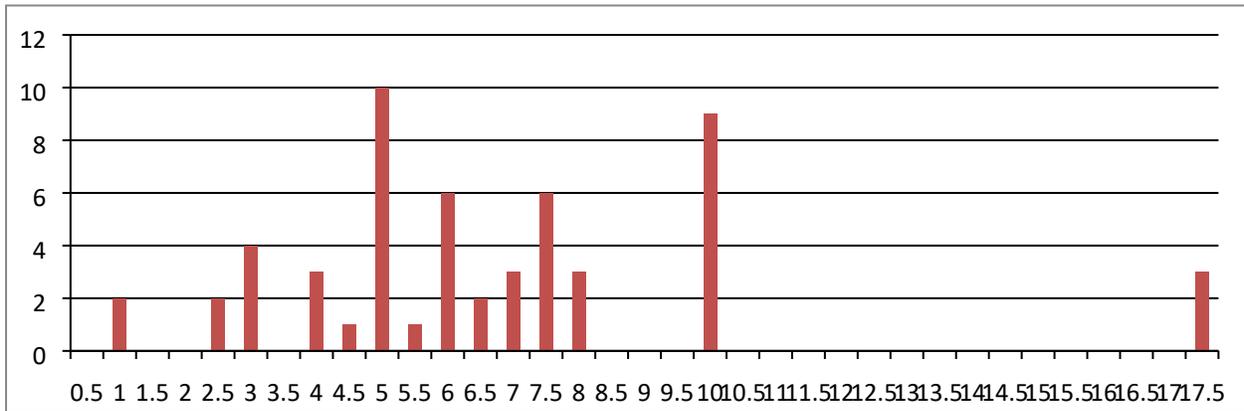
The table above shows the trended PML curve with Catastrophe LAE for the North Carolina Rate Bureau portfolio, along with the selected reinsurance program.

North Carolina Rate Bureau  
Support for Selected Reinsurance Rates-On-Line

Reinsurance Layer	Technical Pricing	Loss-On-Line	Straight Average	Selected
3.90B xs 7.00B	3.18	3.10	3.14	3.14
2.00B xs 5.00B	4.33	4.51	4.42	4.42
1.95B xs 3.05B	6.34	6.44	6.39	6.39
1.35B xs 1.70B	10.35	9.53	9.94	9.94
850M xs 850M	18.41	14.01	16.21	15.48

The table above shows indicated rates-on-line for the filing's reinsurance structure. We have selected a straight average of the more rigorous Technical Pricing approach and the more current Loss-On-Line approach except for the bottom layer where we assigned 2/3 weight to the lower Loss-On-Line estimate.

North Carolina Rate Bureau  
Support for Selected Catastrophe LAE Factor



This chart shows Catastrophe LAE factors applied to modeled catastrophe event losses in AM Best SRQ Submissions by Aon Benfield clients in 2016.

- Factors were rounded to the nearest 0.5
- A weighted average was used where factors varied by peril
- Multiple factors were counted where factors varied by company within a group
- Reflects all clients that included a provision for LAE

The mean factor is 6.8, the median is 6.0, and the mode is 5.0.

**North Carolina Rate Bureau**  
**Reinsurance Cost Allocation**  
**CY 2018**  
**Homeowners**  
**AIR v5.0 / RMS v17.0**  
**850M xs 850M**

Peril	Territory	Modeled Expected Losses	Allocation Weight Based on			Weighted Average <sup>1</sup>	Allocated Premium	Expected Recoveries	Allocated Margin
			Weighted Expected Losses	Internal Correlated Std Dev	External Correlated Std Dev				
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>EQ Total</b>		0.01%	0.01%	0.02%	0.00%	0.01%	13,944	4,988	8,955
<b>HU Total</b>		71.13%	61.49%	85.38%	100.00%	65.79%	93,220,212	48,735,387	44,484,825
HU	110	5.44%	4.52%	4.90%	10.40%	4.90%	6,947,182	3,725,526	3,221,656
HU	120	6.75%	5.87%	8.13%	8.78%	6.23%	8,833,570	4,627,409	4,206,161
HU	130	2.68%	2.25%	2.68%	5.12%	2.45%	3,478,645	1,838,152	1,640,493
HU	140	19.58%	17.06%	23.91%	24.65%	18.08%	25,620,532	13,414,365	12,206,167
HU	150	3.93%	3.39%	4.19%	5.88%	3.60%	5,106,613	2,695,407	2,411,206
HU	160	3.56%	3.14%	4.68%	4.30%	3.34%	4,731,611	2,438,065	2,293,545
HU	170	0.12%	0.10%	0.12%	0.21%	0.11%	154,908	82,243	72,666
HU	180	2.80%	2.45%	3.33%	3.61%	2.60%	3,679,436	1,918,843	1,760,592
HU	190	0.94%	0.83%	1.22%	1.16%	0.88%	1,253,135	646,703	606,431
HU	200	0.51%	0.45%	0.68%	0.69%	0.48%	681,514	349,468	332,046
HU	210	0.78%	0.68%	0.95%	1.00%	0.72%	1,023,978	532,131	491,847
HU	220	1.93%	1.69%	2.65%	2.59%	1.83%	2,586,156	1,325,448	1,260,708
HU	230	0.64%	0.56%	0.87%	0.89%	0.61%	857,686	439,508	418,178
HU	240	2.10%	1.84%	2.64%	2.72%	1.95%	2,770,253	1,436,290	1,333,963
HU	250	0.88%	0.77%	1.20%	1.21%	0.83%	1,174,407	601,909	572,499
HU	260	0.42%	0.37%	0.52%	0.56%	0.39%	558,710	290,881	267,829
HU	270	6.83%	5.95%	8.97%	8.83%	6.37%	9,026,132	4,679,237	4,346,896
HU	280	0.85%	0.73%	1.13%	1.13%	0.79%	1,117,511	579,031	538,480
HU	290	0.79%	0.68%	1.10%	1.15%	0.75%	1,058,591	541,206	517,385
HU	300	0.22%	0.19%	0.29%	0.34%	0.21%	294,500	151,172	143,328
HU	310	2.50%	2.16%	3.45%	3.49%	2.34%	3,322,484	1,712,748	1,609,736
HU	320	1.33%	1.14%	1.77%	1.98%	1.25%	1,766,650	913,488	853,162
HU	330	0.05%	0.04%	0.06%	0.07%	0.04%	59,892	30,991	28,901
HU	340	3.79%	3.22%	4.36%	5.99%	3.48%	4,934,076	2,593,683	2,340,393
HU	350	0.67%	0.56%	0.69%	1.14%	0.61%	861,155	457,774	403,381
HU	360	0.86%	0.71%	0.79%	1.64%	0.77%	1,092,679	587,820	504,859
HU	370	0.03%	0.03%	0.03%	0.06%	0.03%	41,131	22,343	18,788
HU	380	0.08%	0.06%	0.05%	0.21%	0.07%	100,228	55,436	44,792
HU	390	0.07%	0.05%	0.04%	0.20%	0.06%	86,846	48,109	38,737
<b>OW Total</b>		23.10%	33.10%	10.97%	0.00%	29.28%	41,483,621	15,826,300	25,657,322
<b>WT Total</b>		5.77%	5.40%	3.63%	0.00%	4.93%	6,984,697	3,950,363	3,034,334
<b>Grand Total</b>		100.00%	100.00%	100.00%	100.00%	100.00%	141,702,475	68,517,039	73,185,436

Weights applied to each distribution:      **85.70%**      **8.26%**      **6.04%**

**North Carolina Rate Bureau  
Reinsurance Cost Allocation  
CY 2018  
Homeowners  
AIR v5.0 / RMS v17.0  
850M xs 850M**

Peril	Territory	Modeled Expected Losses	Allocation Weight Based on			Weighted Average <sup>1</sup>	Allocated Premium	Expected Recoveries	Allocated Margin
			Weighted Expected Losses	Internal Correlated Std Dev	External Correlated Std Dev				
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>EQ Total</b>		0.01%	0.01%	0.02%	0.00%	0.01%	13,944	4,988	8,955
<b>HU Total</b>		71.13%	61.49%	85.38%	100.00%	65.79%	93,220,212	48,735,387	44,484,825
<b>OW Total</b>		23.10%	33.10%	10.97%	0.00%	29.28%	41,483,621	15,826,300	25,657,322
OW	110	0.11%	0.14%	0.04%	0.00%	0.12%	177,066	75,760	101,305
OW	120	0.07%	0.11%	0.02%	0.00%	0.09%	131,208	45,187	86,021
OW	130	0.08%	0.11%	0.02%	0.00%	0.09%	131,389	52,032	79,357
OW	140	0.55%	0.81%	0.18%	0.00%	0.71%	1,004,091	374,342	629,749
OW	150	0.34%	0.46%	0.12%	0.00%	0.40%	571,579	232,593	338,985
OW	160	0.26%	0.36%	0.16%	0.00%	0.32%	457,984	176,506	281,478
OW	170	0.01%	0.02%	0.00%	0.00%	0.01%	19,611	6,465	13,145
OW	180	0.44%	0.59%	0.18%	0.00%	0.52%	738,760	298,707	440,052
OW	190	0.07%	0.10%	0.02%	0.00%	0.09%	124,911	46,141	78,770
OW	200	0.03%	0.05%	0.01%	0.00%	0.04%	56,180	18,640	37,540
OW	210	0.17%	0.23%	0.09%	0.00%	0.21%	291,517	116,515	175,002
OW	220	0.52%	0.74%	0.20%	0.00%	0.65%	917,960	357,282	560,678
OW	230	0.07%	0.12%	0.03%	0.00%	0.10%	142,896	51,098	91,798
OW	240	0.69%	0.95%	0.27%	0.00%	0.84%	1,189,057	472,124	716,933
OW	250	0.31%	0.43%	0.12%	0.00%	0.38%	540,843	209,089	331,754
OW	260	0.20%	0.28%	0.06%	0.00%	0.25%	352,146	134,359	217,787
OW	270	3.87%	5.64%	1.95%	0.00%	4.99%	7,073,044	2,651,729	4,421,315
OW	280	0.62%	0.88%	0.32%	0.00%	0.79%	1,112,506	425,334	687,172
OW	290	0.42%	0.60%	0.13%	0.00%	0.53%	746,146	289,575	456,572
OW	300	0.11%	0.17%	0.04%	0.00%	0.15%	213,129	77,761	135,369
OW	310	2.52%	3.64%	1.24%	0.00%	3.22%	4,568,500	1,724,316	2,844,184
OW	320	1.53%	2.24%	0.66%	0.00%	1.97%	2,797,046	1,049,014	1,748,032
OW	330	0.03%	0.06%	0.01%	0.00%	0.05%	68,468	23,320	45,148
OW	340	4.91%	7.16%	2.94%	0.00%	6.38%	9,037,021	3,364,350	5,672,671
OW	350	1.28%	1.78%	0.50%	0.00%	1.57%	2,220,844	877,042	1,343,801
OW	360	2.66%	3.74%	1.19%	0.00%	3.30%	4,676,076	1,822,532	2,853,544
OW	370	0.13%	0.18%	0.04%	0.00%	0.16%	226,447	88,724	137,723
OW	380	0.46%	0.65%	0.17%	0.00%	0.57%	808,268	318,440	489,829
OW	390	0.65%	0.87%	0.23%	0.00%	0.77%	1,088,929	447,321	641,608
<b>WT Total</b>		5.77%	5.40%	3.63%	0.00%	4.93%	6,984,697	3,950,363	3,034,334
<b>Grand Total</b>		100.00%	100.00%	100.00%	100.00%	100.00%	141,702,475	68,517,039	73,185,436

Weights applied to each distribution:      **85.70%**              **8.26%**              **6.04%**

North Carolina Rate Bureau  
Reinsurance Cost Allocation  
CY 2018  
Homeowners  
AIR v5.0 / RMS v17.0  
1.35B vs 1.7B

Peril	Territory	Modeled Expected Losses	Allocation Weight Based on			Weighted Average <sup>1</sup>	Allocated Premium	Expected Recoveries	Allocated Margin
			Weighted Expected Losses	Internal Correlated Std Dev	External Correlated Std Dev				
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>EQ Total</b>		0.01%	0.01%	0.02%	0.00%	0.01%	17,720	4,699	13,021
<b>HU Total</b>		78.22%	68.97%	88.92%	100.00%	74.89%	104,492,588	42,997,330	61,495,258
HU	110	4.35%	3.56%	4.20%	8.55%	4.13%	5,763,257	2,393,468	3,369,789
HU	120	7.56%	6.66%	8.54%	9.11%	7.17%	10,004,677	4,154,817	5,849,861
HU	130	2.32%	1.94%	2.43%	4.45%	2.25%	3,135,709	1,277,365	1,858,344
HU	140	22.16%	19.61%	25.18%	25.74%	21.03%	29,339,434	12,178,485	17,160,949
HU	150	3.84%	3.35%	4.10%	5.55%	3.67%	5,123,614	2,111,434	3,012,180
HU	160	3.98%	3.60%	4.96%	4.51%	3.89%	5,429,147	2,185,210	3,243,937
HU	170	0.11%	0.10%	0.12%	0.19%	0.11%	150,654	62,272	88,382
HU	180	3.02%	2.71%	3.45%	3.68%	2.91%	4,058,986	1,658,131	2,400,856
HU	190	1.06%	0.96%	1.28%	1.22%	1.03%	1,437,976	580,695	857,280
HU	200	0.58%	0.53%	0.72%	0.71%	0.57%	798,199	320,770	477,429
HU	210	0.87%	0.78%	1.00%	1.05%	0.84%	1,166,558	475,670	690,888
HU	220	2.29%	2.07%	2.83%	2.72%	2.24%	3,130,104	1,258,988	1,871,116
HU	230	0.75%	0.67%	0.92%	0.92%	0.73%	1,024,564	411,272	613,292
HU	240	2.41%	2.16%	2.81%	2.89%	2.33%	3,248,212	1,324,132	1,924,079
HU	250	1.05%	0.94%	1.29%	1.28%	1.03%	1,430,947	575,250	855,697
HU	260	0.50%	0.44%	0.56%	0.60%	0.48%	663,971	272,645	391,326
HU	270	8.26%	7.37%	9.73%	9.60%	7.94%	11,073,306	4,542,741	6,530,566
HU	280	1.04%	0.93%	1.23%	1.23%	1.00%	1,396,479	573,872	822,607
HU	290	0.95%	0.85%	1.19%	1.22%	0.94%	1,309,578	524,420	785,158
HU	300	0.26%	0.23%	0.32%	0.35%	0.26%	357,284	143,243	214,041
HU	310	3.11%	2.76%	3.83%	3.71%	3.01%	4,194,770	1,707,282	2,487,488
HU	320	1.61%	1.43%	1.94%	2.03%	1.56%	2,176,220	885,851	1,290,369
HU	330	0.06%	0.05%	0.07%	0.07%	0.05%	74,013	30,265	43,748
HU	340	4.33%	3.79%	4.61%	5.86%	4.11%	5,728,006	2,382,240	3,345,765
HU	350	0.73%	0.63%	0.71%	1.05%	0.68%	949,611	400,137	549,475
HU	360	0.87%	0.74%	0.79%	1.40%	0.81%	1,127,940	479,611	648,329
HU	370	0.03%	0.03%	0.03%	0.05%	0.03%	42,790	18,635	24,155
HU	380	0.07%	0.05%	0.05%	0.15%	0.06%	85,102	37,069	48,032
HU	390	0.06%	0.04%	0.04%	0.13%	0.05%	71,482	31,361	40,121
<b>OW Total</b>		20.05%	29.16%	9.09%	0.00%	23.39%	32,636,560	11,018,897	21,617,663
<b>WT Total</b>		1.73%	1.86%	1.97%	0.00%	1.70%	2,372,925	948,380	1,424,546
<b>Grand Total</b>		100.00%	100.00%	100.00%	100.00%	100.00%	139,519,794	54,969,307	84,550,488

Weights applied to each distribution: **75.53%** **15.04%** **9.42%**

North Carolina Rate Bureau  
Reinsurance Cost Allocation  
CY 2018  
Homeowners  
AIR v5.0 / RMS v17.0  
1.35B xs 1.7B

Peril	Territory	Modeled Expected Losses	Allocation Weight Based on			Weighted Average <sup>1</sup>	Allocated Premium	Expected Recoveries	Allocated Margin
			Weighted Expected Losses	Internal Correlated Std Dev	External Correlated Std Dev				
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>EQ Total</b>		0.01%	0.01%	0.02%	0.00%	0.01%	17,720	4,699	13,021
<b>HU Total</b>		78.22%	68.97%	88.92%	100.00%	74.89%	104,492,588	42,997,330	61,495,258
<b>OW Total</b>		20.05%	29.16%	9.09%	0.00%	23.39%	32,636,560	11,018,897	21,617,663
OW	110	0.04%	0.06%	0.01%	0.00%	0.04%	62,023	21,613	40,410
OW	120	0.04%	0.07%	0.01%	0.00%	0.05%	76,572	21,176	55,395
OW	130	0.02%	0.04%	0.01%	0.00%	0.03%	46,511	13,265	33,246
OW	140	0.49%	0.72%	0.14%	0.00%	0.56%	787,302	267,368	519,934
OW	150	0.28%	0.38%	0.11%	0.00%	0.30%	422,701	153,001	269,700
OW	160	0.27%	0.37%	0.15%	0.00%	0.30%	420,109	151,032	269,078
OW	170	0.01%	0.01%	0.00%	0.00%	0.01%	12,843	3,393	9,451
OW	180	0.32%	0.45%	0.10%	0.00%	0.36%	497,472	175,048	322,424
OW	190	0.04%	0.06%	0.01%	0.00%	0.05%	69,278	20,228	49,050
OW	200	0.02%	0.03%	0.01%	0.00%	0.03%	35,362	9,406	25,956
OW	210	0.10%	0.14%	0.05%	0.00%	0.12%	161,917	52,335	109,582
OW	220	0.43%	0.61%	0.22%	0.00%	0.49%	684,473	235,701	448,772
OW	230	0.05%	0.08%	0.01%	0.00%	0.06%	88,041	25,033	63,008
OW	240	0.44%	0.67%	0.15%	0.00%	0.53%	734,065	243,921	490,144
OW	250	0.18%	0.28%	0.05%	0.00%	0.22%	308,455	96,919	211,536
OW	260	0.10%	0.17%	0.04%	0.00%	0.13%	182,987	53,295	129,692
OW	270	3.87%	5.55%	1.85%	0.00%	4.47%	6,240,384	2,128,625	4,111,759
OW	280	0.69%	0.95%	0.34%	0.00%	0.77%	1,073,226	376,765	696,461
OW	290	0.30%	0.45%	0.08%	0.00%	0.35%	494,116	162,950	331,166
OW	300	0.05%	0.10%	0.02%	0.00%	0.08%	111,249	29,479	81,770
OW	310	2.31%	3.41%	1.06%	0.00%	2.73%	3,812,652	1,271,769	2,540,883
OW	320	1.31%	1.97%	0.50%	0.00%	1.56%	2,177,008	718,165	1,458,843
OW	330	0.03%	0.05%	0.01%	0.00%	0.04%	49,653	14,136	35,517
OW	340	4.60%	6.70%	2.64%	0.00%	5.46%	7,616,593	2,530,729	5,085,863
OW	350	0.88%	1.31%	0.30%	0.00%	1.03%	1,439,446	482,385	957,060
OW	360	2.34%	3.31%	0.93%	0.00%	2.64%	3,688,983	1,287,567	2,401,416
OW	370	0.06%	0.10%	0.02%	0.00%	0.08%	114,368	35,151	79,217
OW	380	0.35%	0.50%	0.14%	0.00%	0.40%	557,822	194,905	362,917
OW	390	0.44%	0.61%	0.14%	0.00%	0.48%	670,953	243,538	427,415
<b>WT Total</b>		1.73%	1.86%	1.97%	0.00%	1.70%	2,372,925	948,380	1,424,546
<b>Grand Total</b>		100.00%	100.00%	100.00%	100.00%	100.00%	139,519,794	54,969,307	84,550,488

Weights applied to each distribution: **75.53%** **15.04%** **9.42%**

North Carolina Rate Bureau  
Reinsurance Cost Allocation  
CY 2018  
Homeowners  
AIR v5.0 / RMS v17.0  
1.95B xs 3.05B

Peril	Territory	Modeled Expected Losses	Allocation Weight Based on			Weighted Average <sup>1</sup>	Allocated Premium	Expected Recoveries	Allocated Margin
			Weighted Expected Losses	Internal Correlated Std Dev	External Correlated Std Dev				
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>EQ Total</b>		0.01%	0.02%	0.02%	0.00%	0.02%	20,044	4,016	16,028
<b>HU Total</b>		84.01%	76.52%	91.94%	100.00%	83.52%	106,148,666	33,156,886	72,991,780
HU	110	3.36%	2.69%	3.52%	7.03%	3.48%	4,416,908	1,326,983	3,089,925
HU	120	8.19%	7.42%	8.87%	9.21%	8.02%	10,194,689	3,231,997	6,962,692
HU	130	1.99%	1.64%	2.17%	3.88%	2.07%	2,634,217	784,189	1,850,028
HU	140	24.33%	22.21%	26.40%	26.68%	23.86%	30,322,807	9,602,577	20,720,230
HU	150	3.65%	3.25%	3.93%	5.11%	3.67%	4,663,043	1,439,144	3,223,899
HU	160	4.30%	4.03%	5.16%	4.65%	4.40%	5,587,795	1,695,547	3,892,248
HU	170	0.10%	0.09%	0.11%	0.16%	0.10%	132,723	40,857	91,867
HU	180	3.14%	2.90%	3.50%	3.70%	3.16%	4,014,278	1,240,729	2,773,549
HU	190	1.14%	1.07%	1.33%	1.27%	1.16%	1,473,047	449,920	1,023,127
HU	200	0.64%	0.59%	0.74%	0.73%	0.65%	824,142	251,511	572,630
HU	210	0.93%	0.86%	1.03%	1.08%	0.93%	1,184,670	366,672	817,998
HU	220	2.60%	2.44%	2.98%	2.86%	2.63%	3,344,834	1,025,504	2,319,330
HU	230	0.84%	0.78%	0.97%	0.96%	0.85%	1,084,463	330,719	753,745
HU	240	2.66%	2.45%	2.96%	3.01%	2.65%	3,373,439	1,048,099	2,325,340
HU	250	1.20%	1.12%	1.37%	1.34%	1.21%	1,539,096	471,665	1,067,431
HU	260	0.56%	0.51%	0.60%	0.64%	0.55%	699,486	219,832	479,654
HU	270	9.56%	8.80%	10.46%	10.36%	9.42%	11,977,036	3,772,056	8,204,980
HU	280	1.24%	1.13%	1.34%	1.35%	1.21%	1,543,287	487,883	1,055,403
HU	290	1.11%	1.03%	1.29%	1.29%	1.13%	1,437,523	437,718	999,805
HU	300	0.30%	0.28%	0.34%	0.35%	0.30%	384,787	116,702	268,085
HU	310	3.68%	3.42%	4.19%	4.00%	3.69%	4,690,263	1,451,771	3,238,492
HU	320	1.87%	1.73%	2.11%	2.11%	1.88%	2,387,938	736,179	1,651,758
HU	330	0.06%	0.06%	0.07%	0.07%	0.06%	80,961	25,126	55,836
HU	340	4.76%	4.35%	4.86%	5.69%	4.66%	5,920,050	1,878,046	4,042,004
HU	350	0.78%	0.71%	0.72%	0.99%	0.75%	953,227	307,889	645,337
HU	360	0.92%	0.83%	0.81%	1.23%	0.88%	1,114,505	361,492	753,013
HU	370	0.04%	0.03%	0.03%	0.04%	0.03%	42,052	14,021	28,031
HU	380	0.06%	0.05%	0.04%	0.11%	0.06%	73,375	24,159	49,216
HU	390	0.05%	0.04%	0.03%	0.08%	0.04%	54,026	17,900	36,125
<b>OW Total</b>		15.10%	22.40%	6.72%	0.00%	15.48%	19,667,877	5,960,407	13,707,470
<b>WT Total</b>		0.88%	1.07%	1.32%	0.00%	0.99%	1,253,736	347,345	906,391
<b>Grand Total</b>		100.00%	100.00%	100.00%	100.00%	100.00%	127,090,323	39,468,654	87,621,669

Weights applied to each distribution:      **61.58%**      **25.04%**      **13.38%**

**North Carolina Rate Bureau  
Reinsurance Cost Allocation  
CY 2018  
Homeowners  
AIR v5.0 / RMS v17.0  
1.95B xs 3.05B**

Peril	Territory	Modeled Expected Losses	Allocation Weight Based on			Weighted Average <sup>1</sup>	Allocated Premium	Expected Recoveries	Allocated Margin
			Weighted Expected Losses	Internal Correlated Std Dev	External Correlated Std Dev				
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>EQ Total</b>		0.01%	0.02%	0.02%	0.00%	0.02%	20,044	4,016	16,028
<b>HU Total</b>		84.01%	76.52%	91.94%	100.00%	83.52%	106,148,666	33,156,886	72,991,780
<b>OW Total</b>		15.10%	22.40%	6.72%	0.00%	15.48%	19,667,877	5,960,407	13,707,470
OW	110	0.01%	0.02%	0.00%	0.00%	0.01%	13,448	3,305	10,143
OW	120	0.02%	0.04%	0.01%	0.00%	0.02%	31,441	7,470	23,971
OW	130	0.01%	0.02%	0.00%	0.00%	0.01%	18,198	4,369	13,830
OW	140	0.22%	0.35%	0.09%	0.00%	0.24%	299,353	86,746	212,607
OW	150	0.13%	0.20%	0.04%	0.00%	0.13%	166,529	51,655	114,874
OW	160	0.11%	0.17%	0.05%	0.00%	0.12%	150,558	44,943	105,614
OW	170	0.00%	0.01%	0.00%	0.00%	0.01%	6,617	1,510	5,107
OW	180	0.10%	0.18%	0.03%	0.00%	0.12%	150,968	41,020	109,948
OW	190	0.02%	0.03%	0.00%	0.00%	0.02%	28,226	7,082	21,144
OW	200	0.01%	0.02%	0.00%	0.00%	0.01%	15,512	3,669	11,843
OW	210	0.05%	0.09%	0.02%	0.00%	0.06%	77,263	21,162	56,102
OW	220	0.17%	0.28%	0.06%	0.00%	0.19%	241,810	67,549	174,261
OW	230	0.02%	0.05%	0.01%	0.00%	0.03%	37,429	8,912	28,517
OW	240	0.19%	0.33%	0.06%	0.00%	0.22%	276,835	73,848	202,987
OW	250	0.09%	0.15%	0.03%	0.00%	0.10%	129,866	34,149	95,717
OW	260	0.06%	0.11%	0.02%	0.00%	0.07%	92,323	23,283	69,040
OW	270	3.63%	5.10%	1.62%	0.00%	3.55%	4,510,432	1,431,140	3,079,292
OW	280	0.60%	0.84%	0.26%	0.00%	0.58%	741,797	238,272	503,525
OW	290	0.16%	0.25%	0.07%	0.00%	0.17%	217,750	61,456	156,294
OW	300	0.03%	0.07%	0.01%	0.00%	0.04%	56,016	13,213	42,803
OW	310	1.80%	2.71%	0.78%	0.00%	1.86%	2,367,606	712,011	1,655,595
OW	320	0.81%	1.30%	0.31%	0.00%	0.88%	1,116,118	321,364	794,754
OW	330	0.02%	0.03%	0.01%	0.00%	0.02%	27,329	6,875	20,454
OW	340	4.59%	6.55%	2.45%	0.00%	4.65%	5,910,381	1,809,756	4,100,625
OW	350	0.42%	0.71%	0.17%	0.00%	0.48%	607,618	166,892	440,726
OW	360	1.49%	2.24%	0.53%	0.00%	1.51%	1,921,044	587,937	1,333,108
OW	370	0.03%	0.06%	0.01%	0.00%	0.04%	47,774	11,659	36,114
OW	380	0.12%	0.21%	0.04%	0.00%	0.14%	179,894	49,315	130,580
OW	390	0.18%	0.27%	0.05%	0.00%	0.18%	227,740	69,846	157,894
<b>WT Total</b>		0.88%	1.07%	1.32%	0.00%	0.99%	1,253,736	347,345	906,391
<b>Grand Total</b>		100.00%	100.00%	100.00%	100.00%	100.00%	127,090,323	39,468,654	87,621,669

Weights applied to each distribution:      **61.58%**              **25.04%**              **13.38%**

**North Carolina Rate Bureau  
Reinsurance Cost Allocation  
CY 2018  
Homeowners  
AIR v5.0 / RMS v17.0  
2B xs 5B**

Peril	Territory	Modeled Expected Losses	Allocation Weight Based on			Weighted Average <sup>1</sup>	Allocated Premium	Expected Recoveries	Allocated Margin
			Weighted Expected Losses	Internal Correlated Std Dev	External Correlated Std Dev				
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>EQ Total</b>		0.02%	0.03%	0.03%	0.00%	0.02%	19,683	3,493	16,191
<b>HU Total</b>		90.10%	85.09%	94.52%	100.00%	90.99%	81,294,747	19,513,885	61,780,862
HU	110	2.81%	2.31%	3.01%	5.72%	3.13%	2,796,341	607,979	2,188,362
HU	120	8.80%	8.20%	9.03%	9.46%	8.71%	7,784,715	1,904,950	5,879,765
HU	130	1.78%	1.51%	1.92%	3.38%	1.97%	1,757,534	385,503	1,372,031
HU	140	26.77%	25.28%	27.44%	28.04%	26.52%	23,697,859	5,796,877	17,900,982
HU	150	3.46%	3.16%	3.68%	4.80%	3.62%	3,233,509	749,541	2,483,968
HU	160	4.61%	4.47%	5.26%	4.79%	4.81%	4,294,044	997,958	3,296,086
HU	170	0.09%	0.08%	0.10%	0.14%	0.10%	90,046	20,467	69,579
HU	180	3.24%	3.06%	3.52%	3.71%	3.33%	2,978,985	701,873	2,277,113
HU	190	1.22%	1.17%	1.36%	1.30%	1.26%	1,127,627	263,436	864,191
HU	200	0.69%	0.66%	0.76%	0.72%	0.71%	632,924	149,381	483,542
HU	210	0.98%	0.93%	1.06%	1.09%	1.00%	895,492	212,343	683,149
HU	220	2.91%	2.81%	3.17%	2.94%	2.96%	2,645,963	629,244	2,016,719
HU	230	0.93%	0.89%	1.02%	0.97%	0.95%	850,422	200,521	649,901
HU	240	2.86%	2.71%	3.08%	3.02%	2.90%	2,588,222	619,572	1,968,650
HU	250	1.34%	1.29%	1.46%	1.38%	1.36%	1,219,510	289,871	929,639
HU	260	0.60%	0.57%	0.62%	0.64%	0.60%	537,968	130,404	407,563
HU	270	10.61%	10.12%	11.08%	10.61%	10.55%	9,427,661	2,297,786	7,129,875
HU	280	1.40%	1.33%	1.43%	1.42%	1.38%	1,236,138	303,035	933,103
HU	290	1.26%	1.21%	1.38%	1.37%	1.30%	1,157,605	272,450	885,155
HU	300	0.33%	0.32%	0.36%	0.36%	0.34%	303,405	70,639	232,766
HU	310	4.21%	4.10%	4.54%	4.28%	4.29%	3,831,218	911,790	2,919,428
HU	320	2.10%	2.05%	2.28%	2.19%	2.16%	1,928,053	455,287	1,472,766
HU	330	0.07%	0.07%	0.08%	0.07%	0.07%	65,618	15,708	49,909
HU	340	5.11%	4.92%	5.08%	5.50%	5.07%	4,532,669	1,107,599	3,425,070
HU	350	0.83%	0.79%	0.77%	0.90%	0.80%	716,042	179,666	536,376
HU	360	0.97%	0.95%	0.90%	1.04%	0.94%	844,151	209,922	634,228
HU	370	0.04%	0.04%	0.03%	0.04%	0.04%	32,136	8,137	23,999
HU	380	0.06%	0.06%	0.05%	0.07%	0.06%	51,964	12,783	39,182
HU	390	0.04%	0.04%	0.04%	0.05%	0.04%	36,927	9,163	27,764
<b>OW Total</b>		9.34%	14.20%	4.56%	0.00%	8.35%	7,459,714	2,022,611	5,437,104
<b>WT Total</b>		0.55%	0.68%	0.89%	0.00%	0.64%	573,478	118,057	455,420
<b>Grand Total</b>		100.00%	100.00%	100.00%	100.00%	100.00%	89,347,622	21,658,046	67,689,576

Weights applied to each distribution:      **47.10%**              **36.39%**              **16.52%**

**North Carolina Rate Bureau**  
**Reinsurance Cost Allocation**  
**CY 2018**  
**Homeowners**  
**AIR v5.0 / RMS v17.0**  
**2B xs 5B**

Peril	Territory	Modeled Expected Losses	Allocation Weight Based on			Weighted Average <sup>1</sup>	Allocated Premium	Expected Recoveries	Allocated Margin
			Weighted Expected Losses	Internal Correlated Std Dev	External Correlated Std Dev				
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>EQ Total</b>		0.02%	0.03%	0.03%	0.00%	0.02%	19,683	3,493	16,191
<b>HU Total</b>		90.10%	85.09%	94.52%	100.00%	90.99%	81,294,747	19,513,885	61,780,862
<b>OW Total</b>		9.34%	14.20%	4.56%	0.00%	8.35%	7,459,714	2,022,611	5,437,104
OW	110	0.00%	0.01%	0.00%	0.00%	0.00%	3,279	761	2,517
OW	120	0.01%	0.02%	0.00%	0.00%	0.01%	8,528	1,910	6,618
OW	130	0.01%	0.01%	0.00%	0.00%	0.01%	5,405	1,247	4,158
OW	140	0.05%	0.10%	0.01%	0.00%	0.05%	46,988	10,626	36,362
OW	150	0.04%	0.07%	0.01%	0.00%	0.04%	33,097	8,375	24,722
OW	160	0.09%	0.13%	0.03%	0.00%	0.07%	65,319	18,456	46,863
OW	170	0.00%	0.00%	0.00%	0.00%	0.00%	2,296	504	1,792
OW	180	0.03%	0.07%	0.01%	0.00%	0.04%	33,180	7,494	25,687
OW	190	0.01%	0.01%	0.00%	0.00%	0.01%	6,627	1,492	5,136
OW	200	0.00%	0.01%	0.00%	0.00%	0.00%	4,098	920	3,178
OW	210	0.03%	0.06%	0.01%	0.00%	0.03%	27,088	6,882	20,206
OW	220	0.07%	0.12%	0.02%	0.00%	0.07%	58,159	14,179	43,981
OW	230	0.01%	0.02%	0.00%	0.00%	0.01%	10,525	2,423	8,101
OW	240	0.08%	0.16%	0.03%	0.00%	0.09%	75,983	18,121	57,862
OW	250	0.04%	0.08%	0.01%	0.00%	0.04%	36,284	8,881	27,404
OW	260	0.03%	0.06%	0.01%	0.00%	0.03%	30,352	7,320	23,032
OW	270	2.53%	3.56%	1.37%	0.00%	2.18%	1,943,362	548,868	1,394,494
OW	280	0.27%	0.42%	0.11%	0.00%	0.24%	211,741	58,878	152,863
OW	290	0.05%	0.09%	0.02%	0.00%	0.05%	42,958	10,243	32,715
OW	300	0.02%	0.04%	0.00%	0.00%	0.02%	17,108	3,889	13,219
OW	310	0.92%	1.47%	0.40%	0.00%	0.84%	746,406	199,548	546,858
OW	320	0.41%	0.70%	0.14%	0.00%	0.38%	340,648	88,206	252,442
OW	330	0.01%	0.02%	0.00%	0.00%	0.01%	9,855	2,390	7,466
OW	340	3.82%	5.54%	2.10%	0.00%	3.37%	3,015,289	828,118	2,187,172
OW	350	0.18%	0.34%	0.06%	0.00%	0.18%	162,422	38,597	123,825
OW	360	0.52%	0.89%	0.17%	0.00%	0.48%	431,105	112,383	318,722
OW	370	0.01%	0.03%	0.00%	0.00%	0.01%	12,682	2,804	9,878
OW	380	0.06%	0.10%	0.02%	0.00%	0.06%	50,996	12,832	38,164
OW	390	0.03%	0.06%	0.01%	0.00%	0.03%	27,932	6,264	21,668
<b>WT Total</b>		0.55%	0.68%	0.89%	0.00%	0.64%	573,478	118,057	455,420
<b>Grand Total</b>		100.00%	100.00%	100.00%	100.00%	100.00%	89,347,622	21,658,046	67,689,576

Weights applied to each distribution:      47.10%              36.39%              16.52%

**North Carolina Rate Bureau**  
**Reinsurance Cost Allocation**  
**CY 2018**  
**Homeowners**  
**AIR v5.0 / RMS v17.0**  
**3.9B xs 7B**

Peril	Territory	Modeled Expected Losses	Allocation Weight Based on			Weighted Average <sup>1</sup>	Allocated Premium	Expected Recoveries	Allocated Margin
			Weighted Expected Losses	Internal Correlated Std Dev	External Correlated Std Dev				
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>HU Total</b>		94.33%	91.22%	96.54%	100.00%	95.51%	117,624,189	20,836,779	96,787,410
HU	110	2.30%	1.92%	2.49%	4.40%	2.68%	3,297,188	507,903	2,789,285
HU	120	9.15%	8.69%	8.98%	9.57%	9.00%	11,089,393	2,020,928	9,068,465
HU	130	1.56%	1.34%	1.66%	2.78%	1.77%	2,183,907	344,119	1,839,787
HU	140	28.85%	27.82%	28.16%	29.59%	28.33%	34,889,179	6,372,858	28,516,322
HU	150	3.27%	3.04%	3.43%	4.43%	3.50%	4,308,469	723,104	3,585,365
HU	160	4.84%	4.77%	5.29%	4.97%	5.06%	6,234,519	1,068,594	5,165,925
HU	170	0.09%	0.08%	0.10%	0.14%	0.10%	120,690	19,475	101,215
HU	180	3.24%	3.11%	3.47%	3.69%	3.40%	4,181,632	714,587	3,467,045
HU	190	1.26%	1.24%	1.38%	1.33%	1.33%	1,632,603	279,361	1,353,242
HU	200	0.72%	0.71%	0.77%	0.71%	0.74%	912,294	159,417	752,877
HU	210	0.99%	0.96%	1.06%	1.08%	1.04%	1,274,925	219,654	1,055,271
HU	220	3.13%	3.09%	3.32%	2.99%	3.19%	3,923,682	692,374	3,231,308
HU	230	0.98%	0.98%	1.06%	0.96%	1.01%	1,246,196	217,114	1,029,082
HU	240	2.97%	2.89%	3.13%	3.01%	3.03%	3,735,213	655,388	3,079,825
HU	250	1.44%	1.42%	1.53%	1.38%	1.47%	1,807,216	318,309	1,488,907
HU	260	0.63%	0.61%	0.65%	0.63%	0.63%	779,941	138,964	640,977
HU	270	11.47%	11.28%	11.73%	10.80%	11.40%	14,043,027	2,534,422	11,508,605
HU	280	1.54%	1.51%	1.54%	1.47%	1.52%	1,869,014	340,779	1,528,235
HU	290	1.37%	1.35%	1.48%	1.37%	1.42%	1,744,584	302,050	1,442,534
HU	300	0.35%	0.34%	0.38%	0.36%	0.37%	451,624	76,601	375,023
HU	310	4.70%	4.69%	5.01%	4.61%	4.83%	5,950,375	1,039,184	4,911,191
HU	320	2.27%	2.28%	2.52%	2.29%	2.40%	2,954,435	502,140	2,452,295
HU	330	0.08%	0.08%	0.08%	0.08%	0.08%	100,133	17,293	82,839
HU	340	5.19%	5.10%	5.40%	5.34%	5.29%	6,517,288	1,145,897	5,371,391
HU	350	0.82%	0.79%	0.80%	0.84%	0.81%	992,099	180,249	811,849
HU	360	0.98%	0.99%	0.98%	1.02%	0.99%	1,217,207	217,303	999,904
HU	370	0.04%	0.04%	0.04%	0.04%	0.04%	47,915	8,681	39,234
HU	380	0.05%	0.06%	0.06%	0.06%	0.06%	71,318	12,047	59,270
HU	390	0.04%	0.04%	0.04%	0.04%	0.04%	48,124	7,982	40,142
<b>OW Total</b>		5.28%	8.28%	2.88%	0.00%	4.04%	4,980,232	1,166,069	3,814,164
<b>WT Total</b>		0.39%	0.49%	0.58%	0.00%	0.44%	544,991	85,810	459,181
<b>Grand Total</b>		100.00%	100.00%	100.00%	100.00%	100.00%	123,149,413	22,088,658	101,060,755

Weights applied to each distribution: **31.90%**      **48.74%**      **19.36%**

North Carolina Rate Bureau  
Reinsurance Cost Allocation  
CY 2018  
Homeowners  
AIR v5.0 / RMS v17.0  
3.9B xs 7B

Peril	Territory	Modeled Expected Losses	Allocation Weight Based on			Weighted Average <sup>1</sup>	Allocated Premium	Expected Recoveries	Allocated Margin
			Weighted Expected Losses	Internal Correlated Std Dev	External Correlated Std Dev				
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>HU Total</b>		94.33%	91.22%	96.54%	100.00%	95.51%	117,624,189	20,836,779	96,787,410
<b>OW Total</b>		5.28%	8.28%	2.88%	0.00%	4.04%	4,980,232	1,166,069	3,814,164
OW	110	0.00%	0.00%	0.00%	0.00%	0.00%	1,591	367	1,224
OW	120	0.00%	0.01%	0.00%	0.00%	0.00%	3,737	848	2,889
OW	130	0.00%	0.01%	0.00%	0.00%	0.00%	2,507	572	1,935
OW	140	0.02%	0.04%	0.00%	0.00%	0.02%	19,598	4,476	15,122
OW	150	0.01%	0.02%	0.00%	0.00%	0.01%	10,940	2,503	8,438
OW	160	0.02%	0.03%	0.01%	0.00%	0.01%	17,228	4,341	12,886
OW	170	0.00%	0.00%	0.00%	0.00%	0.00%	1,268	288	980
OW	180	0.01%	0.03%	0.00%	0.00%	0.01%	13,205	3,010	10,195
OW	190	0.00%	0.01%	0.00%	0.00%	0.00%	2,490	568	1,922
OW	200	0.00%	0.00%	0.00%	0.00%	0.00%	1,901	429	1,472
OW	210	0.01%	0.03%	0.00%	0.00%	0.01%	12,847	2,875	9,973
OW	220	0.03%	0.06%	0.01%	0.00%	0.02%	28,884	6,789	22,095
OW	230	0.00%	0.01%	0.00%	0.00%	0.00%	4,306	966	3,340
OW	240	0.05%	0.09%	0.02%	0.00%	0.04%	46,191	10,532	35,659
OW	250	0.02%	0.04%	0.01%	0.00%	0.02%	19,343	4,425	14,918
OW	260	0.02%	0.04%	0.01%	0.00%	0.01%	18,146	4,267	13,880
OW	270	1.48%	2.15%	0.85%	0.00%	1.10%	1,358,146	326,773	1,031,374
OW	280	0.13%	0.21%	0.07%	0.00%	0.10%	126,770	29,789	96,981
OW	290	0.02%	0.03%	0.00%	0.00%	0.01%	15,877	3,551	12,326
OW	300	0.01%	0.02%	0.00%	0.00%	0.01%	10,230	2,339	7,891
OW	310	0.43%	0.74%	0.19%	0.00%	0.33%	402,045	95,127	306,917
OW	320	0.16%	0.28%	0.07%	0.00%	0.12%	151,384	35,741	115,642
OW	330	0.01%	0.01%	0.00%	0.00%	0.01%	7,213	1,697	5,517
OW	340	2.61%	3.96%	1.56%	0.00%	2.02%	2,493,397	576,384	1,917,012
OW	350	0.07%	0.14%	0.02%	0.00%	0.06%	70,446	15,844	54,602
OW	360	0.11%	0.23%	0.03%	0.00%	0.09%	108,880	24,362	84,517
OW	370	0.01%	0.01%	0.00%	0.00%	0.00%	5,044	1,123	3,921
OW	380	0.02%	0.03%	0.00%	0.00%	0.01%	14,703	3,368	11,335
OW	390	0.01%	0.03%	0.00%	0.00%	0.01%	11,916	2,714	9,202
<b>WT Total</b>		0.39%	0.49%	0.58%	0.00%	0.44%	544,991	85,810	459,181
<b>Grand Total</b>		100.00%	100.00%	100.00%	100.00%	100.00%	123,149,413	22,088,658	101,060,755

Weights applied to each distribution: 31.90% 48.74% 19.36%

**North Carolina Rate Bureau  
Reinsurance Cost Allocation  
CY 2018  
Homeowners  
AIR v5.0 / RMS v17.0**

Territory	Reinsurance Margin
110	14,819,302
120	32,147,011
130	8,697,396
140	97,946,716
150	15,482,313
160	18,617,826
170	455,486
180	13,606,279
190	4,863,834
200	2,700,865
210	4,123,385
220	12,008,256
230	3,666,659
240	12,226,117
250	5,644,369
260	2,702,845
270	52,562,698
280	7,215,287
290	5,729,734
300	1,553,408
310	24,080,980
320	12,760,914
330	400,736
340	39,182,790
350	6,300,056
360	11,271,730
370	435,493
380	1,367,578
390	1,537,861
Total	414,107,923

**PREFILED TESTIMONY  
OF  
PAUL D. ANDERSON**

**2017 HOMEOWNERS INSURANCE FILING BY THE  
NORTH CAROLINA RATE BUREAU**

**Q. Please state your name and business address.**

A. My name is Paul D. Anderson. My business address is 15800 West Bluemound Road, Brookfield, WI 53005.

**Q. By whom are you employed?**

A. I am employed by Milliman, Inc. (Milliman) and have been employed by Milliman since February 1, 2007.

**Q. What is your educational background?**

A. I received a Bachelor of Science in Actuarial Science from Drake University in Des Moines, Iowa in 1993.

**Q. Do you have any additional certifications or qualifications?**

A. Yes. I have been a Fellow of the Casualty Actuarial Society since 2002. Since then, I have participated on several committees of the organization. I was on the Examination Committee of the Casualty Actuarial Society between 2004 and 2006. I served on the Volunteer Support Task Force from February 2012 until April 2013. I have been a member of the Volunteer Resources Committee since April 2013. I have also been a member of the American Academy of Actuaries since 2002, and meet all of the continuing education requirements of that organization as well as those of the Casualty Actuarial Society.

**Q. What is your employment background?**

A. I was employed by Allstate Insurance Company from June 1993 until January 2007. While at Allstate, I held various actuarial roles. I began my career as an Auto Pricing Analyst and over time, I assumed increasing responsibility in various departments that included Property Pricing, Auto Pricing, Property Research, and Auto Research. On the pricing teams, I assisted in developing rates for property and auto insurance products in most states across the country. On the research teams, I assisted in developing new property and auto risk classification plans to be implemented by Allstate's pricing teams. From 2006 until January 2007, I served as a Senior Manager for Allstate's Eastern region, which included

assisting in the oversight of the pricing strategies for approximately half the country, including North Carolina.

In February 2007 I began my career at Milliman. Since 2007 I have completed, managed, or overseen numerous property and auto pricing analyses for a variety of clients. My clients have included small single-state insurance companies, industry-leading national insurance companies, government entities, the North Carolina Rate Bureau, and other entities with similar coastal property exposure in states such as Florida and Texas. These client assignments have included such projects as pricing analyses to evaluate overall rate adequacy, predictive modeling assignments to develop new risk classification plans, and analyses of catastrophe losses to evaluate the adequacy and allocation of property premiums corresponding to catastrophe risk.

**Q. What is Milliman?**

A. Milliman is among the world's largest independent actuarial and consulting firms. Milliman was founded in Seattle in 1947 as Milliman & Robertson and today has offices in principal cities worldwide, covering markets in North America, Latin America, Europe, Asia and the Pacific, the Middle East, and Africa. Milliman employs more than 3,400 people, including actuaries and specialists ranging from clinicians to economists. The firm has consulting practices in employee benefits, financial services, healthcare, life insurance, and property and casualty insurance. Milliman serves the full spectrum of business, education, financial, governmental, union, and nonprofit organizations.

**Q. What are your current responsibilities at Milliman?**

A. I am responsible for managing and overseeing the personal lines and insurance-related predictive analytics portion of Milliman's Milwaukee Casualty practice. The personal lines and predictive analytics team conducts a variety of property and auto pricing and predictive modeling assignments, primarily for insurance companies. Over the last four years, we have completed property analyses for nearly every state in the country, including North Carolina.

**Q. Were you engaged to provide actuarial services to the North Carolina Rate Bureau (the Rate Bureau) in relation to its 2017 homeowners rate filing?**

A. Yes, I was.

**Q. What was the scope of that engagement?**

A. Milliman was engaged for several aspects of the 2017 homeowners rate filing. Dr. David Appel of Milliman's New York office was engaged to review the Underwriting Profit provision, the Net Cost of Reinsurance provision, and the Compensation for Assessment Risk provision in this filing. My role was to

conduct an independent review and provide feedback on the actuarial analyses underlying the filing. In this role, I participated in many of the discussions in which ISO presented the preliminary data to the Rate Bureau. In addition, my role also included participating in the Rate Bureau's Property Rating Subcommittee meetings in which the 2017 homeowners filing was discussed. During these discussions, I offered feedback and insights to assist in the subcommittee's selections and decisions related to this filing.

**Q. Is your firm being compensated for this engagement?**

A. Yes, it is.

**Q. Is that compensation in any way contingent on the provision of favorable testimony in support of the proposed filing?**

A. No, it is not.

**Q. Have you completed your review of the 2017 homeowners rate filing?**

A. Yes, I have.

**Q. Were there any constraints placed on your review, such as limited or delayed access to data or limited time that may have hindered your complete review?**

A. No, I was provided all the data and information that were necessary and I had adequate time for a complete review. My review was not limited in any way.

**Q. What is the overall indicated change in homeowners rates in this filing?**

A. This filing shows the need for an overall 24.9% statewide average rate increase. This includes a 24.1% change to owners rates, a 42.0% change to tenants rates, and a 44.2% change to condominium unit owners rates.

**Q. Please describe the overall ratemaking methodology that underlies the filing.**

A. The approach in this filing is generally consistent with prior homeowners filings submitted by the Rate Bureau. Consistent with the *Statement of Principles Regarding Property and Casualty Insurance Ratemaking* as published by the Casualty Actuarial Society, the indicated rates reflect the expected costs associated with insuring homeowners policies. These expected costs include claims, claim settlement expenses, operational and administrative expenses, and the cost of capital.

The statewide rate-level indications for homeowners policies are developed based on a loss cost methodology (instead of a loss ratio methodology). The indicated rate-level change is calculated for each segment (i.e., owners, tenants, and condominium unit owners) by comparing the required base rate per policy to the current base rate. The required base rate per policy is calculated by first projecting the losses and loss adjustment expenses for the policy period for which the filed rates are expected to be in effect. For the owners, tenants, and condominium unit owners forms, losses are projected excluding historical hurricane losses. In addition to the exclusion of those hurricane losses, the projected losses for owners forms are adjusted to remove excess wind losses and an excess factor is applied based on an average of the excess wind losses over more than 55 years of historical experience. Base class loss costs are calculated by dividing the adjusted incurred losses and loss adjustment expenses for each historical accident year by the corresponding earned house years and average rating factors. The base class loss costs by year are weighted together to develop a weighted trended non-hurricane base class loss cost. For each homeowners segment (owners, tenants, and condominium unit owners), a trended modeled hurricane base class loss cost and a provision for fixed expense per policy are also developed and added to the weighted trended non-hurricane base class loss cost to determine the total base class loss cost with fixed expense.

Following the development of the base class loss cost with fixed expense, other expected underwriting expenses associated with issuing homeowners insurance policies are incorporated to determine the required base rate per policy. These expected underwriting expenses include provisions for underwriting profit, contingencies, dividends, compensation for assessment risk, the net reinsurance cost per policy, and deviations. As mentioned above, the required base rate per policy is compared to the current average base rate to develop the overall statewide indicated rate-level change. This comparison of the required and current base rates is consistent with the *Statement of Principles* referenced above, is commonly used throughout the industry, and as such, is an actuarially sound method of developing an indicated rate-level change.

**Q. Are there any changes in the ratemaking methodology compared to prior filings?**

A. Yes. Although the 2017 homeowners filing is generally consistent with prior filings, there are several components of this filing that rely on different approaches as compared to prior homeowners filings. These revised approaches, which will be discussed in more detail later, include the retention of Aon Benfield to blend of two hurricane models to derive the provisions related to expected hurricane losses and to calculate the Net Cost of Reinsurance. These changes impact the trended modeled hurricane base class loss cost, the compensation for assessment risk, and the net reinsurance cost per policy.

**Q. How are the expected losses determined?**

- A. This filing uses five years of historical loss experience including accident years ending December 31, 2011 through December 31, 2015. Using five years of experience is consistent with North Carolina statutes and prior homeowners rate filings. It is also consistent with generally accepted ratemaking practices because the use of five years of historical experience balances stability of the overall rate level with responsiveness to the most recent conditions. Because severe weather-related events can cause volatility in the loss experience, hurricane losses and excess wind losses (for owners forms only) have been removed from the base loss experience. Each of the five years of losses have been developed to ultimate amounts and have been adjusted to a common \$1,000 deductible level for owners forms and a \$500 deductible level for tenants and condominium unit owners forms. Losses are developed to ultimate because the final incurred losses for an accident year are often different than initial loss estimates due to late-reporting claims or as yet unknown settlement amounts on known claims.

After these initial adjustments, a provision for excess wind losses is applied to each accident year for the owners forms, and a provision for loss adjustment expenses is applied to each accident year for all homeowners forms. The excess loss factor of 1.068 for the owners forms in the filing is determined using ISO's standard excess wind procedure. This procedure evaluates historical non-hurricane wind experience back to 1950 to develop a ratio of the long-term average excess loss ratio to the long-term average normal loss ratio.

Following these additional adjustments, in order to reflect the expected change in costs, the losses are trended from the midpoint of each experience period to the midpoint of the trend period. Similar to prior homeowners filings, both external trend information and actual pure premium data are considered to select the loss trends. However, in this filing, no additional adjustments are made based on the review of actual pure premium data. In reviewing external trends, the Corelogic Residential Index (formerly the Boeckh Residential Index) and the Modified Consumer Price Index are averaged together using an appropriate weight on each, which weights have been updated in this filing, to develop the Current Cost Index. The Current Cost Index for each year is compared to the Current Cost Index for the trend period to determine Current Cost Factors for each accident year.

In addition to reflecting a loss trend, a premium trend is also determined by calculating Current Amount Factors for each accident year. The Current Amount Factors are developed by comparing the Average Policy Size Relativity for each year to the comparable relativity for the trend period. The ratio of the Current Cost Factor and the Current Amount Factor is calculated for each year in order to apply a net trend (i.e., the net difference between the loss trend and premium trend) to each year's adjusted incurred losses.

In my opinion, all of the selections referenced above, including the excess loss factor, the loss adjustment expense factors, the loss trend factors, and the premium trend factors, are reasonable and actuarially sound.

After adjusting the losses for each of the items mentioned above, each year's trended losses and loss adjustment expenses are divided by the earned house years to determine the average trended loss cost. The average trended loss costs are multiplied by a Composite Projection Factor, which reflects the combined impact of a loss projection factor and premium projection factor. This Composite Projection Factor adjusts the loss costs to the policy period for which the filed rates are expected to be in effect. Those loss costs are converted to Trended Base Class Loss Costs by dividing by the Average Rating Factor applicable to each accident year. Finally, these base loss costs are weighted together to develop a Weighted Trended Non-Hurricane Base Loss Cost. The weights applied to each accident year are consistent among all of the policy forms and assign more weight to the more recent years in order to be more responsive to the most recent loss experience.

In my opinion, the methodology used to develop average loss costs and the weights assigned to each of the homeowners policy forms are reasonable and are consistent with widely-used actuarial ratemaking practices.

**Q. In the previous response, you mentioned a loss adjustment expense provision. How are the homeowners provisions for loss adjustment expense determined?**

A. The allocated and unallocated loss adjustment expenses are included with non-hurricane losses by applying a trended loss adjustment expense factor. Using information received from the Rate Bureau's data call for expense experience, loss adjustment expenses are summarized for calendar years 2011 through 2015. Consistent with the prior homeowners filing, a three-year average is calculated after removing the highest and lowest ratio of expenses to losses. By excluding the highest and lowest ratios observed in the historical experience period, this methodology reduces the volatility in the average loss adjustment expense ratio that may result from variation in the underlying incurred losses from year to year. After the average loss adjustment expense ratio is calculated, it is adjusted to reflect the difference in the loss adjustment expense trend and the loss trend.

A separate provision for hurricane-related loss adjustment expenses is included in the modeled hurricane losses based on data and a recommendation provided by Aon Benfield.

**Q. In your opinion, are the provisions for loss adjustment expenses reasonable?**

A. Yes, the loss adjustment expense provisions are reasonable. It is common practice in the industry to use an average of historical experience to determine a loss adjustment expense provision, and it is reasonable to adjust that provision for expected differences in the loss adjustment expense trend and the loss trend.

**Q. Is credibility considered in the rate-level indication?**

A. Yes, credibility is considered. At the statewide level, based on the volume of data supporting the statewide rate-level indications, all three homeowners segments (owners, tenants, and condominium unit owners) are considered fully credible. The full credibility standards are 240,000 house years for owners, 285,000 house years for tenants, and 190,000 house years for condominium unit owners. When the territorial rate-level indications are calculated, partial credibility is determined using the square root rule, which is a long-standing actuarial methodology used throughout the industry.

**Q. How is hurricane exposure reflected in each policy form's rate-level indication?**

A. Similar to the Rate Bureau's prior homeowners filing, this filing reflects hurricane exposure in each of the owners, tenants, and condominium unit owners sections of the rate-level indication by using modeled hurricane losses rather than actual hurricane loss experience. Although there are actual hurricane losses in the experience period, the hurricane and excess wind losses have been removed from the base loss experience, as noted in my comments above. Actual hurricane losses have a significant amount of variability even when evaluating twenty or more years of historical loss experience in a state. As such, it is universally accepted by the property and casualty insurance industry that hurricane models provide the most reliable basis of determining anticipated average annual hurricane losses over an extended time period. Hurricane models can be used to simulate 100,000 or more years of events, which provides a broader perspective on potential insured losses as compared to only evaluating the last several decades of losses. This broader perspective provides a more reliable estimate of the average frequency of insured hurricane losses. Similarly, it provides a more reliable estimate of the frequency (and severity) of very rare, but very severe events that may not have occurred within the last 100 years of recorded history, but have the potential to occur during a 100,000 year window of time.

**Q. How is the provision for expected hurricane losses different than prior homeowners rate filings?**

A. The provision for average annual hurricane losses in this filing differs from the prior homeowners filing in that expected hurricane losses were developed through the use of hurricane models of two independent catastrophe modelers as

compared to using only one model in the prior filing. It is my understanding that, in all prior Rate Bureau homeowners filings containing a provision for modeled hurricane losses, the estimated hurricane losses were developed by AIR Worldwide (or its predecessor). With this filing, in addition to relying on AIR's hurricane model, the Rate Bureau also relied upon hurricane losses derived from the RMS (Risk Management Solutions) hurricane model. To facilitate the use of two hurricane models, the Rate Bureau retained Aon Benfield to run both models and to develop modeled hurricane losses using the blended results of these two models. I reviewed the exposure data provided as input to each model, and it is my opinion that the data was reasonable and consistent with other sections of this filing. I am also familiar with the assumptions selected as inputs to each model, and it is my opinion that the assumptions were applied consistently in both the AIR and RMS models such that the resulting output of both models are comparable. However, because Aon Benfield ran both models, I am relying on the work and opinions of Aon Benfield as it relates to specific details about the modeling process.

The Rate Bureau requested that Aon Benfield combine the results of the two hurricane models by averaging the results from each model. This approach of giving equal weight to each model is intuitive, easy to understand, and the most reasonable method of blending two hurricane models. This blending approach (i.e., averaging) is also a common practice among insurance companies that consider multiple hurricane models. Based on my review of the blended model results, it is my opinion that the resulting hurricane losses reflected in this filing are reasonable and can be relied upon for the various purposes for which modeled hurricane losses are used in this filing. Additionally, since both models are equally credible, it is also my opinion that assigning equal weight to each model is the most reliable blending method and the most actuarially sound manner to consider two hurricane models.

**Q. What model versions and modeling assumptions were used to develop estimated hurricane losses?**

A. The current AIR model is Touchstone v5.0 and the current RMS model is Risklink v17.0. To develop the expected hurricane losses, Aon Benfield relied on AIR's Standard event set and on RMS' Historical event set. These event sets were used instead of AIR's Warm Sea-Surface Temperature (WSST) event set and RMS' Medium-Term Rate event set. Although many primary insurance companies consider the WSST and Medium-Term Rate events sets when developing indicated rates in states other than North Carolina, the event sets selected for this filing are reasonable and actuarially sound.

Both the AIR and RMS models were run with aggregate demand surge included, which was identified as loss amplification in the RMS model. This standard procedure accounts for the expected additional cost for labor and materials after a very large hurricane occurs. Historical experience shows that when major

catastrophic events occur, the increased demand for building materials, labor, temporary housing, and other basic necessities can exceed the supply of these same items, which consequently increases their cost. Running models with demand surge is consistent with the Rate Bureau's prior homeowners filing, and is a common practice by insurance companies that develop rates based on modeled hurricane losses. Although the demand surge component of each model was used in this filing, the storm surge component of each model was not used to develop hurricane losses.

**Q. Were any other calculations applied to the hurricane losses derived from the models?**

A. Yes. Before providing the blended hurricane losses, Aon Benfield trended the modeled hurricane losses and applied a hurricane-specific provision for loss adjustment expense. After Aon Benfield provided the trended modeled hurricane losses (including LAE), ISO calculated a Trended Modeled Hurricane Base Class Loss Cost for each segment. The Trended Modeled Hurricane Base Class Loss Costs have been adjusted for LAE and trend in a consistent manner as the Weighted Trended Non-Hurricane Base Class Loss Costs.

**Q. How is the provision for Commission and Brokerage determined?**

A. The provision for Commission and Brokerage is determined based on the three-year average of the ratio of homeowners Commission and Brokerage expense relative to homeowners Written Premium including deviations. Deviations are included in the premium amounts underlying this calculation to be consistent with the actual calculation of Commission and Brokerage amounts paid by individual companies within the industry.

**Q. In your opinion, is the provision for Commission and Brokerage reasonable?**

A. Yes, the Commission and Brokerage provision is reasonable. It is common practice in the industry to use a three-year average to determine a Commission and Brokerage provision.

**Q. How is the provision for Taxes, Licenses, and Fees determined?**

A. The provision for Taxes, Licenses, and Fees is determined based on the three-year average of the ratio of homeowners Taxes, Licenses, and Fees expense relative to homeowners Written Premium including deviations. Deviations are included in the premium amounts underlying this calculation to be consistent with the actual calculation of Taxes, Licenses, and Fees paid by individual companies within the industry.

**Q. In your opinion, is the provision for Taxes, Licenses, and Fees reasonable?**

- A. Yes, the Taxes, Licenses, and Fees provision is reasonable. It is common practice in the industry to use a three-year average to determine a Taxes, Licenses, and Fees provision.

**Q. How is the provision for Other Acquisition expense determined?**

- A. The provision for Other Acquisition expense is determined based on the three-year average of the ratio of homeowners Other Acquisition expense relative to homeowners Earned Premium excluding deviations.

The three-year average provision is then trended from the midpoint of the experience period to the midpoint of the trend period based on an expense trend derived from cost indices. Following this, the trended Other Acquisition expense provision is added to the trended General Expense provision and applied to the statewide average homeowners premium (adjusted for premium trend) to develop an average all-forms Fixed Expense load. This all-forms Fixed Expense load is allocated to each policy form based on a relativity of 1.00 for owners and a relativity of 0.50 for tenants and condominium unit owners. The average Fixed Expense load for each policy form is then adjusted to the base class level by dividing by each policy form's average rating factor, current amount factor, and premium projection factor. The resulting amounts are the Fixed Expense amounts per policy for each policy form.

**Q. In your opinion, is the provision for Other Acquisition expense reasonable?**

- A. Yes, the Other Acquisition expense provision is reasonable. It is common practice in the industry to use a three-year average to determine an Other Acquisition expense provision, and to trend fixed expense provisions to account for inflation.

**Q. How is the provision for General Expense determined?**

- A. The provision for General Expense is determined based on the three-year average of the ratio of homeowners General Expense relative to homeowners Earned Premium.

The three-year average provision is then trended from the midpoint of the experience period to the midpoint of the trend period based on an expense trend derived from cost indices. As noted above, the trended General Expense provision is added to the trended Other Acquisition expense provision. This sum is applied to the statewide average trended homeowners premium, allocated to each policy form, and adjusted to the base class level to develop the Fixed Expense amounts per policy for each policy form.

**Q. In your opinion, is the provision for General Expense reasonable?**

- A. Yes, the General Expense provision is reasonable. It is common practice in the industry to use a three-year average to determine a General Expense provision, and to trend fixed expense provisions to account for inflation.

**Q. Is a provision for Policyholder Dividends included in the filing?**

- A. Yes, the Rate Bureau reviewed historical data and developed a provision for expected Policyholder Dividends. The Rate Bureau evaluated five years of historical experience and selected a provision for Policyholder Dividends to be 0.40% based on a five-year average ratio of the total Policyholders Dividends issued by homeowners insurers in North Carolina to the total Direct Written Premium of those same companies.

The Actuarial Standard of Practice (ASOP) No. 29 regarding *Expense Provisions in Property/Casualty Insurance Ratemaking* states the following:

The *Statement of Principles Regarding Property and Casualty Insurance Ratemaking* of the Casualty Actuarial Society (CAS) classifies policyholder dividends as an expense to operations. When the actuary determines that policyholder dividends are a reasonably expected expense and are associated with the risk transfer, the actuary may include a provision in the rate for the expected amount of policyholder dividends. In making this determination, the actuary should consider the following: the company's dividend payment history, its current dividend policy or practice, whether dividends are related to loss experience, the capitalization of the company, and other considerations affecting the payment of dividends.

As stated in ASOP NO. 29, Policyholder Dividends are classified as an operating expense. In addition to the above excerpt from the *Statement of Principles Regarding Property and Casualty Insurance Ratemaking*, the Statement also articulates that indicated rates should reflect the expected costs associated with insuring homeowners policies, including all operating expenses. As such, since Policyholder Dividends are classified as an operating expenses, it is consistent with the *Statement of Principles Regarding Property and Casualty Insurance Ratemaking* and ASOP No. 29 to include a provision for Policyholder Dividends in the proposed rates reflected in this filing.

**Q. In your opinion, is the provision for Policyholder Dividends reasonable?**

- A. Yes, the Policyholder Dividends provision is reasonable. It is reasonable and actuarially sound to calculate a five-year average ratio to determine a provision for Policyholder Dividends, and to treat this provision in a similar manner as a variable underwriting expense.

By reviewing five years of historical experience to determine a provision for Policyholder Dividends, the Rate Bureau is complying with the *Statement of Principles Regarding Property and Casualty Insurance Ratemaking* by considering the dividend payment history and ensuring that the selected provision is a reasonably expected expense.

**Q. Is a Contingency provision included in the filing?**

A. Yes, the Rate Bureau is including a 1% Contingency provision in this filing. This is consistent with the prior homeowners rate filings submitted by the Rate Bureau.

In addition to being consistent with the prior Rate Bureau filing, the use of a Contingency provision is common within the property and casualty insurance industry. According to the *Actuarial Standard of Practice No. 30: Treatment of Profit and Contingency Provisions and the Cost of Capital in Property/Casualty Insurance Ratemaking*, “the actuary should include a contingency provision if the assumptions used in the ratemaking process produce cost estimates that are not expected to equal average actual costs, and if this difference cannot be eliminated by changes in other components of the ratemaking process.” There are several reasons why expected cost estimates may not be equal to actual costs. Some of these reasons include adverse court decisions, extension of coverage for unforeseen or unintended exposures, regulatory delay or reduction in filed rate changes, and unexpected large losses not sufficiently recognized in the normal ratemaking process. Based on reasons such as those listed above, the Rate Bureau believes a Contingency provision is appropriate and necessary. It is my opinion that a 1% Contingency provision is reasonable, consistent with common actuarial practice, and appropriate based on fundamental actuarial principles.

**Q. Are you providing expert testimony concerning the Underwriting Profit provision?**

A. No, I am relying on the work and opinions of Dr. Vander Weide and Dr. Appel as to the Underwriting Profit provision. The scope of my analysis and testimony relates to other aspects of the proposed rate filing.

**Q. Are you providing expert testimony concerning the Net Cost of Reinsurance provision?**

A. No, I am relying on the work and opinion of Aon Benfield as to the Net Cost of Reinsurance provision. The scope of my analysis and testimony relates to other aspects of the proposed rate filing.

It is my understanding that in prior Rate Bureau filings, Dr. Appel has developed the Net Cost of Reinsurance provision. With this filing, Aon Benfield was

engaged by the Rate Bureau to develop the Net Cost of Reinsurance provision based on their prominence with respect to the reinsurance industry, their ability to access relevant data and experience from the reinsurance market, and their expertise with catastrophe-related issues.

**Q. Are you providing expert testimony concerning the Compensation for Assessment Risk provision?**

A. No, although I assisted Dr. Appel with some of the underlying calculations for that provision, I am relying on the work and opinions of Dr. David Appel as to the Compensation for Assessment Risk provision. The scope of my analysis and testimony relates to other aspects of the proposed rate filing.

**Q. Is a provision for Deviations included in the filing?**

A. No, the Rate Bureau reviewed historical data and considered whether to apply a provision for Deviations, but elected not to include one in this filing.

**Q. Does the filing review the rate-level adequacy by territory?**

A. Yes. With this filing, the Rate Bureau developed indicated rate-level changes by territory using a similar methodology as the statewide indication. A base loss cost is calculated for each territory using the historical loss experience. In addition, a credibility value is assigned to each territory for each policy form based on the number of house years underlying each loss cost. For territorial ratemaking, the full credibility standards are 60,000 house years for the owners forms, 75,000 house years for the tenant form, and 50,000 house years for the condominium unit owners form. Using the credibility for each territory, a Credibility-Weighted Base Loss Cost is determined by territory. Additional calculations are applied to each territory to reflect expenses, dividends, and reinsurance in a similar manner as applied at a statewide level. The result of these calculations is an Indicated Rate-Level Change by territory.

In my opinion, the methodology used to develop the indicated rate-level change by territory and by policy form is reasonable and is consistent with widely-used actuarial ratemaking practices.

**Q. Does the filing review the wind exclusion credits and wind mitigation credits?**

A. Yes. Based on the indicated rates by territory (for Territories 110 to 160) and by policy form that are being proposed with this filing, the wind exclusion credits and wind mitigation credits are being updated in a corresponding manner. Using the underlying formula for the statewide rate-level indication, an adjustment is made to the appropriate components of the indication formula to reflect the non-wind losses as a percent of the total losses. The indicated non-wind rate is subtracted

from the indicated overall rate to determine the indicated wind exclusion credit for each territory. For those territories where the proposed rate is less than the indicated rate, the wind exclusion credit is similarly reduced such that the resulting non-wind rate remains consistent with the indicated non-wind rate. The wind mitigation credits for Territories 110 to 160 are being revised in a manner proportional to the wind exclusion credits.

In my opinion, the methodology used to develop the revised wind exclusion credits and wind mitigation credits is reasonable and is consistent with widely-used actuarial ratemaking practices.

**Q. Does the filing review the wind-only rates?**

- A. Yes. Based on the indicated wind exclusion credits by territory (for Territories 110 to 160) and by policy form that are being proposed with this filing, the wind-only rates are also being updated in a corresponding manner. Using the proposed wind exclusion credits by territory, a fixed expense component is added to each credit to develop the proposed wind-only rates.

In my opinion, the methodology used to develop the revised wind-only rates is reasonable and is consistent with widely-used actuarial ratemaking practices.

**Q. What is the difference between the indicated rate level and the filed rate level?**

- A. The indicated rate level is the actuarially sound and correct rate level for each territory and each policy form. It determines the indicated rate change by territory that is needed to sufficiently cover the expected losses and expenses while still providing a fair and reasonable profit. The indicated rate level is also the rate level that complies with the statutory requirement that insurance rates not be excessive, inadequate, or unfairly discriminatory.

For owners forms, the statewide indicated rate-level change is 24.1%. Due to differences by territory in historical loss experience, modeled hurricane losses, and other expenses, the indicated change by territory varies throughout the state. For many of the western territories, the indicated change is less than 24.1%, but for several of the territories closer to the coast, the indicated change is greater than 24.1%. In contrast to this, the statewide indicated rate-level changes for tenants and condominium unit owners are 42.0% and 44.2%, respectively. Similar to the owners forms, the indicated changes by territory vary across the state. Although the variation among the territories is slightly less significant than the owners forms, all territories have an indicated tenants change and an indicated condominiums unit owners change that is at least 10.0% (i.e., an indicated rate increase).

In order to mitigate the impact of these indicated rate changes on policyholders, the Rate Bureau has filed rates that reflect a cap on the changes by territory for each policy form. The filing proposes to cap the rate changes by territory at 25% for owners forms and at 40% for tenants and condominium unit owners forms. This capping results in an overall statewide rate-level change of 18.7% instead of the indicated rate-level change of 24.9%.

In my opinion, the Rate Bureau's selected by-territory caps of 25% for owners forms and 40% for tenants and condominium unit owners forms is reasonable and is an effective strategy to mitigate the impact of this filing on those territories with the highest indicated rate changes. However, for those territories that are impacted by the cap (i.e., their indicated rate changes are greater than 25% or 40%), it should be noted that the proposed rates in those territories will continue to be inadequate.

- Q. I understand that you are not providing an opinion concerning the Underwriting Profit (Profit) provision, the Net Cost of Reinsurance (NCOR) provision, or the Compensation for Assessment Risk (CAR) provision. If I ask you to assume that the provisions for Profit, NCOR, and CAR are reasonable and actuarially sound, then in your opinion, is the overall rate-level indication shown in the homeowners filing by the North Carolina Rate Bureau reasonable?**
- A. Yes, if I assume that the provisions for Profit, NCOR, and CAR are reasonable, then in my opinion, the overall homeowners rate-level indication shown by the Rate Bureau, and the rate-level indications for each policy form, are reasonable and actuarially sound.
- Q. Again, assuming that the provisions for Profit, NCOR, and CAR are reasonable, do you have an opinion whether the proposed rates, as capped in the filing, reasonably provide for the expected costs for homeowners insurance in North Carolina?**
- A. If I assume that the provisions for Profit, NCOR, and CAR are reasonable, then in my opinion, the proposed rates in this filing reasonably reflect the expected costs for homeowners insurance. However, in those territories where the Rate Bureau has capped the rates in this filing to mitigate the impact on affected policyholders, the proposed rates do not reflect all expected costs. The expected costs that can be quantified by the difference between a territory's indicated rate change and its capped rate change are not being reflected in the proposed rates.
- Q. Assuming that the provisions for Profit, NCOR, and CAR are reasonable, in your opinion, are the proposed homeowners rates not excessive, inadequate, or unfairly discriminatory?**

A. If I assume that the provisions for Profit, NCOR, and CAR are reasonable, then in my opinion, the proposed homeowners rates in this filing are not excessive or unfairly discriminatory. Similarly, the rates in those territories unaffected by the proposed cap are not inadequate; however, in those territories where the Rate Bureau is proposing to cap the effect of this filing, the proposed rates continue to be inadequate by the difference between the indicated rate change and the capped rate change.

**Q. Does this conclude your testimony?**

A. Yes, it does.

PREFILED TESTIMONY  
OF  
JAMES H. VANDER WEIDE

2017 HOMEOWNERS INSURANCE RATE FILING  
BY THE NORTH CAROLINA RATE BUREAU

Q. WHAT IS YOUR NAME, OCCUPATION, AND BUSINESS ADDRESS?

A. My name is James H. Vander Weide. I am President of Financial Strategy Associates, a firm that provides strategic and financial consulting services to corporate clients. My business address is 3606 Stoneybrook Drive, Durham, North Carolina 27705.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND PRIOR ACADEMIC EXPERIENCE.

A. I graduated from Cornell University with a Bachelor's Degree in Economics and then attended Northwestern University where I earned a Ph.D. in Finance. I joined the faculty of the School of Business at Duke University where I was subsequently named Assistant Professor, Associate Professor, Professor, and Research Professor. I have published research in the areas of finance and economics and taught courses in these fields at Duke for more than thirty-five years. I am now retired from my teaching duties at Duke.

I have taught courses in corporate finance, investment management, and management of financial institutions. I also taught a graduate seminar on the theory of public utility pricing and lectured in executive development seminars on

the cost of capital, financial analysis, capital budgeting, mergers and acquisitions, cash management, short-run financial planning, and competitive strategy.

I have served as Program Director and taught in numerous executive education programs at Duke, including the Duke Advanced Management Program, the Duke Management Challenge, the Duke Executive Program in Telecommunications, Competitive Strategies in Telecommunications, and the Duke Program for Manager Development for managers from the former Soviet Union. I have also taught in tailored programs developed for corporations such as ABB, Accenture, Allstate, AT&T, Progress Energy, GlaxoSmithKline, Lafarge, MidAmerican Energy, Norfolk Southern, The Rank Group, Siemens, TRW, and Wolseley PLC.

In addition to my teaching and executive education activities, I have written research papers on such topics as portfolio management, the cost of capital, capital budgeting, the effect of regulation on the performance of public utilities, and cash management. My articles have been published in *American Economic Review*, *Financial Management*, *International Journal of Industrial Organization*, *Journal of Finance*, *Journal of Financial and Quantitative Analysis*, *Journal of Bank Research*, *Journal of Accounting Research*, *Journal of Cash Management*, *Management Science*, *The Journal of Portfolio Management*, *Atlantic Economic Journal*, *Journal of Economics and Business*, and *Computers and Operations Research*. I have written a book titled *Managing Corporate Liquidity: an Introduction to Working Capital Management*, a chapter for *The Handbook of*

*Modern Finance*, “Financial Management in the Short Run,” and a chapter for the book, *The Handbook of Portfolio Construction: Contemporary Applications of Markowitz Techniques*, “Principles for Lifetime Portfolio Selection: Lessons from Portfolio Theory.”

Q. HAVE YOU PREVIOUSLY PRESENTED EVIDENCE ON THE COST OF CAPITAL AND OTHER REGULATORY ISSUES?

A. Yes. As an expert on financial and economic theory and practice, I have participated in more than five hundred regulatory and legal proceedings before the U.S. Congress, the Canadian Radio-Television and Telecommunications Commission, the Federal Communications Commission, the National Telecommunications and Information Administration, the Federal Energy Regulatory Commission, the National Energy Board (Canada), the public utility commissions of forty-five states and four Canadian provinces, the insurance commissions of five states, the Iowa State Board of Tax Review, the National Association of Securities Dealers, and the North Carolina Property Tax Commission. In addition, I have prepared expert testimony in proceedings before the U.S. Tax Court, the U.S. District Court for the District of Nebraska; the U.S. District Court for the District of New Hampshire; the U.S. District Court for the District of Northern Illinois; the U.S. District Court for the Eastern District of North Carolina; the Montana Second Judicial District Court, Silver Bow County; the U.S. District Court for the Northern District of California; the Superior Court, North Carolina; the U.S. Bankruptcy Court for the Southern District of West Virginia; the

U. S. District Court for the Eastern District of Michigan; and the Supreme Court of the State of New York.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. I have been asked by the North Carolina Rate Bureau to make an independent appraisal of the aggregate cost of equity capital for the companies writing homeowners insurance in North Carolina and to recommend a rate of return on equity that is fair, that allows those companies in the aggregate to attract and retain capital on reasonable terms, that is commensurate with returns on investments of comparable risk, and that maintains the financial integrity of those companies in the aggregate.

Q. WHAT DO YOU MEAN BY THE PHRASE "COST OF EQUITY CAPITAL?"

A. A firm's cost of equity capital is the rate of return expectation that is required in the marketplace on equity investments of comparable risk. If an investor does not expect to earn a return on an equity investment in a firm that is at least as large as the return the investor could expect to earn on other investments of comparable risk, then the investor will not invest in that firm's shares. Thus, a firm's cost of equity capital is also the rate of return expectation that is required in the marketplace in order to induce equity investors to purchase shares in that firm.

Q. IS THE COST OF EQUITY CAPITAL THE SAME AS THE RETURN ON EQUITY?

A. No. The cost of equity capital is a market-based concept that reflects investors' future expectations, while the return on equity is an accounting concept that measures results of past performance. The return on equity is equal to income available for common equity divided by the book value of common equity.

Q. HAVE YOU FORMED AN OPINION REGARDING THE COST OF EQUITY CAPITAL FOR THE AVERAGE COMPANY WRITING HOMEOWNERS INSURANCE IN NORTH CAROLINA?

A. Yes.

Q. WHAT IS YOUR OPINION IN THAT REGARD?

A. The cost of equity capital for such a company is in the range 8.8 percent to 12.1 percent.

Q. WHAT ECONOMIC PRINCIPLES DID YOU CONSIDER IN ARRIVING AT THAT OPINION?

A. There are two primary economic principles relevant to my appraisal of the cost of equity capital. The first, relating to the demand for capital, states that a firm should continue to invest in its business only so long as the return on its investment is greater than or equal to its cost of capital. In the context of a regulated firm, this principle suggests that the regulatory agency should establish revenue levels which will offer the firm an opportunity to earn a return on its investment that is at least equal to its cost of capital.

The second principle, relating to the supply of capital, states that rational investors are maximizing their total return on capital only if the returns they expect to receive on investments of comparable risk are equal. If these returns are not equal, rational investors will reduce or completely eliminate investments in those activities yielding lower expected returns for a given level of risk and will increase investments in those activities yielding higher expected returns. The second principle implies that regulated firms will be unable to obtain the capital required to expand service on reasonable terms unless they are able to provide investors returns equal to those expected on investments of comparable risk.

Q. DO THESE ECONOMIC PRINCIPLES APPLY TO THE SETTING OF INSURANCE RATES?

A. Yes. These are general economic principles that apply to investing in any business activity, including insurance.

Q. HOW DID YOU GO ABOUT DETERMINING THE COST OF EQUITY CAPITAL FOR THE AVERAGE COMPANY WRITING HOMEOWNERS INSURANCE IN NORTH CAROLINA?

A. I used two generally accepted methods to estimate the cost of equity: (1) the Discounted Cash Flow (DCF) Model, and (2) the Risk Premium Approach.

Q. PLEASE DESCRIBE THE DCF MODEL.

A. The DCF Model suggests that investors value an asset on the basis of the future cash flows they expect to receive from owning the asset. Thus, investors value

an investment in a bond because they expect to receive a sequence of semi-annual coupon payments over the life of the bond and a terminal payment equal to the bond's face value at the time the bond matures. Likewise, investors value an investment in a firm's stock because they expect to receive a sequence of dividend payments and, perhaps, expect to sell the stock at a higher price sometime in the future.

A second fundamental principle of the DCF approach is that investors value a dollar received in the future less than a dollar received today. This is because, if they had the dollar today, they could invest it in an interest earning account and increase their wealth. This principle is called the time value of money.

Applying the two fundamental DCF principles noted above to an investment in a bond suggests that investors should value their investment in the bond on the basis of the present value of the bond's future cash flows. Thus, the price of the bond should be equal to:

**Equation 1**

$$P_B = \frac{C}{(1+i)} + \frac{C}{(1+i)^2} + \dots + \frac{C+F}{(1+i)^n}$$

where:

- $P_B$  = Bond price;
- $C$  = Cash value of the coupon payment (assumed for notational convenience to occur annually rather than semi-annually);
- $F$  = Face value of the bond;
- $i$  = The rate of interest the investor could earn by investing his money in an alternative bond of equal risk; and
- $n$  = The number of periods before the bond matures.

Applying these same principles to an investment in a firm's stock suggests that the price of the stock should be equal to:

**Equation 2**

$$P_s = \frac{D_1}{(1+k)} + \frac{D_2}{(1+k)^2} + \dots + \frac{D_n + P_n}{(1+k)^n}$$

where:

- $P_s$  = Current price of the firm's stock;
- $D_1, D_2 \dots D_n$  = Expected annual dividend per share on the firm's stock;
- $P_n$  = Price per share of stock at the time the investor expects to sell the stock; and
- $k$  = Return the investor expects to earn on alternative investments of the same risk, i.e., the investor's required rate of return.

Equation (2) is frequently called the Annual Discounted Cash Flow (DCF) Model of stock valuation.

Q. HOW DO YOU USE THE DCF MODEL TO DETERMINE THE COST OF EQUITY CAPITAL?

A. The "k" in the equation is the cost of equity capital. We make certain simplifying assumptions regarding the other factors in the equation and then mathematically solve for "k."

Q. WHAT ARE THE ASSUMPTIONS YOU MAKE?

A. Most analysts make three simplifying assumptions. First, they assume that dividends are expected to grow at the constant rate ("g") into the indefinite future.

Second, they assume that the stock price at time “n” is simply the present value of all dividends expected in periods subsequent to “n.” Third, they assume that the investors’ required rate of return, “k,” exceeds the expected dividend growth rate, “g.”

Q. DOES THE ANNUAL DCF MODEL OF STOCK VALUATION PRODUCE APPROPRIATE ESTIMATES OF A FIRM’S COST OF EQUITY CAPITAL?

A. No. The Annual DCF Model of stock valuation produces appropriate estimates of a firm’s cost of equity capital only if the firm pays dividends just once a year. Since most firms pay dividends quarterly, the Annual DCF Model produces downwardly biased estimates of the cost of equity. Investors can expect to earn a higher annual effective return on an investment in a firm that pays quarterly dividends than in one which pays the same amount of dollar dividends once at the end of each year. A complete analysis of the implications of the quarterly payment of dividends on the DCF Model is provided in Exhibit RB-17. For the reasons cited there, I employed the Quarterly DCF Model throughout my calculations.

Q. PLEASE DESCRIBE THE QUARTERLY DCF MODEL YOU USED.

A. The Quarterly DCF Model I used is described by Equation 10 on page 10 in Exhibit RB-17. This equation shows that the cost of equity is: the sum of the dividend yield and the growth rate, where the dividend in the dividend yield is the equivalent dividend at the end of the year, and the growth rate is the expected growth in dividends or earnings per share.

Q. HOW DO YOU APPLY THE DCF APPROACH TO OBTAIN THE COST OF EQUITY CAPITAL FOR THE COMPANIES WRITING HOMEOWNERS INSURANCE IN NORTH CAROLINA?

A. I apply the DCF approach to two groups of companies: Value Line's group of property/casualty insurance companies and the S&P 500.

Q. WHY DO YOU APPLY THE DCF APPROACH TO THE S&P 500 AS WELL AS TO VALUE LINE'S PROPERTY/CASUALTY INSURANCE COMPANIES?

A. As I noted previously, the cost of equity is defined as the rate of return investors expect to earn on investments in other companies of comparable risk. I apply the DCF approach to the S&P 500 because they are a large group of companies that, on average, are typically viewed as being comparable in risk to the property/casualty insurance industry. The use of a larger set of comparable risk companies should provide an accurate estimate of the cost of equity for the companies writing homeowners insurance in North Carolina.

Q. DO YOU INCLUDE ALL THE VALUE LINE PROPERTY/CASUALTY INSURANCE COMPANIES?

A. No. Among the Value Line property/casualty insurance companies, I only include companies which pay a quarterly dividend, have not lowered their dividends, and have a positive five-year earnings growth forecast available from I/B/E/S (formerly known as the Institutional Brokers Estimate System, now part of

Thomson Reuters). The Value Line property/casualty companies I use are shown in Exhibit RB-15.

Q. WHAT CRITERIA DO YOU USE TO SELECT COMPANIES IN THE S&P 500?

A. I include those firms which pay dividends and which have at least three five-year earnings forecasts available from I/B/E/S. I exclude the insurance companies in the S&P 500, as identified by I/B/E/S Thomson Reuters, because I have already calculated DCF results for the Value Line property/casualty insurance companies. The S&P 500 companies I use are shown in Exhibit RB-16.

Q. WHY DO YOU ELIMINATE ANY COMPANY WHICH HAD RECENTLY LOWERED ITS DIVIDEND OR WHICH FAILS TO PAY DIVIDENDS?

A. I eliminate those companies because it is difficult to make a reliable estimate of the future dividend growth rate for companies that have recently lowered their dividends or do not pay dividends. If a company has recently lowered its dividend, investors do not know whether the company will again lower its dividend in the future, or whether the company will attempt to increase its dividend back toward its previous level. If a company does not pay a dividend, one cannot mathematically apply the DCF approach.

Q. HOW DO YOU ESTIMATE THE GROWTH COMPONENT OF THE QUARTERLY DCF MODEL?

A. I use the average of analysts' estimates of future earnings per share (EPS) growth reported by I/B/E/S. As part of their research, financial analysts working at

Wall Street firms periodically estimate EPS growth for each firm they follow. The EPS forecasts for each firm are then published. The forecasts are used by investors who are contemplating purchasing or selling shares in individual companies.

Q. WHAT IS I/B/E/S?

A. I/B/E/S is a collection of analysts' forecasts for a broad group of companies expressed in terms of a mean forecast and a standard deviation of forecast for each firm. The mean forecast is used by investors as an estimate of future firm performance.

Q. WHY DO YOU USE THE I/B/E/S GROWTH ESTIMATES?

A. The I/B/E/S growth rates (1) are widely circulated in the financial community, (2) include the projections of reputable financial analysts who develop estimates of future growth, (3) are reported on a timely basis to investors, and (4) are widely used by institutional and other investors. For these reasons, I believe these estimates represent unbiased estimates of investors' expectations of each firm's long-term growth prospects and, accordingly, are incorporated by investors into their return requirements. Consequently, in my opinion, they provide the best available estimate of investors' long-term growth expectations.

Q. WHY DO YOU RELY EXCLUSIVELY ON ANALYSTS' PROJECTIONS OF FUTURE EPS GROWTH IN ESTIMATING THE INVESTORS' EXPECTED

GROWTH RATE RATHER THAN LOOKING AT PAST HISTORICAL GROWTH RATES?

A. There is considerable empirical evidence that analysts' forecasts are more highly correlated with stock prices than are firms' historical growth rates, and, thus, that investors actually use these forecasts.

Q. HAVE YOU PERFORMED ANY STUDIES CONCERNING THE USE OF ANALYSTS' FORECASTS AS THE BEST ESTIMATE OF INVESTORS' EXPECTED GROWTH RATE, G?

A. Yes, I prepared a study with Willard T. Carleton, Professor of Finance Emeritus at the University of Arizona, on why analysts' forecasts provide the best estimate of investors' expectations of future long-term growth. This study is described in a paper entitled "Investor Growth Expectations: Analysts vs. History," published in *The Journal of Portfolio Management*.

Q. PLEASE SUMMARIZE THE RESULTS OF YOUR STUDY.

A. First, we performed a correlation analysis to identify the historically-oriented growth rates which best described a firm's stock price. Then we did a regression study comparing the historical growth rates with the consensus analysts' forecasts. In every case, the regression equations containing the average of analysts' forecasts statistically outperformed the regression equations containing the historical growth estimates. These results are consistent with those found by Cragg and Malkiel, the early major research in this area. These results are also consistent with the hypothesis that investors use analysts' forecasts, rather than

historically-oriented growth calculations, in making buy and sell decisions. They provide overwhelming evidence that the analysts' forecasts of future growth are superior to historically-oriented growth measures in predicting a firm's stock price.

Q. WHAT PRICE DO YOU USE IN YOUR DCF MODEL?

A. I use a simple average of the monthly high and low stock prices for each firm for the three-month period, March, April, and May 2017. These high and low stock prices are obtained from Thomson Reuters.

Q. WHY DO YOU USE THE THREE-MONTH AVERAGE STOCK PRICE,  $P_0$ , IN APPLYING THE DCF METHOD?

A. I use a three-month average stock price in applying the DCF method because stock prices fluctuate daily, while financial analysts' forecasts for a given company are generally changed less frequently, often on a quarterly basis. Thus, to match the stock price with an earnings forecast, it is appropriate to average stock prices over a three-month period.

Q. PLEASE EXPLAIN YOUR INCLUSION OF FLOTATION COSTS.

A. All firms that have sold securities in the capital markets have incurred some level of flotation costs, including underwriters' commissions, legal fees, printing expense, etc. These costs are paid from the proceeds of the stock sale and must be recovered over the life of the equity issue. Costs vary depending upon the size of the issue, the type of registration method used and other factors, but

in general these costs range between four percent and five percent of the proceeds from the issue. In addition to these costs, the underwriter's offer price is set below the most recent closing price before the public offering in order to reduce the risk that the underwriters will be unable to sell the entire offering at the offer price. The difference between the offer price and the recent closing price is generally in the range two percent to three percent. Thus, the total flotation cost, including both issuance expense and underwriter discount, could range anywhere from five percent to eight percent of the proceeds of an equity issue. These cost ranges have been developed and confirmed in a number of generally accepted studies. I believe a combined five percent allowance for flotation costs is a conservative estimate that should be used in applying the DCF model in this proceeding.

Q. PLEASE SUMMARIZE THE RESULTS OF YOUR APPLICATION OF THE DCF METHOD TO THE PROPERTY/CASUALTY INSURANCE COMPANIES AND THE S&P 500.

A. As shown in Exhibits RB-15 and RB-16, the average DCF cost of equity capital for my group of Value Line property/casualty companies is 12.1 percent; and for the S&P 500 companies, 12.0 percent.

Q. WHAT CONCLUSION DO YOU REACH FROM YOUR DCF ANALYSIS ABOUT THE COST OF EQUITY CAPITAL FOR COMPANIES WRITING HOMEOWNERS INSURANCE IN NORTH CAROLINA?

A. On the basis of my DCF analysis, I would conclude that for companies writing homeowners insurance in North Carolina the cost of equity is approximately 12.0 percent.

Q. YOU NOTE THAT THE SECOND METHOD YOU USE TO ESTIMATE THE COST OF EQUITY CAPITAL FOR COMPANIES WRITING HOMEOWNERS INSURANCE IN NORTH CAROLINA IS A RISK PREMIUM APPROACH. PLEASE DESCRIBE THAT APPROACH.

A. I perform a study of the comparable returns received by bond and stock investors over the last ninety-one years. I estimate the returns on stock and bond portfolios, using stock price and dividend yield data on the S&P 500 stock portfolio and bond yield data on Moody's A-rated utility bonds.

My study consists of analyzing the historically achieved returns on broadly based stock and bond portfolios going back to 1926. For stocks, I use the S&P 500 stock portfolio; and for bonds, I use Moody's A-rated utility bonds. The resulting annual returns on the stock and bond portfolios purchased in each year from 1926 through 2016 are shown on Exhibit RB-18. The difference between the stock return and the bond return over that period of time on an arithmetic average basis is 4.66 percentage points.

Q. WHAT CONCLUSIONS DO YOU DRAW FROM YOUR RISK PREMIUM ANALYSES?

A. My own studies, combined with my analysis of other studies, provide strong evidence for the belief that investors today require an equity return of at least

4.66 percentage points above the expected yield on A-rated long-term debt issues.

Interest rates on Moody's seasoned A-rated utility bonds during the three months March through May 2017 range from 4.1 percent to 4.2 percent. On the basis of this information and my knowledge of bond market conditions, I conclude that the long-term yield on A-rated utility bonds is approximately 4.16 percent. Adding a 4.66 percentage point risk premium to the 4.16 percent expected yield on A-rated utility bonds, I obtain an expected return on equity of 8.8 percent.

Q. ARE THERE REASONS TO BELIEVE THAT THE RESULT OF YOUR EX POST RISK PREMIUM ANALYSIS MAY UNDERESTIMATE THE COST OF EQUITY AT THIS TIME?

A. Yes. The ex post risk premium model may produce an unrealistically low result because the model result is highly sensitive to the estimate of the bond yield. At this time, bond yields are unusually low, reflecting policy decisions of the U.S. government and the U.S. Federal Reserve Bank to keep interest rates low in order to stimulate the economy. Since the ex post risk premium cost of equity result is the sum of the risk premium and the bond yield, the use of an unusually low bond yield in the model may cause the ex post risk premium model result to underestimate the cost of equity. Because the cost of equity is a forward-looking concept, it would be reasonable to apply the ex post risk premium model using a forecast of the expected bond yield, rather than a recent bond yield. Because bond yields are expected to increase over the next several years, the use of a

forecasted bond yield would produce a significantly higher ex post risk premium estimate of the cost of equity. Thus, I consider my ex post risk premium model result to be conservative.

Q. BASED ON YOUR ANALYSES, WHAT IS YOUR OPINION AS TO THE COST OF CAPITAL FOR THE AVERAGE INSURANCE COMPANY WRITING HOMEOWNERS INSURANCE IN NORTH CAROLINA?

A. Based on my review and studies, I believe that a conservative estimate of the cost of common equity capital for the average insurance company writing homeowners insurance in North Carolina is in the range 8.8 percent to 12.1 percent.

SUMMARY OF DISCOUNTED CASH FLOW ANALYSIS FOR  
PROPERTY/CASUALTY INSURANCE COMPANIES

	COMPANY	MOST RECENT QUARTERLY DIVIDEND (D <sub>0</sub> )	STOCK PRICE (P <sub>0</sub> )	FORECAST OF FUTURE EARNINGS GROWTH	DCF MODEL RESULT
1	Allstate Corp.	0.370	82.096	15.47%	17.7%
2	Amer. Financial Group	0.313	96.342	8.00%	9.4%
3	AmTrust Financial Svcs.	0.170	17.442	10.25%	14.9%
4	Chubb Ltd.	0.690	138.406	4.82%	7.1%
5	CNA Fin'l	0.250	44.399	6.55%	9.2%
6	Erie Indemnity	0.783	121.032	10.00%	13.0%
7	Old Republic	0.190	20.258	10.00%	14.5%
8	RLI Corp.	0.200	56.801	9.80%	11.5%
9	Selective Ins. Group	0.160	48.792	10.00%	11.6%
10	Average				12.1%

Note:<sup>1</sup>

d<sub>0</sub> = Latest quarterly dividend.  
d<sub>1</sub>, d<sub>2</sub>, d<sub>3</sub>, d<sub>4</sub>, = Expected next four quarterly dividends, calculated by multiplying the last four quarterly dividends per Value Line, by the factor (1 + g).  
P<sub>0</sub> = Average of the monthly high and low stock prices during the three months ending May 2017 per Thomson Reuters.  
FC = Flotation costs.  
g = I/B/E/S forecast of future earnings growth May 2017.  
k = Cost of equity using the quarterly version of the DCF Model and a five percent allowance for flotation costs as shown by the formula below:

$$k = \frac{d_1(1+k)^{.75} + d_2(1+k)^{.50} + d_3(1+k)^{.25} + d_4}{P_0(1-FC)} + g$$

<sup>1</sup> At May 2017, because of the wide range of DCF model results for property/casualty insurance companies, I have conservatively eliminated DCF model results that were greater or less than the mean result by one standard deviation. If I were to have included all available DCF model results, the average would have been 13.2 percent.

SUMMARY OF DISCOUNTED CASH FLOW ANALYSIS FOR  
S&P 500 COMPANIES

	COMPANY	STOCK PRICE (P <sub>0</sub> )	D <sub>0</sub>	FORECAST OF FUTURE EARNINGS GROWTH	MODEL RESULT
1	3M	194.21	4.70	9.33%	12.1%
2	ABBOTT LABORATORIES	44.28	1.06	11.22%	14.0%
3	ABBVIE	65.23	2.56	14.45%	19.3%
4	ACCENTURE CLASS A	120.84	2.42	9.42%	11.7%
5	ACTIVISION BLIZZARD	51.45	0.30	18.22%	18.9%
6	ADV.AUTO PARTS	145.87	0.24	12.24%	12.4%
7	AETNA	134.03	2.00	11.97%	13.7%
8	AFFILIATED MANAGERS	160.93	0.80	14.08%	14.7%
9	AFLAC	73.52	1.72	7.07%	9.7%
10	AGILENT TECHS.	54.94	0.53	10.43%	11.6%
11	ALLERGAN	237.35	2.80	12.38%	13.8%
12	ALLIANCE DATA SYSTEMS	247.48	2.08	12.29%	13.3%
13	ALTRIA GROUP	72.79	2.44	7.87%	11.7%
14	AMER.ELEC.PWR.	67.81	2.36	2.38%	6.2%
15	AMERICAN EXPRESS	78.53	1.28	7.29%	9.1%
16	AMERICAN WATER WORKS	77.74	1.66	7.70%	10.1%
17	AMERIPRISE FINL.	127.36	3.32	14.87%	18.1%
18	AMERISOURCEBERGEN	86.59	1.46	8.84%	10.8%
19	AMETEK	56.10	0.36	10.83%	11.6%
20	AMGEN	164.96	4.60	5.45%	8.6%
21	ANTHEM	172.96	2.60	11.42%	13.2%
22	AON CLASS A	120.73	1.44	6.81%	8.2%
23	APPLE	144.67	2.52	11.07%	13.1%
24	ARTHUR J GALLAGHER	56.28	1.56	11.01%	14.3%
25	AT&T	40.40	1.96	7.90%	13.5%
26	AUTOMATIC DATA PROC.	102.11	2.28	11.39%	14.0%
27	AVERY DENNISON	81.71	1.80	11.11%	13.7%
28	BALL	37.89	0.20	11.16%	11.8%
29	BANK OF AMERICA	23.50	0.30	10.48%	12.0%
30	BAXTER INTL.	54.31	0.64	12.97%	14.4%
31	BB&T	44.32	1.20	5.58%	8.6%
32	BECTON DICKINSON	182.90	2.92	9.90%	11.8%
33	BED BATH & BEYOND	38.32	0.60	6.33%	8.1%

	COMPANY	STOCK PRICE (P <sub>0</sub> )	D <sub>0</sub>	FORECAST OF FUTURE EARNINGS GROWTH	MODEL RESULT
34	BEST BUY	50.60	1.36	11.38%	14.6%
35	BLACKROCK	387.00	10.00	12.60%	15.7%
36	BOEING	180.60	5.68	16.04%	19.9%
37	BORGWARNER	41.35	0.56	8.05%	9.6%
38	BRISTOL MYERS SQUIBB	55.28	1.56	9.19%	12.5%
39	C R BARD	277.74	1.04	11.46%	11.9%
40	CAMPBELL SOUP	57.33	1.40	4.55%	7.3%
41	CAPITAL ONE FINL.	84.05	1.60	8.32%	10.5%
42	CARDINAL HEALTH	77.53	1.85	4.90%	7.6%
43	CARNIVAL	59.87	1.60	13.46%	16.7%
44	CBS 'B'	66.31	0.72	16.51%	17.8%
45	CENTERPOINT EN.	27.83	1.07	5.89%	10.2%
46	CH ROBINSON WWD.	74.64	1.80	6.85%	9.6%
47	CHARLES SCHWAB	39.64	0.32	19.49%	20.5%
48	CHURCH & DWIGHT CO.	50.12	0.76	8.24%	10.0%
49	CIGNA	154.11	0.04	13.32%	13.4%
50	CISCO SYSTEMS	33.28	1.16	10.29%	14.4%
51	CITIGROUP	59.88	0.64	6.83%	8.0%
52	CITIZENS FINANCIAL GROUP	35.77	0.56	16.72%	18.7%
53	CLOROX	134.53	3.36	6.93%	9.8%
54	CMS ENERGY	45.30	1.33	7.52%	10.9%
55	COACH	40.78	1.35	10.94%	14.9%
56	COCA COLA	43.22	1.48	4.83%	8.7%
57	COGNIZANT TECH.SLTN.'A'	60.43	0.60	12.80%	14.0%
58	COLGATE-PALM.	73.27	1.60	8.57%	11.1%
59	COMCAST 'A'	38.65	0.63	11.95%	13.9%
60	CONSOLIDATED EDISON	78.83	2.76	3.97%	7.9%
61	CONSTELLATION BRANDS 'A'	169.14	2.08	15.96%	17.5%
62	CORNING	28.10	0.62	9.36%	11.9%
63	COSTCO WHOLESALE	173.24	2.00	9.98%	11.3%
64	CSX	49.44	0.80	14.48%	16.4%
65	CUMMINS	152.28	4.10	10.48%	13.6%
66	CVS HEALTH	79.62	2.00	7.89%	10.8%
67	D R HORTON	33.18	0.40	11.17%	12.6%
68	DANAHER	84.77	0.56	8.70%	9.5%

	COMPANY	STOCK PRICE (P <sub>0</sub> )	D <sub>0</sub>	FORECAST OF FUTURE EARNINGS GROWTH	MODEL RESULT
69	DARDEN RESTAURANTS	83.41	2.24	11.72%	14.9%
70	DELPHI AUTOMOTIVE	79.94	1.16	12.73%	14.5%
71	DENTSPLY SIRONA	63.12	0.35	8.19%	8.8%
72	DISCOVER FINANCIAL SVS.	64.95	1.20	8.43%	10.6%
73	DOLLAR GENERAL	71.47	1.04	6.77%	8.4%
74	DOMINION ENERGY	77.73	3.02	3.96%	8.3%
75	DOVER	79.92	1.76	12.77%	15.4%
76	DOW CHEMICAL	62.61	1.84	6.96%	10.3%
77	DR PEPPER SNAPPLE GROUP	94.22	2.32	8.73%	11.6%
78	DTE ENERGY	103.73	3.30	4.58%	8.1%
79	DUKE ENERGY	82.68	3.42	2.55%	7.1%
80	E I DU PONT DE NEMOURS	79.50	1.52	8.06%	10.3%
81	EATON	75.16	2.40	10.36%	14.1%
82	ECOLAB	126.79	1.48	11.91%	13.3%
83	EDISON INTL.	79.70	2.17	4.11%	7.1%
84	ELI LILLY	82.35	2.08	12.33%	15.3%
85	EMERSON ELECTRIC	59.25	1.92	8.10%	11.8%
86	EQUIFAX	135.53	1.56	11.00%	12.4%
87	ESTEE LAUDER COS.'A'	87.11	1.36	9.66%	11.5%
88	EVERSOURCE ENERGY	59.45	1.90	5.99%	9.6%
89	EXELON	35.45	1.31	2.40%	6.4%
90	FEDEX	191.15	1.60	11.72%	12.7%
91	FIDELITY NAT.INFO.SVS.	82.25	1.16	12.48%	14.2%
92	FMC	70.33	0.66	13.10%	14.2%
93	FOOT LOCKER	72.33	1.24	8.88%	10.9%
94	FORTIVE	61.06	0.28	8.47%	9.0%
95	GAP	24.34	0.92	6.71%	11.0%
96	GENERAL DYNAMICS	192.32	3.36	7.59%	9.6%
97	GENERAL ELECTRIC	29.26	0.96	12.28%	16.2%
98	GENERAL MILLS	117.36	1.92	6.21%	8.1%
99	GLOBAL PAYMENTS	81.81	0.05	17.59%	17.7%
100	GOLDMAN SACHS GP.	226.76	3.00	12.24%	13.8%
101	HANESBRANDS	21.04	0.60	10.27%	13.6%
102	HARLEY-DAVIDSON	58.04	1.46	9.23%	12.2%
103	HERSHEY	109.34	2.47	8.22%	10.8%

	COMPANY	STOCK PRICE (P <sub>0</sub> )	D <sub>0</sub>	FORECAST OF FUTURE EARNINGS GROWTH	MODEL RESULT
104	HOME DEPOT	152.03	3.56	11.75%	14.5%
105	HONEYWELL INTL.	128.52	2.66	7.42%	9.8%
106	HORMEL FOODS	34.56	0.68	9.88%	12.2%
107	HP	18.15	0.53	5.21%	8.5%
108	HUMANA	218.13	1.60	12.98%	13.9%
109	HUNT JB TRANSPORT SVS.	90.80	0.92	12.15%	13.4%
110	HUNTINGTON BCSH.	13.12	0.32	10.56%	13.4%
111	ILLINOIS TOOL WORKS	135.60	2.60	9.11%	11.3%
112	INGERSOLL-RAND	84.38	1.60	10.64%	12.9%
113	INTEL	35.98	1.09	8.36%	11.9%
114	INTERCONTINENTAL EX.	59.81	0.80	12.98%	14.6%
115	INTERNATIONAL BUS.MCHS.	166.80	6.00	2.56%	6.5%
116	INTERNATIONAL PAPER	52.31	1.85	10.72%	14.9%
117	INTL.FLAVORS & FRAG.	133.28	2.56	7.36%	9.5%
118	INVESCO	31.61	1.16	10.36%	14.7%
119	J M SMUCKER	130.56	3.00	4.91%	7.5%
120	JACOBS ENGR.	54.33	0.60	8.10%	9.4%
121	JOHNSON & JOHNSON	124.88	3.36	6.45%	9.5%
122	JOHNSON CONTROLS INTL.	41.90	1.00	13.43%	16.3%
123	JP MORGAN CHASE & CO.	87.07	2.00	6.76%	9.4%
124	JUNIPER NETWORKS	29.01	0.40	12.12%	13.8%
125	KANSAS CITY SOUTHERN	89.04	1.32	11.65%	13.4%
126	KELLOGG	72.26	2.08	5.67%	8.9%
127	KEYCORP	18.07	0.38	10.32%	12.8%
128	KIMBERLY-CLARK	130.82	3.88	6.07%	9.4%
129	KOHL'S	39.36	2.20	5.33%	11.7%
130	KRAFT HEINZ	91.18	2.40	13.20%	16.4%
131	KROGER	29.93	0.48	6.12%	7.9%
132	L BRANDS	49.60	2.40	5.81%	11.3%
133	L3 TECHNOLOGIES	167.86	3.00	6.50%	8.5%
134	LENNAR 'A'	51.41	0.16	8.21%	8.6%
135	LINCOLN NATIONAL	66.24	1.16	8.62%	10.6%
136	LOCKHEED MARTIN	271.93	7.28	5.79%	8.8%
137	LOWE'S COMPANIES	82.57	1.64	15.60%	18.0%
138	M&T BANK	158.23	3.00	8.13%	10.3%

	COMPANY	STOCK PRICE (P <sub>0</sub> )	D <sub>0</sub>	FORECAST OF FUTURE EARNINGS GROWTH	MODEL RESULT
139	MARATHON PETROLEUM	50.52	1.44	12.93%	16.4%
140	MARRIOTT INTL.'A'	95.00	1.32	13.77%	15.4%
141	MARSH & MCLENNAN	74.30	1.50	10.23%	12.6%
142	MASCO	35.38	0.40	16.17%	17.6%
143	MASTERCARD	115.09	0.88	15.01%	15.9%
144	MCCORMICK & COMPANY NV.	100.32	1.88	8.50%	10.7%
145	MCDONALDS	136.66	3.76	9.16%	12.4%
146	MEDTRONIC	82.50	1.72	7.37%	9.7%
147	MERCK & COMPANY	63.87	1.88	6.02%	9.3%
148	METLIFE	52.08	1.60	10.61%	14.2%
149	MICROSOFT	66.95	1.56	9.35%	12.1%
150	MONDELEZ INTERNATIONAL CL.A	44.51	0.76	10.11%	12.1%
151	MOODY'S	114.49	1.52	10.31%	11.9%
152	MORGAN STANLEY	42.87	1.40	14.16%	18.1%
153	NASDAQ	69.18	1.52	9.37%	11.9%
154	NETAPP	41.00	0.80	16.64%	19.1%
155	NEWELL BRANDS	48.41	0.92	10.45%	12.7%
156	NEXTERA ENERGY	132.85	3.93	6.70%	10.1%
157	NIELSEN	40.96	1.36	7.95%	11.8%
158	NIKE 'B'	55.04	0.72	11.07%	12.6%
159	NISOURCE	24.22	0.70	8.36%	11.7%
160	NORFOLK SOUTHERN	116.87	2.44	12.14%	14.6%
161	NORTHROP GRUMMAN	244.97	4.00	7.42%	9.3%
162	NVIDIA	109.94	0.56	12.19%	12.8%
163	OMNICOM GROUP	84.10	2.20	7.85%	10.9%
164	ORACLE	44.57	0.76	8.57%	10.5%
165	PARKER-HANNIFIN	157.73	2.64	13.11%	15.1%
166	PATTERSON COMPANIES	44.32	1.04	7.23%	9.9%
167	PAYCHEX	59.24	1.84	8.22%	11.8%
168	PEPSICO	112.83	3.22	6.41%	9.6%
169	PERKINELMER	58.52	0.28	9.87%	10.4%
170	PFIZER	33.74	1.28	5.64%	9.9%
171	PG&E	66.76	2.12	4.20%	7.7%
172	PHILIP MORRIS INTL.	113.10	4.16	10.98%	15.3%
173	PINNACLE WEST CAP.	84.46	2.62	6.05%	9.6%
174	PNC FINL.SVS.GP.	120.94	2.20	8.58%	10.7%

	COMPANY	STOCK PRICE (P <sub>0</sub> )	D <sub>0</sub>	FORECAST OF FUTURE EARNINGS GROWTH	MODEL RESULT
175	PPG INDUSTRIES	107.98	1.60	9.54%	11.3%
176	PPL	37.75	1.58	2.44%	7.0%
177	PRAXAIR	122.66	3.15	7.13%	10.1%
178	PRINCIPAL FINL.GP.	62.97	1.84	8.43%	11.8%
179	PROCTER & GAMBLE	88.96	2.76	5.97%	9.5%
180	PVH	100.30	0.15	6.92%	7.1%
181	QUEST DIAGNOSTICS	102.42	1.80	8.17%	10.2%
182	RAYTHEON 'B'	155.48	3.19	9.02%	11.4%
183	REPUBLIC SVS.'A'	62.74	1.28	10.40%	12.8%
184	REYNOLDS AMERICAN	63.80	2.04	9.97%	13.7%
185	ROBERT HALF INTL.	47.21	0.96	8.20%	10.5%
186	ROCKWELL AUTOMATION	155.34	3.04	8.87%	11.1%
187	ROCKWELL COLLINS	101.57	1.32	10.60%	12.1%
188	ROSS STORES	64.64	0.64	10.69%	11.8%
189	S&P GLOBAL	133.63	1.64	12.35%	13.8%
190	SCRIPPS NETWORKS INTACT. 'A'	75.36	1.20	11.13%	13.0%
191	SEMPRA EN.	111.64	3.29	9.90%	13.3%
192	SHERWIN-WILLIAMS	322.16	3.40	10.97%	12.2%
193	SKYWORKS SOLUTIONS	100.01	1.12	16.47%	17.8%
194	SOUTHERN	50.06	2.32	3.84%	9.0%
195	SOUTHWEST AIRLINES	56.48	0.50	11.47%	12.5%
196	STARBUCKS	59.09	1.00	15.33%	17.4%
197	STRYKER	134.07	1.70	9.70%	11.2%
198	SUNTRUST BANKS	56.21	1.04	4.37%	6.4%
199	SYNCHRONY FINANCIAL	31.12	0.52	8.80%	10.7%
200	SYSCO	53.07	1.32	12.16%	15.1%
201	T ROWE PRICE GROUP	70.02	2.28	9.36%	13.2%
202	TEXAS INSTRUMENTS	80.25	2.00	10.13%	13.0%
203	TEXTRON	47.13	0.08	7.92%	8.1%
204	THERMO FISHER SCIENTIFIC	162.48	0.60	10.65%	11.1%
205	TIFFANY & CO	91.63	2.00	7.62%	10.1%
206	TIME WARNER	98.46	1.61	11.11%	13.0%
207	TJX	77.71	1.25	10.76%	12.6%
208	TORCHMARK	76.52	0.60	7.09%	8.0%
209	TOTAL SYSTEM SERVICES	55.61	0.40	11.61%	12.5%

	COMPANY	STOCK PRICE (P <sub>0</sub> )	D <sub>0</sub>	FORECAST OF FUTURE EARNINGS GROWTH	MODEL RESULT
210	TRACTOR SUPPLY	64.91	1.08	13.46%	15.5%
211	TWENTY-FIRST CENTURY FOX CL.A	30.44	0.36	11.74%	13.1%
212	TWENTY-FIRST CENTURY FOX CL.B	30.44	0.36	11.74%	13.1%
213	UNION PACIFIC	108.42	2.42	12.31%	15.0%
214	UNITED PARCEL SER.'B'	105.92	3.32	8.35%	12.0%
215	UNITED TECHNOLOGIES	115.52	2.64	6.62%	9.2%
216	UNITEDHEALTH GROUP	170.12	3.00	14.87%	17.0%
217	UNIVERSAL HEALTH SVS.'B'	121.44	0.40	8.64%	9.0%
218	UNUM GROUP	46.44	0.80	6.97%	8.9%
219	US BANCORP	52.12	1.12	5.27%	7.7%
220	V F	54.51	1.68	8.32%	11.9%
221	VERIZON COMMUNICATIONS	47.69	2.31	2.46%	7.8%
222	VIACOM 'B'	42.52	0.80	6.78%	8.9%
223	VISA 'A'	91.25	0.66	17.03%	17.9%
224	WAL MART STORES	73.91	2.04	5.50%	8.6%
225	WALT DISNEY	112.12	1.56	9.41%	11.0%
226	WASTE MANAGEMENT	72.60	1.70	10.41%	13.2%
227	WEC ENERGY GROUP	60.60	2.08	5.61%	9.5%
228	WELLS FARGO & CO	54.69	1.52	8.24%	11.4%
229	WESTERN UNION	19.79	0.70	5.68%	9.7%
230	WILLIS TOWERS WATSON	132.86	2.12	10.71%	12.6%
231	WW GRAINGER	211.97	5.12	6.20%	8.9%
232	XCEL ENERGY	44.99	1.44	5.32%	8.9%
233	XILINX	61.30	1.40	8.54%	11.2%
234	XYLEM	50.23	0.72	14.48%	16.2%
235	ZIMMER BIOMET HDG.	119.78	0.96	9.72%	10.6%
236	ZOETIS	55.83	0.42	12.88%	13.8%
237	Average				12.0%

Note: In applying the DCF Model to the S&P 500, I include in the DCF analysis only those companies in the S&P 500 group which pay a dividend, have a positive growth rate, and have at least three analysts' long-term growth estimates. In addition, I exclude all companies in the I/B/E/S group of insurance companies. I also eliminate those companies with DCF results that vary from the mean by one standard deviation or more.

- $D_0$  = Latest dividend per Thomson Reuters.  
 $d_0$  = Latest quarterly dividend.  
 $P_0$  = Average of monthly high and low stock prices March, April, and May 2017 per Thomson Reuters.  
FC = Selling and flotation costs.  
g = I/B/E/S forecast of future earnings growth May 2017.  
k = Cost of equity using the quarterly version of the DCF Model and a five percent allowance for flotation costs as shown by the formula below:

$$k = \left[ \frac{d_0(I+g)^{\frac{1}{4}}}{P_0(I-FC)} + (I+g)^{\frac{1}{4}} \right]^4 - I$$

## THE QUARTERLY DCF MODEL

The simple DCF Model assumes that a firm pays dividends only at the end of each year. Since firms in fact pay dividends quarterly and investors appreciate the time value of money, the annual version of the DCF Model generally underestimates the value investors are willing to place on the firm's expected future dividend stream. In this appendix, we review two alternative formulations of the DCF Model that allow for the quarterly payment of dividends.

When dividends are assumed to be paid annually, the DCF Model suggests that the current price of the firm's stock is given by the expression:

$$P_0 = \frac{D_1}{(1+k)} + \frac{D_2}{(1+k)^2} + \dots + \frac{D_n + P_n}{(1+k)^n} \quad (1)$$

where

- $P_0$  = current price per share of the firm's stock,
- $D_1, D_2, \dots, D_n$  = expected annual dividends per share on the firm's stock,
- $P_n$  = price per share of stock at the time investors expect to sell the stock, and
- $k$  = return investors expect to earn on alternative investments of the same risk, i.e., the investors' required rate of return.

Unfortunately, expression (1) is rather difficult to analyze, especially for the purpose of estimating  $k$ . Thus, most analysts make a number of simplifying assumptions. First, they assume that dividends are expected to grow at the constant rate  $g$  into the indefinite future. Second, they assume that the stock price at time  $n$  is simply the present value of all dividends expected in periods subsequent to  $n$ . Third, they assume that the investors' required rate of return,  $k$ , exceeds the expected dividend growth rate  $g$ . Under the above simplifying assumptions, a firm's stock price may be written as the following sum:

$$P_0 = \frac{D_0(1+g)}{(1+k)} + \frac{D_0(1+g)^2}{(1+k)^2} + \frac{D_0(1+g)^3}{(1+k)^3} + \dots, \quad (2)$$

where the three dots indicate that the sum continues indefinitely.

As we shall demonstrate shortly, this sum may be simplified to:

$$P_0 = \frac{D_0(1+g)}{(k-g)}$$

First, however, we need to review the very useful concept of a geometric progression.

### Geometric Progression

Consider the sequence of numbers 3, 6, 12, 24, ..., where each number after the first is obtained by multiplying the preceding number by the factor 2. Obviously, this sequence of numbers may also be expressed as the sequence 3,  $3 \times 2$ ,  $3 \times 2^2$ ,  $3 \times 2^3$ , ...

This sequence is an example of a geometric progression.

Definition: A geometric progression is a sequence in which each term after the first is obtained by multiplying some fixed number, called the common ratio, by the preceding term.

A general notation for geometric progressions is:  $a$ , the first term,  $r$ , the common ratio, and  $n$ , the number of terms. Using this notation, any geometric progression may be represented by the sequence:

$$a, ar, ar^2, ar^3, \dots, ar^{n-1}.$$

In studying the DCF Model, we will find it useful to have an expression for the sum of  $n$  terms of a geometric progression. Call this sum  $S_n$ . Then

$$S_n = a + ar + \dots + ar^{n-1}. \quad (3)$$

However, this expression can be simplified by multiplying both sides of equation (3) by  $r$  and then subtracting the new equation from the old. Thus,

$$rS_n = ar + ar^2 + ar^3 + \dots + ar^n$$

and

$$S_n - rS_n = a - ar^n,$$

or

$$(1 - r) S_n = a (1 - r^n).$$

Solving for  $S_n$ , we obtain:

$$S_n = \frac{a(1 - r^n)}{(1 - r)} \quad (4)$$

as a simple expression for the sum of  $n$  terms of a geometric progression. Furthermore, if  $|r| < 1$ , then  $S_n$  is finite, and as  $n$  approaches infinity,  $S_n$  approaches  $a \div (1 - r)$ . Thus, for a geometric progression with an infinite number of terms and  $|r| < 1$ , equation (4) becomes:

$$S = \frac{a}{1 - r} \quad (5)$$

Application to DCF Model

Comparing equation (2) with equation (3), we see that the firm's stock price (under the DCF assumption) is the sum of an infinite geometric progression with the first term

$$a = \frac{D_0(1+g)}{(1+k)}$$

and common factor

$$r = \frac{(1+g)}{(1+k)}$$

Applying equation (5) for the sum of such a geometric progression, we obtain

$$S = a \cdot \frac{1}{(1-r)} = \frac{D_0(1+g)}{(1+k)} \cdot \frac{1}{1-\frac{1+g}{1+k}} = \frac{D_0(1+g)}{(1+k)} \cdot \frac{1+k}{k-g} = \frac{D_0(1+g)}{k-g}$$

as we suggested earlier.

Quarterly DCF Model

The Annual DCF Model assumes that dividends grow at an annual rate of g% per year (see Figure 1).

Figure 1

Annual DCF Model

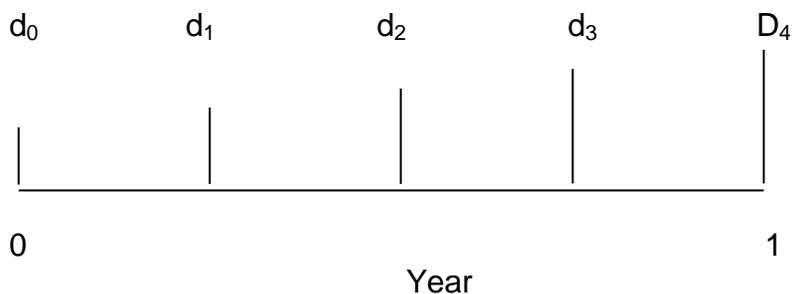


$D_0 = 4d_0$

$D_1 = D_0(1 + g)$

Figure 2

Quarterly DCF Model (Constant Growth Version)



$d_1 = d_0(1+g)^{.25}$

$d_2 = d_0(1+g)^{.50}$

$d_3 = d_0(1+g)^{.75}$

$d_4 = d_0(1+g)$

In the Quarterly DCF Model, it is natural to assume that quarterly dividend payments differ from the preceding quarterly dividend by the factor  $(1 + g)^{.25}$ , where  $g$  is expressed in terms of percent per year and the decimal .25 indicates that the growth has only occurred for one quarter of the year. (See Figure 2.) Using this assumption, along with the assumption of constant growth and  $k > g$ , we obtain a new expression for the firm's stock price, which takes account of the quarterly payment of dividends. This expression is:

$$P_0 = \frac{d_0(1+g)^{\frac{1}{4}}}{(1+k)^{\frac{1}{4}}} + \frac{d_0(1+g)^{\frac{2}{4}}}{(1+k)^{\frac{2}{4}}} + \frac{d_0(1+g)^{\frac{3}{4}}}{(1+k)^{\frac{3}{4}}} + \dots \quad (6)$$

where  $d_0$  is the last quarterly dividend payment, rather than the last annual dividend payment. (We use a lower case  $d$  to remind the reader that this is not the annual dividend.)

Although equation (6) looks formidable at first glance, it too can be greatly simplified using the formula [equation (4)] for the sum of an infinite geometric progression. As the reader can easily verify, equation (6) can be simplified to:

$$P_0 = \frac{d_0(1+g)^{\frac{1}{4}}}{(1+k)^{\frac{1}{4}} - (1+g)^{\frac{1}{4}}} \quad (7)$$

Solving equation (7) for  $k$ , we obtain a DCF formula for estimating the cost of equity under the quarterly dividend assumption:

$$k = \left[ \frac{d_0(I+g)^{\frac{1}{4}}}{P_0} + (I+g)^{\frac{1}{4}} \right]^4 - I \quad (8)$$

### An Alternative Quarterly DCF Model

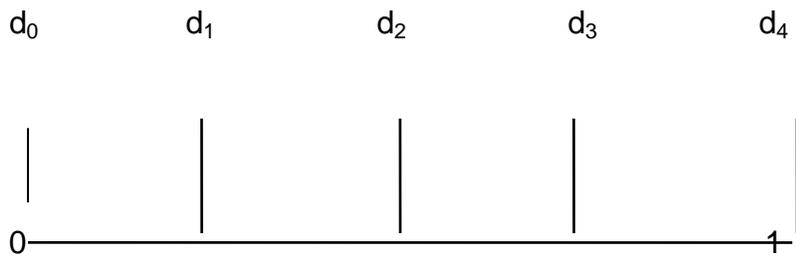
Although the constant growth Quarterly DCF Model [equation (8)] allows for the quarterly timing of dividend payments, it does require the assumption that the firm increases its dividend payments each quarter. Since this assumption is difficult for some analysts to accept, we now discuss a second Quarterly DCF Model that allows for constant quarterly dividend payments within each dividend year.

Assume then that the firm pays dividends quarterly and that each dividend payment is constant for four consecutive quarters. There are four cases to consider, with each case distinguished by varying assumptions about where we are evaluating the firm in relation to the time of its next dividend increase. (See Figure 3.)

Figure 3

Quarterly DCF Model (Constant Dividend Version)

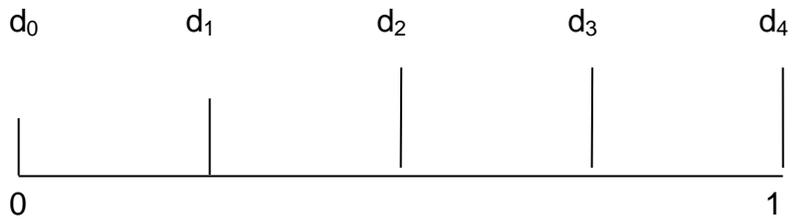
Case 1



Year

$$d_1 = d_2 = d_3 = d_4 = d_0(1+g)$$

Case 2



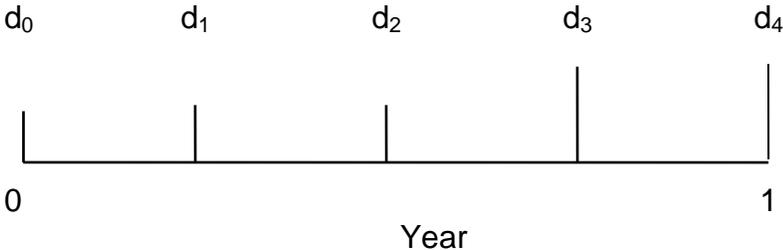
Year

$$d_1 = d_0$$

$$d_2 = d_3 = d_4 = d_0(1+g)$$

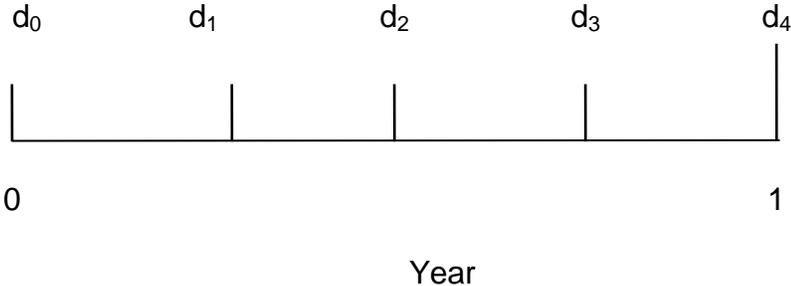
Figure 3 (continued)

Case 3



$$d_1 = d_2 = d_0$$
$$d_3 = d_4 = d_0(1+g)$$

Case 4



$$d_1 = d_2 = d_3 = d_0$$
$$d_4 = d_0(1+g)$$

If we assume that the investor invests the quarterly dividend in an alternative investment of the same risk, then the amount accumulated by the end of the year will in all cases be given by

$$D_1^* = d_1 (1+k)^{3/4} + d_2 (1+k)^{1/2} + d_3 (1+k)^{1/4} + d_4$$

where  $d_1$ ,  $d_2$ ,  $d_3$  and  $d_4$  are the four quarterly dividends. Under these new assumptions, the firm's stock price may be expressed by an Annual DCF Model of the form (2), with the exception that

$$D_1^* = d_1 (1 + k)^{3/4} + d_2 (1 + k)^{1/2} + d_3 (1 + k)^{1/4} + d_4 \quad (9)$$

is used in place of  $D_0(1+g)$ . But, we already know that the Annual DCF Model may be reduced to

$$P_0 = \frac{D_0(1+g)}{k-g}$$

Thus, under the assumptions of the second Quarterly DCF Model, the firm's cost of equity is given by

$$k = \frac{D_1^*}{P_0} + g \quad (10)$$

with  $D_1^*$  given by (9).

Although equation (10) looks like the Annual DCF Model, there are at least two very

important practical differences. First, since  $D_1^*$  is always greater than  $D_0(1+g)$ , the estimates of the cost of equity are always larger (and more accurate) in the Quarterly Model (10) than in the Annual Model. Second, since  $D_1^*$  depends on  $k$  through equation (9), the unknown “ $k$ ” appears on both sides of (10), and an iterative procedure is required to solve for  $k$ .

COMPARATIVE RETURNS ON S&P 500 STOCKS  
AND MOODY'S A-RATED UTILITY BONDS 1926-2016

LINE NO.	YEAR	S&P 500 STOCK PRICE	STOCK DIVIDEND YIELD	STOCK RETURN	A-RATED BOND PRICE	BOND RATE OF RETURN	RISK PREMIUM
1	2017	2,275.12	0.0209		\$96.13		
2	2016	1,918.60	0.0222	20.80%	\$95.48	4.87%	15.93%
3	2015	2,028.18	0.0208	-3.32%	\$107.65	-7.59%	4.26%
4	2014	1,822.36	0.0210	13.39%	\$89.89	24.20%	-10.81%
5	2013	1,481.11	0.0220	25.24%	\$97.45	-3.65%	28.89%
6	2012	1,300.58	0.0214	16.02%	\$94.36	7.52%	8.50%
7	2011	1,282.62	0.0185	3.25%	\$77.36	27.14%	-23.89%
8	2010	1,123.58	0.0203	16.18%	\$75.02	8.44%	7.74%
9	2009	865.58	0.0310	32.91%	\$68.43	15.48%	17.43%
10	2008	1,378.76	0.0206	-35.16%	\$72.25	0.24%	-35.40%
11	2007	1,424.16	0.0181	-1.38%	\$72.91	4.59%	-5.97%
12	2006	1,278.72	0.0183	13.20%	\$75.25	2.20%	11.01%
13	2005	1,181.41	0.0177	10.01%	\$74.91	5.80%	4.21%
14	2004	1,132.52	0.0162	5.94%	\$70.87	11.34%	-5.40%
15	2003	895.84	0.0180	28.22%	\$62.26	20.27%	7.95%
16	2002	1,140.21	0.0138	-20.05%	\$57.44	15.35%	-35.40%
17	2001	1,335.63	0.0116	-13.47%	\$56.40	8.93%	-22.40%
18	2000	1,425.59	0.0118	-5.13%	\$52.60	14.82%	-19.95%
19	1999	1,248.77	0.0130	15.46%	\$63.03	-10.20%	25.66%
20	1998	963.36	0.0162	31.25%	\$62.43	7.38%	23.87%
21	1997	766.22	0.0195	27.68%	\$56.62	17.32%	10.36%
22	1996	614.42	0.0231	27.02%	\$60.91	-0.48%	27.49%
23	1995	465.25	0.0287	34.93%	\$50.22	29.26%	5.68%
24	1994	472.99	0.0269	1.05%	\$60.01	-9.65%	10.71%
25	1993	435.23	0.0288	11.56%	\$53.13	20.48%	-8.93%
26	1992	416.08	0.0290	7.50%	\$49.56	15.27%	-7.77%
27	1991	325.49	0.0382	31.65%	\$44.84	19.44%	12.21%
28	1990	339.97	0.0341	-0.85%	\$45.60	7.11%	-7.96%
29	1989	285.41	0.0364	22.76%	\$43.06	15.18%	7.58%
30	1988	250.48	0.0366	17.61%	\$40.10	17.36%	0.25%
31	1987	264.51	0.0317	-2.13%	\$48.92	-9.84%	7.71%
32	1986	208.19	0.0390	30.95%	\$39.98	32.36%	-1.41%
33	1985	171.61	0.0451	25.83%	\$32.57	35.05%	-9.22%
34	1984	166.39	0.0427	7.41%	\$31.49	16.12%	-8.72%
35	1983	144.27	0.0479	20.12%	\$29.41	20.65%	-0.53%
36	1982	117.28	0.0595	28.96%	\$24.48	36.48%	-7.51%
37	1981	132.97	0.0480	-7.00%	\$29.37	-3.01%	-3.99%
38	1980	110.87	0.0541	25.34%	\$34.69	-3.81%	29.16%

COMPARATIVE RETURNS ON S&P 500 STOCKS  
AND MOODY'S A-RATED UTILITY BONDS 1926-2016

LINE NO.	YEAR	S&P 500 STOCK PRICE	STOCK DIVIDEND YIELD	STOCK RETURN	A-RATED BOND PRICE	BOND RATE OF RETURN	RISK PREMIUM
39	1979	99.71	0.0533	16.52%	\$43.91	-11.89%	28.41%
40	1978	90.25	0.0532	15.80%	\$49.09	-2.40%	18.20%
41	1977	103.80	0.0399	-9.06%	\$50.95	4.20%	-13.27%
42	1976	96.86	0.0380	10.96%	\$43.91	25.13%	-14.17%
43	1975	72.56	0.0507	38.56%	\$41.76	14.75%	23.81%
44	1974	96.11	0.0364	-20.86%	\$52.54	-12.91%	-7.96%
45	1973	118.40	0.0269	-16.14%	\$58.51	-3.37%	-12.77%
46	1972	103.30	0.0296	17.58%	\$56.47	10.69%	6.89%
47	1971	93.49	0.0332	13.81%	\$53.93	12.13%	1.69%
48	1970	90.31	0.0356	7.08%	\$50.46	14.81%	-7.73%
49	1969	102.00	0.0306	-8.40%	\$62.43	-12.76%	4.36%
50	1968	95.04	0.0313	10.45%	\$66.97	-0.81%	11.26%
51	1967	84.45	0.0351	16.05%	\$78.69	-9.81%	25.86%
52	1966	93.32	0.0302	-6.48%	\$86.57	-4.48%	-2.00%
53	1965	86.12	0.0299	11.35%	\$91.40	-0.91%	12.26%
54	1964	76.45	0.0305	15.70%	\$92.01	3.68%	12.02%
55	1963	65.06	0.0331	20.82%	\$93.56	2.61%	18.20%
56	1962	69.07	0.0297	-2.84%	\$89.60	8.89%	-11.73%
57	1961	59.72	0.0328	18.94%	\$89.74	4.29%	14.64%
58	1960	58.03	0.0327	6.18%	\$84.36	11.13%	-4.95%
59	1959	55.62	0.0324	7.57%	\$91.55	-3.49%	11.06%
60	1958	41.12	0.0448	39.74%	\$101.22	-5.60%	45.35%
61	1957	45.43	0.0431	-5.18%	\$100.70	4.49%	-9.67%
62	1956	44.15	0.0424	7.14%	\$113.00	-7.35%	14.49%
63	1955	35.60	0.0438	28.40%	\$116.77	0.20%	28.20%
64	1954	25.46	0.0569	45.52%	\$112.79	7.07%	38.45%
65	1953	26.18	0.0545	2.70%	\$114.24	2.24%	0.46%
66	1952	24.19	0.0582	14.05%	\$113.41	4.26%	9.79%
67	1951	21.21	0.0634	20.39%	\$123.44	-4.89%	25.28%
68	1950	16.88	0.0665	32.30%	\$125.08	1.89%	30.41%
69	1949	15.36	0.0620	16.10%	\$119.82	7.72%	8.37%
70	1948	14.83	0.0571	9.28%	\$118.50	4.49%	4.79%
71	1947	15.21	0.0449	1.99%	\$126.02	-2.79%	4.79%
72	1946	18.02	0.0356	-12.03%	\$126.74	2.59%	-14.63%
73	1945	13.49	0.0460	38.18%	\$119.82	9.11%	29.07%
74	1944	11.85	0.0495	18.79%	\$119.82	3.34%	15.45%
75	1943	10.09	0.0554	22.98%	\$118.50	4.49%	18.49%
76	1942	8.93	0.0788	20.87%	\$117.63	4.14%	16.73%

COMPARATIVE RETURNS ON S&P 500 STOCKS  
AND MOODY'S A-RATED UTILITY BONDS 1926-2016

LINE NO.	YEAR	S&P 500 STOCK PRICE	STOCK DIVIDEND YIELD	STOCK RETURN	A-RATED BOND PRICE	BOND RATE OF RETURN	RISK PREMIUM
77	1941	10.55	0.0638	-8.98%	\$116.34	4.55%	-13.52%
78	1940	12.30	0.0458	-9.65%	\$112.39	7.08%	-16.73%
79	1939	12.50	0.0349	1.89%	\$105.75	10.05%	-8.16%
80	1938	11.31	0.0784	18.36%	\$99.83	9.94%	8.42%
81	1937	17.59	0.0434	-31.36%	\$103.18	0.63%	-31.99%
82	1936	13.76	0.0327	31.10%	\$96.46	11.12%	19.99%
83	1935	9.26	0.0424	52.84%	\$82.23	22.17%	30.66%
84	1934	10.54	0.0336	-8.78%	\$66.78	29.13%	-37.91%
85	1933	7.09	0.0542	54.08%	\$79.55	-11.03%	65.11%
86	1932	8.30	0.0822	-6.36%	\$70.67	18.23%	-24.59%
87	1931	15.98	0.0550	-42.56%	\$84.49	-11.63%	-30.93%
88	1930	21.71	0.0438	-22.01%	\$81.19	8.99%	-31.00%
89	1929	24.86	0.0336	-9.31%	\$83.95	1.48%	-10.79%
90	1928	17.53	0.0431	46.12%	\$86.71	1.43%	44.69%
91	1927	13.40	0.0502	35.84%	\$83.28	8.92%	26.92%
92	1926	12.65	0.0446	10.39%	\$80.81	8.01%	2.38%
93	Average 1926 - 2016			11.43%		6.77%	4.66%

Note: See Page 4 for an explanation of how stock and bond returns are derived and the source of the data presented.

COMPARATIVE RETURNS ON S&P 500 STOCKS  
AND MOODY'S A-RATED UTILITY BONDS 1926-2016

RISK PREMIUM APPROACH

SOURCE OF DATA

Stock price and yield information is obtained from Standard & Poor's Security Price publication. Standard & Poor's derives the stock dividend yield by dividing the aggregate cash dividends (based on the latest known annual rate) by the aggregate market value of the stocks in the group. The bond price information is obtained by calculating the present value of a bond due in thirty years with a \$4.00 coupon and a yield to maturity of a particular year's indicated Moody's A-rated Utility bond yield. The values shown on the ex post risk premium schedule are the January values of the respective indices.

**Calculation of Stock and Bond Returns**

Sample calculation of "Stock Return" column:

$$\text{StockReturn}(2016) = \left[ \frac{\text{StockPrice}(2017) - \text{StockPrice}(2016) + \text{Dividend}(2016)}{\text{StockPrice}(2016)} \right]$$

where Dividend (2016) = Stock Price (2016) x Stock Div. Yield (2016)

Sample calculation of "Bond Return" column:

$$\text{Bond Return}(2016) = \left[ \frac{\text{Bond Price}(2017) - \text{Bond Price}(2016) + \text{Interest (2016)}}{\text{Bond Price}(2016)} \right]$$

where Interest = \$4.00.

**PREFILED TESTIMONY  
OF  
DAVID APPEL**

**2017 HOMEOWNERS INSURANCE RATE FILING  
BY THE NORTH CAROLINA RATE BUREAU**

**I. QUALIFICATIONS AND SUMMARY**

Q. Please state your name and present business address.

A. My name is David Appel, and my business address is 1 Pennsylvania Plaza, New York, NY.

Q. What is your occupation?

A. I am a Senior Consultant with the firm of Milliman, Inc.

Q. What is Milliman, Inc?

A. Milliman (formerly Milliman & Robertson) is one of the nation's largest independently owned firms of actuaries and consultants. The company has more than 3400 employees, and operates offices in over 60 cities in the U.S., Europe, Asia, Africa, Australia and Latin America. Our clients number in the thousands: they include insurers, self-insured entities, Federal and State Governments, private corporations, non-profit organizations, unions, and many others.

Q. Please describe your educational and employment history.

A. A complete statement of my educational, employment and academic credentials is included as Exhibit RB-20 filed with this testimony.

To summarize, I have a B.A. in economics from Brooklyn College, City University of New York, and M.A. and Ph.D. degrees in economics from Rutgers University. Prior to 1980, I was an instructor in economics at Rutgers University. For the following nine years, I was employed by the National Council on Compensation Insurance (NCCI), the nation's largest workers compensation insurance statistical, research and ratemaking organization. I joined NCCI as Research Economist in 1980, and ultimately became Vice President for Research in 1985. In 1989, I joined Milliman, where I founded the economics consulting practice for the firm.

Q. Would you please describe some of your other professional activities?

A. Yes. Throughout my professional career, I have participated in a variety of academic and business activities related to insurance. I have twice been a member of the Board of Directors of the American Risk and Insurance Association, the leading learned society of insurance academics. For many years I was a member of the editorial board of the Journal of Insurance Regulation, the official research publication of the National Association of Insurance Commissioners, and I acted as a peer referee for a number of scholarly journals in economics and insurance. In addition, I was, for twelve years, an Adjunct Professor of Economics at Rutgers University.

Q. Have you ever published any papers or books?

A. Yes. I have authored many papers on various aspects of insurance that have been published in refereed books or scholarly journals. In addition, I have published a large number of papers in non-refereed journals as well. I have also co-edited three volumes of research papers dealing with various aspects of workers compensation and property-casualty insurance. My refereed publications are listed in Exhibit RB-20 filed with this testimony.

Q. Are you a member of any professional associations?

A. Yes. I am a member of the American Risk and Insurance Association, the leading association of insurance academicians. I have also been an elected fellow of the National Academy of Social Insurance, a member of the panel of neutrals of the American Arbitration Association, and a certified arbitrator and umpire of ARIAS, the world's leading insurance and reinsurance arbitration society.

Q. Have you ever testified in insurance rate regulatory proceedings?

A. Yes. I have testified on many occasions in such proceedings during my career, including numerous occasions in North Carolina. A complete list is contained in Exhibit RB-20 filed with this testimony.

Q. What was the general nature of your testimony in these cases?

A. I have addressed a wide variety of insurance issues during public testimony, including such diverse topics as the impact of economic and demographic factors on insurance costs, the effects of regulation on insurance availability, the use of econometric and statistical models in insurance forecasting, and the use of modern financial theory in developing insurance prices. In North Carolina, my testimony has tended to focus on matters relating to the cost of capital and the returns

expected from the underwriting profit provisions selected for use in the rates. However, in property rate filings, I have had substantial involvement in issues relating to catastrophe risk and the net cost of reinsurance, hence my testimony has addressed these issues as well.

Q. Have you been retained by the North Carolina Rate Bureau as a consultant in this rate case?

A. Yes. I have been asked to consider the following specific matters in connection with this case:

1. Whether Dr. Vander Weide's analysis provides a reasonable estimate of the cost of capital.
2. Whether other factors – notably interest rate sensitivity and the small firm size typical of homeowners insurers in North Carolina – create additional sources of risk which affect insurers' cost of capital.
3. How the expected costs of reinsurance should be developed and incorporated into the homeowners insurance rates filed by the Rate Bureau and how those costs should be apportioned to regions within the state.
4. How homeowners insurers in North Carolina should be compensated for bearing the risk to their capital associated with exposure to assessments by the North Carolina Insurance Underwriting Association (commonly called the "Beach Plan") and the FAIR Plan (hereinafter referred to jointly as the "Beach/Fair Plans").
5. The returns insurers would expect to earn from underwriting homeowners insurance in North Carolina, given that the filed underwriting profit provision is realized.

I have performed various studies and analyses on these matters.

Q. Can you please summarize the conclusions you have reached in regard to the matters noted above?

A. Yes. I will summarize them in bullet form here, and then discuss them each more fully later in the testimony.

1. I have reviewed Dr. Vander Weide's cost of capital estimates, which rely on the two most widely recognized models used for this purpose, and find them to be reasonable. However, Dr. Vander Weide's estimates are based on the implicit assumption that insurers present investors with roughly average

risk, relative to all possible investment activities. I believe that investors in the property-casualty insurance industry, and particularly in the lines of business at issue in this rate hearing, are subject to an above average degree of risk, and therefore I think it would be prudent to view Dr. Vander Weide's estimates as a conservative estimate of the return to which insurers are entitled.

2. I have also considered the impact of two factors on the risk and required return for insurers – interest rate sensitivity and firm size. These factors affect the required return for insurers generally, regardless of the line of business. As regards interest rate sensitivity, because of the high degree of financial leverage and the substantial share of medium and long term bonds in insurer asset portfolios, insurers are particularly subject to interest rate risk that cannot be diversified away. Based on my previous analyses, I have found that investors must be compensated for this risk in the form of an additional risk premium above that required for the average security. As regards firm size, I have on many occasions studied the size distribution of insurers in North Carolina and found that the firms providing insurance coverage in the state tend to be smaller than those used in Dr. Vander Weide's cost of capital analysis. Since there is conclusive evidence that, over the long run, smaller firms have earned higher returns, this finding must be considered evidence that investors expect higher returns from small firms.

These analyses provide support for my opinion that Dr. Vander Weide's cost of capital estimates should be viewed as a conservative estimate of the return to which insurers are entitled.

3. In addition to these risk factors, I also note that the homeowners insurance at issue in this case is subject to significant catastrophe risk, which is not adequately reflected in Dr. Vander Weide's cost of capital estimates. This is yet another factor supporting my opinion that Dr. Vander Weide's cost of capital estimates should be viewed as conservative.
4. I have considered the differential risk associated with underwriting homeowners insurance in different regions within North Carolina, and have concluded that the risk due to catastrophe exposure is substantially greater in and around the coastal regions of the state. Because of this risk insurers purchase reinsurance, and as a result incur significant costs. I have concluded that a provision must be included in the rates to cover the cost of a catastrophe reinsurance program typical of the programs purchased by insurers in hurricane prone regions such as North Carolina. Furthermore, I believe that it is appropriate to apportion this provision across territories within the state, proportional to the relative risk by territory.

5. In addition to the risks attendant to the homeowners coverage directly written by insurers in North Carolina, there is substantial additional risk to insurers attributable to the exposures insured in the Beach/Fair Plans. This risk is associated with the potential for assessments that can be imposed on insurers in the state, should the Beach/Fair Plans incur a deficit arising from their insurance operations. Since insurers must be compensated for bearing such risk, I have developed a procedure to incorporate a provision in the rates that compensates insurers in the state for bearing this risk.
6. In order to test the underwriting profit provisions selected and filed by the Rate Bureau, I have estimated the returns insurers would expect to earn from North Carolina homeowners insurance assuming the filed underwriting profit provision is fully earned, and assuming all of the other assumptions embedded in the rate calculations actually materialize. I am aware that North Carolina law provides that insurers are entitled to expect to earn a return equal to the returns of industries of comparable risk, and that in calculating that expected return, investment income from capital and surplus funds is not to be considered. I refer to that operating return as the statutory return. However, as is evident from the attached exhibits, I have estimated insurer pro forma returns both including and excluding expected investment income from capital and surplus. (I refer to the return including investment income on surplus as the total return.) I have done this to demonstrate that if the filed underwriting profit provisions are actually realized, and even if investment income on surplus is considered, insurer returns will not be excessive. Obviously, if returns are not excessive including investment income from capital and surplus, they will be non-excessive excluding such income.
7. I am aware that the North Carolina Rate Bureau has chosen to cap certain territorial rate increases in order to ameliorate the impact on policyholders in those territories of the large indicated rate increases there and to obtain approval of the filing by the Commissioner of Insurance. The effect of that capping is to lower the requested rate change below the indicated rate change in the filing. In fact, while the indicated rate increase is 24.9%, the result of the territorial capping is to reduce the requested overall rate change to 18.7%. Assuming the losses and expenses projected in the filing actually materialize, the further result of that capping is that insurers will not collect sufficient revenue to produce the 11.0% underwriting profit selected and filed by the Rate Bureau; instead, the underwriting profit, and resulting rate of return, will fall short of the values I have estimated in the pro forma return calculations in the filing.
8. Based on my calculations, the selected underwriting profit provision of 11.0% would generate the following returns for homeowners insurers in North Carolina: a statutory return on net worth of 6.6% and a total return on net worth (i.e., including investment income on surplus) of 9.3%. Since

these returns, even those that include investment income on surplus funds, are near or below the lower bound of Dr. Vander Weide's range for the fair rate of return, I conclude that the underwriting profit provisions are clearly not excessive. In addition, given the territorial capping noted above and assuming the losses and expenses projected in the filing actually materialize, the expected underwriting profit provision will be significantly less than the selected 11.0%. As a consequence, insurers would expect returns well below the lower bound for the range of fair returns.

## II. COST OF CAPITAL REVIEW

- Q. You said your first assignment was to review Dr. Vander Weide's estimate of the cost of capital. Are you familiar with Dr. Vander Weide's approach to estimating the cost of capital in insurance rate cases?
- A. Yes. I am aware of the methodology upon which Dr. Vander Weide relies to estimate the cost of capital and have reviewed it on a number of occasions in the course of previous rate cases in North Carolina. Dr. Vander Weide has used the most widely recognized and accepted models for this purpose, namely the Discounted Cash Flow (DCF) model and the risk premium method. These models, when taken together and properly applied to a reasonably selected data set, provide acceptable estimates of the cost of capital for regulated insurers.
- Q. What has Dr. Vander Weide concluded with respect to the fair rate of return in this case?
- A. Dr. Vander Weide has concluded that the fair rate of return for insurers is in the range of 8.8% to 12.1% on net worth as determined under generally accepted accounting principles (GAAP).
- Q. In your opinion, is this an appropriate estimate of the required rate of return?
- A. Yes, however as I indicated a moment ago, I believe that Dr. Vander Weide may have been conservative in his calculation of the required rate of return. Dr. Vander Weide has assumed that the property-casualty industry presents investors with average risk. However, based on my studies, I conclude the following:
1. There is evidence that the property casualty industry is considerably above average with respect to the volatility of the returns that it provides to investors. This higher volatility of returns makes the property-casualty industry an investment of above average risk.

2. Since investors require higher returns from smaller firms, and since the firms in Dr. Vander Weide's cost of capital analysis are significantly larger than the average property-casualty insurer in North Carolina, his approach tends to underestimate the true cost of capital for North Carolina homeowners insurers.

### III. ADDITIONAL FACTORS AFFECTING RISK

Q. Your comments suggest that Dr. Vander Weide's cost of capital may be understated for insurers writing homeowners insurance in North Carolina. Can you please elaborate on this?

A. Certainly. As mentioned in the summary, I have considered whether other factors not addressed in the standard cost of capital analysis conducted by Dr. Vander Weide might indeed affect the risk and therefore the required return in this case. In fact, there were two such factors – interest rate risk and the small size of firms writing homeowners insurance in the state - that I have been studying for a number of years and which clearly increase the cost of capital, or required return, in this case. Based on analyses I have conducted for previous rate hearings in North Carolina, I have concluded that both these factors create additional risks that require additional compensation above that demanded for the average security.

In addition to these factors (which affect risk and required returns for all lines of insurance), for the lines of coverage at issue in this case, the exposure to catastrophic losses associated with hurricanes in North Carolina contributes to additional risk that is otherwise not reflected in standard cost of capital analyses. As with interest rate risk and small firm size, this additional risk requires compensation in the market, beyond that implied by the analyses conducted by Dr. Vander Weide. I will discuss these issues briefly below.

Q. You have made reference to the term interest rate risk. Can you please define this term?

A. Yes. Interest rate risk refers to the risk that the value of fixed income investments (such as bonds) will fluctuate with changes in interest rates. This means that there is a risk associated with holding bonds, particularly those with a relatively long term to maturity. While investments in equities are still considerably riskier than investments in long term bonds, as evidenced by the fact that returns to large company stocks have had a much higher mean and standard deviation than returns on long term government bonds over the past 80+ years, bonds investments impose risk as well.

Q. Does interest rate risk affect investments in property-casualty insurance stocks?

A. Yes. Property-casualty insurance companies invest large amounts of funds in bonds issued by both corporations and governmental bodies. The risk that investors face is that when interest rates change, the values of the bonds also change, and hence their investments in property-casualty stocks are subject to interest rate risk. This fact is widely recognized by the financial community. Since investors cannot diversify away interest rate risk, only the prospect of higher returns will induce them to purchase interest-sensitive stocks. That is, investors must be compensated for purchasing interest-sensitive stocks because they are increasing their exposure to interest rate risk. This is a risk separate and apart from the market risk investors face.

Q. Why is interest rate risk different from market risk?

A. In general, risk that is not diversifiable is known as systematic risk, or market risk. Systematic risk stems from events that take place on an economy-wide basis. Investors can only diversify away risks that have offsetting factors somewhere else in the economy. For instance, if one company has a bad year due to reasons specific to it alone, it is highly likely that another company will have a good year which will offset the bad performance. That sort of risk is diversifiable. However, the risk associated with events that take place economy-wide without offsetting factors is not diversifiable. It is this risk that is referred to as systematic risk or market risk.

Interest rate risk is a separate source of volatility for insurance stocks. Interest rates often change as a result of changes in expectations of future inflation. These changes primarily affect firms that hold what are called nominal assets and liabilities. Nominal assets and liabilities have cash flows that are fixed in nominal terms (for example, accounts receivable, most contracts, and bonds) and are thus subject to erosion in value due to inflation. On the other hand, the cash flows associated with manufacturing and service operations tend to fluctuate with the price level. Since most non-financial firms hold relatively few nominal assets and liabilities, their stocks are not particularly sensitive to changes in interest rates that are due to changes in expected inflation. Therefore interest rate risk adds additional risk to insurance stocks, above and beyond market risk, that is not diversifiable.

Changes in interest rates that are not associated with changes in expected inflation will affect all stocks. This accounts for the moderate degree of correlation between changes in long term interest rates and returns to common stocks. However, the fact that most stocks are not very sensitive to changes in interest rates that are due to changes in expected inflation means that interest rate risk is not fully captured in measures of market risk.

Q. Is it possible to measure interest rate risk?

A. Yes, and in the past I have conducted a number of studies designed specifically to address this issue. The principal conclusions of those studies is that since insurer assets on average have a substantially longer financial duration than insurance liabilities, when interest rates change, the value of insurer equity is subject to potentially wide fluctuation. While the market risk for insurers as measured by beta is roughly average, the degree of interest rate risk to which the industry is exposed is considerably higher than average. Since this risk cannot be entirely diversified away, the overall risk associated with an investment in property/casualty insurance is greater than average. As a consequence, insurers are entitled to a rate of return above that allowed for the average risk investment in the U.S. economy. I believe that there are three main reasons for this conclusion.

First, as noted, the high degree of financial leverage and mismatched durations of assets and liabilities contributes to the volatility of returns to investors in insurance stocks.

Second, the insurance industry is in the business of bearing risk. Individuals and corporations transfer to property-casualty insurers the potential liability for a wide range of possible adverse events, ranging from property damage to professional liability. In light of the unforeseen events that can occur, and, in the recent past, actually have occurred, investors in property-casualty insurance stocks are subject to considerable risk.

Finally, insurance is in the unique position of being a highly competitive industry that is also subject to a high degree of regulation. This combination of regulation and competition creates an environment in which insurers are subject not only to the demands of the market but also to the pressures of the political process. There is substantial evidence that regulation can increase risk for a regulated enterprise, and when that is combined with an aggressively competitive industrial structure, risk is increased.

Q. You said that the combination of regulation and competition increased risk for insurers. Can you describe what you mean?

A. Yes. Traditionally, direct price and rate of return regulation has been imposed on industries known as "public utilities," such as generation and transmission of electric power, distribution of natural gas, provision of local water and sewer service and the like. Because of the nature of the production process, these industries are characterized as "natural monopolies," meaning that it is most efficient for a single producer to provide the service in question. In such circumstances, the state normally grants a monopoly to a single provider and then regulates that firm directly to prevent abuse of monopoly power.

Property-casualty insurance differs dramatically from this model. Rather than a single firm providing service, there are in most states literally hundreds of firms competing in the market, none of which typically have significant market power. These firms compete aggressively to increase market share and attract the best insureds by offering a variety of price and quality combinations that are best tailored to their business objectives. This vigorous competition provides discipline in the marketplace, and, when combined with direct rate of return regulation, the risk for insurers is increased.

I should note that historically, a number of competitively structured industries (such as airlines, trucking, and telecommunications) were subject to regulation, but in the past several decades there has been a movement to deregulate these activities. This is due in part to the widespread agreement that competition itself is an adequate regulator.

Q. You also said that you considered whether the size distribution of North Carolina insurers should impact the cost of capital in this case. Can you please describe this issue briefly and discuss its implications for this case?

A. Yes. It is a well established fact of empirical finance that small stocks tend to outperform large stocks. Ibbotson Associates, for instance, reports that firms in the ninth and tenth deciles of stocks listed on the principal U.S. stock exchanges have outperformed the market as a whole by approximately 4.5 percentage points over the period 1926 to 2015, even after accounting for the fact that these firms have above average betas. Therefore an adjustment should be made to the cost of capital to the extent that the property-casualty insurance industry is composed of small stocks.

Q. Have you conducted any studies with respect to the significance of the small stock effect?

A. Yes. As with interest rate risk, I have conducted a number of studies of this issue in previous years, and in each instance I found that (1) investors have earned higher returns from small stocks than from large stocks, and (2) the insurers in Dr. Vander Weide's cost of capital analysis are among the largest companies in the U.S. economy. The insurers in Dr. Vander Weide's analysis are larger, on average, than the companies in the property-casualty insurance industry, and they are larger, on average, than the companies writing homeowners insurance in North Carolina.

These facts suggest that the cost of capital for insurers writing homeowners insurance in North Carolina should be higher than for those firms contained in Dr. Vander Weide's cost of capital analysis. This reaffirms my conclusion that the cost of capital Dr. Vander Weide has presented is conservative.

Q. You also mentioned the impact of catastrophe risk on the cost of capital. Can you please discuss that briefly?

A. Yes. The potential for catastrophic losses from hurricanes produces additional risk to insurers beyond that captured in the cost of capital models relied upon by Dr. Vander Weide. For one thing, the estimated cost of capital for the insurers in Dr. Vander Weide's sample reflects the risk of the average activity for those insurers, not the risk of catastrophe exposures alone (as is relevant in this case). Since catastrophe exposed lines of business are significantly riskier than average, the cost of capital for those lines is higher as well.

In addition, as respects Dr. Vander Weide's risk premium model, since the occurrence of hurricanes is generally uncorrelated with the market, the losses associated with such events would not be captured in the estimated betas of insurers, and hence those values would tend to understate the risk associated with these lines of insurance. Because the betas for insurers indicate they are of average risk, but those values do not adequately incorporate the risk from extreme events like hurricanes, they understate the true risk to which insurers are subject.

Q. Can you please summarize your testimony on the cost of capital of the property-casualty insurance industry?

A. Yes. Dr. Vander Weide has assumed that the property-casualty insurance industry presents investors with risks comparable to the average investment in equities. My analysis has shown that property-casualty insurance stocks are subject to additional volatility due to interest rate sensitivity, are relatively small when compared with the broad cross section of publicly traded firms in the U.S. economy, and are subject to risk from catastrophic events. Since each of these additional risks require compensation in the form of a higher return, I conclude that Dr. Vander Weide has been conservative in his calculation of the required rate of return on property-casualty insurance investments.

#### **IV. NET COST OF REINSURANCE**

Q. In your summary, you said you considered how the net cost of reinsurance should be included in homeowners rates in North Carolina, and how the profit in the rates should be allocated proportional to risk. Can you please discuss your evaluation of these issues?

A. Yes. I have previously addressed these issues in homeowners, mobile homeowners and dwelling insurance rate filings in North Carolina, where I have recommended that the indicated rates be developed to include the net cost of

reinsurance. I will briefly outline the problem and then discuss each of the issues separately.

To begin with, homeowners is one of several types of coverage that are subject to the potential for catastrophic loss. In such coverages (homeowners, earthquake, allied lines and other property coverages), individual catastrophic events can result in enormous losses, far in excess of what the typical insurer could bear. Thus, in these lines of business, insurers routinely purchase reinsurance to manage their exposure to extreme events, and it is appropriate to provide for the cost of this reinsurance in setting rates for these lines of insurance. Since ratemaking is often done on a direct basis, as compared to a net of reinsurance basis, an explicit adjustment must be made to provide for the cost of reinsurance.

Second, the exposure to catastrophic loss varies substantially by territory within North Carolina. It is well known that the coastal counties in the state are subject to severe exposure to the hurricane peril, while the interior regions to the west are subject to considerably less exposure. Since the need for reinsurance is a function of the degree of catastrophe exposure, the cost of reinsurance should reflect such territorial differences as exist within the state. Accordingly, in considering the cost of reinsurance in primary rates, the statewide cost should be allocated across territories, proportional to risk.

Q. You mentioned that direct ratemaking does not include the cost of reinsurance. Can you please explain?

A. Yes. Direct ratemaking is an approach that is sometimes used when making insurance rates on an industrywide basis (where the terminology “direct” refers to an analysis done without consideration of reinsurance). While this approach is reasonable for some lines of insurance (such as auto insurance), it fails to reflect the market realities associated with writing property insurance in catastrophe prone environments such as North Carolina. In these environments, primary insurers are required to purchase reinsurance to manage their exposure to catastrophe risks, and such reinsurance comes at a substantial net cost.

Q. Why does reinsurance come at a substantial net cost?

A. Reinsurers generally cover the riskiest portion of the insurance loss distribution – the events that occur only rarely but impose extremely high costs. In order to provide a credible promise to pay claims resulting from extreme events, reinsurers must carry substantially more capital per unit of exposure than primary insurers. This capital has a cost, which is included in the reinsurance premiums paid by primary insurers in the market. Since basic economic and actuarial principles require all costs of the risk transfer to be included in the price of insurance, and

since reinsurance is required to efficiently manage catastrophe risk, its net cost should be included in the rates charged for property insurance.

Q. How has the North Carolina Rate Bureau (NCRB) addressed the issue of reinsurance in previous property insurance rate filings?

A. For many years, the NCRB has included a provision for the net cost of reinsurance (NCOR) in property insurance rate filings. That provision was based on a procedure I developed which estimated the net cost of reinsurance as an expense to be included in the direct property insurance rates in North Carolina. (By net cost of reinsurance, I mean the expense and profit components of the reinsurance rate, since the loss costs are already included in the calculation of the direct premium.) This procedure is conceptually identical to that employed in Florida, where insurers make rates using direct losses and expenses, but then add in a provision which covers the cost (to the primary insurer) of the reinsurer's profit and expense.

Q. Can you please describe the analysis you conducted to estimate the NCOR in previous rate filings?

A. Yes. To estimate the NCOR, I adopted the standard ratemaking assumption used in North Carolina – i.e., that there is a single aggregate company that is the composite of all entities writing homeowners insurance in the state. I then assumed that this company maintained a reinsurance program that is typical of property insurers writing in North Carolina, and based on the program assumptions and the modeled hurricane losses, I estimated a “competitive market” reinsurance premium. This was an estimate of the amount reinsurers would charge to provide the single aggregate company in North Carolina with reinsurance coverage consistent with the assumptions I made regarding the nature of the reinsurance program.

Q. Has the NCRB adopted the same procedure in this case?

A. No. In the most recent Homeowners insurance rate decision in North Carolina, the Commissioner gave no weight to my testimony on this issue, despite the fact that I have spent more than a decade developing and refining the analysis of the reinsurance cost to be included in primary property insurance rates. Therefore, for this filing the NCRB has retained Aon Benfield, the world's largest reinsurance broker, to provide the estimate of the NCOR for use in the current filing. This is a change I strongly support: if the Commissioner's concerns regarding the estimate of NCOR had to do with the experience of the analyst, those concerns must be eliminated by the use of Aon Benfield for this purpose. There can be no doubt that the individuals responsible for managing the property catastrophe reinsurance function at the world's largest reinsurance broker are, or are among, the people

best positioned to observe what actually occurs in the reinsurance marketplace and to estimate an appropriate provision for reinsurance in this case.

Q. Although Aon Benfield is providing the estimate of the NCOR for use in this filing, is it true that the NCRB requested you to update your own NCOR analysis for the filing as well?

A. Yes; I believe the NCRB wanted to compare the results of my methodology to those produced by Aon Benfield (which are based on methods and data that are different than the ones I used in the past). To do so I estimated the NCOR using the exact same methodology I relied upon in the past, but with several changes in assumptions and data sources so as to be consistent with the reinsurance analysis proposed by Aon Benfield. (In order to make an “apples to apples” comparison between my results and Aon Benfield’s, both our estimates must be based on the same reinsurance program assumptions and the same underlying modeled loss data.) In my opinion this makes perfect sense – Aon Benfield is in the market on a daily basis, placing property catastrophe reinsurance on behalf of scores of clients, and hence can be relied upon to have the most accurate current information regarding the types of reinsurance purchased and the current market prices for that coverage.

The specific changes in assumptions that I made, to be consistent with Aon Benfield, were as follows:

- Previously, I assumed an attachment point equal to the one in ten year loss event (i.e., the 90<sup>th</sup> percentile of the statewide loss distribution), and an exhaustion point equal to the one in a hundred year event (the 99<sup>th</sup> percentile of the statewide loss distribution). Based on Aon Benfield’s input, those assumptions were changed to a lower attachment point (\$850 million, or approximately a 1 in 8 year event) and a higher exhaustion point (\$10.9 billion, or approximately 1 in 231 year event).
- In the past I assumed a 5% coparticipation in the reinsured layer. (Coparticipation refers to a provision where the primary insurers share a specified percentage of the reinsured loss). Based on Aon Benfield’s input, that was changed to a 0% co-participation.
- In the most recent several property filings I assumed a reinsurer required return on equity of 11%, which was roughly the midpoint of the cost of capital range provided by Dr. Vander Weide. Given that Dr. Vander Weide’s range had declined somewhat (the midpoint is now 10.4%), and given Aon Benfield’s view that reinsurer capital costs are relatively low in the market today, I reduced the required return to 10%.

- In all previous filings, modeled hurricane losses, and all the analyses derived therefrom, were based solely on the AIR model. Consistent with a decision by the Rate Bureau and with legislation that has recently become effective in North Carolina, in this case Aon Benfield has provided and blended modeled results from two modelers, AIR and RMS.
- In the past, the net cost of reinsurance was based on losses from the hurricane peril only. In this case the net cost of reinsurance was based on losses from all reinsured perils, consistent with the manner in which reinsurance is purchased in the market.
- In the past, the modeled losses I used included a loss adjustment expense (LAE) provision based on all losses, but based on Aon Benfield's input the modeled losses I used this year included an LAE provision of 6%.

Given the parameters of the reinsurance program described above, and the AIR and RMS loss distributions, I determined the amount of losses that would be subject to reinsurance coverage as a share of the total hurricane losses in the state. Based on the projected reinsured losses, I then developed a "competitive market" reinsurance premium, following a series of steps that are described below. Before describing the individual steps in that process, however, I should note two considerations in connection with the use of the hurricane models in this filing.

First, in developing the hurricane loss estimates for use in this filing, Aon Benfield ran two alternative versions of the AIR and RMS models. The first versions rely on the full 100+ year history of hurricane activity as the basis for projected hurricane frequency and severity, and are known as the Historical (HIST) RMS model, or the Standard (STD) AIR model. The alternative versions adopt different views regarding hurricane frequency and severity. RMS's model, known as the Medium Term Rate (MTR) model, provides estimates based on expected environmental conditions in the near future, while AIR's model, known as the Warm Sea Surface Temperature (WSST) model, provides estimates which reflect the known cyclicity of hurricane activity and the higher frequency and severity of hurricanes in periods of warmer sea surface temperatures.

When calculating the base rates for this filing, the NCRB relied upon the HIST/STD versions of the two models to estimate the level of hurricane losses to be included in the rates. However, reinsurers today rely on the alternative models described above when setting the market price for reinsurance. Therefore, it is appropriate, when estimating a provision for NCOR in this filing, to rely on the MTR/WSST versions of the two models to develop loss estimates in this portion of my analysis.

Second, I also note that when projecting losses using either model, the estimates reflect the phenomenon of "demand surge." Demand surge refers to the fact that, subsequent to the occurrence of a large natural catastrophe, the prices of labor and materials required to repair or replace damaged property tend to increase

because of the surge in demand for such resources. As an economist, this is exactly what I would expect given the underlying dynamics of supply and demand; with resources (particularly labor) that are relatively fixed in supply in the short run, a rapid increase in demand is expected to increase prices. This phenomenon has been observed following natural disasters such as Hurricane Andrew, the Northridge earthquake, Hurricane Katrina and the like. In estimating the damages attributable to catastrophic events, it is appropriate to include all factors that affect the level of expected losses, including, of course, factors that affect the price of the resources required to respond to those events.

Given the reinsurance program described above and the RMS/AIR loss distributions, I then determined the amount of losses that would be subject to reinsurance coverage, as a share of the total hurricane losses in the state. Based on the projected reinsured losses, I then developed a “competitive market” reinsurance premium, as follows:

- I loaded the reinsured loss for loss adjustment expense (LAE), using an assumption, provided by Aon Benfield, that LAE is typically 6% of incurred loss for hurricanes.
- I then loaded the incurred losses and LAE for assumed reinsurer expenses, using an expense factor which results in a reinsurer expense provision equal to 16.7% of premium.
- I assumed the reinsurer set an underwriting profit provision that would yield a return on net worth, after consideration of all investment income, of 10.0%. I determined the reinsurer’s net worth such that the reinsurer premium to surplus ratio would be .30, a selected value that approximates the historical average ratio for professional reinsurers from Best’s Aggregates and Averages over the past several years.

Having determined the reinsurance premium that a competitive reinsurance market would produce under the assumptions described above, I then subtracted expected losses and LAE from the premium to leave the net cost of reinsurance of \$436,462,396.

Q. Are the results of your calculations shown in an exhibit?

A. Yes. Exhibit RB-22 shows the calculations giving rise to the estimated net cost of reinsurance of \$436,462,396. This exhibit shows the derivation of the reinsurance premium, based on the portion of catastrophe losses that are covered by reinsurance, and the reinsurer’s capitalization and required return. The end result of that calculation is the net cost of reinsurance, in dollars. To be explicit, the net cost of reinsurance is the total reinsurance premium less the amount of hurricane losses and LAE that are recovered from the reinsurer but already included in the

base rate. The amounts recovered from the reinsurer that are already in the base rates must be subtracted, to assure that those costs are not double counted when setting the statewide premiums for property insurance.

Q. In your opinion, it is appropriate to include the net cost of reinsurance in property insurance rates in North Carolina?

A. Yes. Insurers in North Carolina incur a substantial cost for bearing the risk of catastrophe exposed property insurance in the state. The market cost of bearing that risk (whether the risk is retained by the insurer or transferred to a reinsurer) must be included in the rates. Since this is a legitimate cost of the risk transfer inherent in the purchase of property insurance, it should properly be included in the rates.

Q. How do your estimates of the NCOR compare with those of Aon Benfield?

A. Our estimates are quite close, differing by around 5%, despite the fact that we used fundamentally different methodologies for estimating the NCOR. This gives me great confidence that the methodology I developed for pricing reinsurance more than a decade ago is reasonable and produces accurate results.

Q. In previous property rate cases, you allocated the net cost of reinsurance across regions in the state proportional to risk. Did you perform a similar analysis in this case?

A. No, I did not. Since the need for reinsurance arises from catastrophe exposure, which varies dramatically across the state of North Carolina, regional differences in risk should be taken into account when determining the allocation of reinsurance costs within the state. In previous years the committees at the NCRB determined that the NCOR should be allocated proportional to risk, but decided to use a regional allocation process, where the NCOR was allocated to 3 (or in the most recent case 4) distinct regions in the state. This year the NCRB determined that it would be appropriate to allocate the NCOR at the same level of granularity as the other cost elements in the filing, and hence it requested Aon Benfield to provide the NCOR at the territorial rather than the regional (or zone) level.

Q. In your opinion, is it appropriate to allocate reinsurance costs proportional to risk?

A. Yes. It is both intuitively and empirically obvious that the relative risk of property insurance varies geographically in North Carolina. As such, the cost for bearing that risk should be allocated proportional to the measurement of risk. Aon Benfield's process of allocating the NCOR to territory is consistent with the

objective of producing rates that are fair, reasonable and not unfairly discriminatory across policyholders.

- Q. Does this methodology result in higher overall reinsurance costs than would have been the case without the allocations?
- A. No, it does not; the allocation method itself is simply a manner in which to spread the costs across policyholders in a non-discriminatory manner consistent with risk. Thus, it does not impose any additional costs on North Carolina policyholders in the aggregate; rather it just apportions the costs in a manner that is consistent with the risks different policyholders impose.
- Q. In previous property insurance filings you have recommended regional allocations of profit and contingencies in addition to the allocation of NCOR. Have you done so in this case?
- A. No. In order to minimize areas of dispute between the NCRB and the North Carolina DOI, the committees at the Bureau decided for this filing to use the traditional approach of setting a single underwriting profit factor that applies uniformly throughout the state. Therefore I was not asked to perform any analyses to allocate profit or contingencies to region or territory.

## **V. COMPENSATION FOR RISK OF ASSESSMENTS FROM BEACH/FAIR PLANS**

- Q. You said earlier that you also considered the risks faced by insurers in North Carolina associated with the exposures insured in the Beach/Fair Plans. Can you please explain this issue?
- A. Yes. In addition to the risks attendant to the property insurance directly written by insurers in North Carolina, there is substantial additional risk to insurers attributable to the exposures insured in the Beach/Fair Plans.

The Beach/Fair Plans serve as the so-called “residual market” for residential property insurance in the state. Residual markets exist to provide access to insurance coverage for policyholders who cannot obtain such coverage from insurers in the voluntary market. In states which have significant exposure to catastrophes, property insurance residual markets often grow to represent a very sizable portion of the total insured risk in the exposed regions of the state. In North Carolina, the Beach Plan has become the predominant writer of homeowners insurance in the 18 coastal counties that it covers.

The Beach/Fair Plans provide either wind only or full residential property insurance coverage to North Carolina policyholders. (The Beach Plan writes homeowners insurance policies, but the Fair Plan does not.) The Plans use the premium from those policies to fund the future losses and expenses attributable to the coverages they write (including the purchase of reinsurance, issuance of catastrophe bonds and the like). The Beach/Fair Plans can accumulate surplus and that surplus is available to pay losses in the event that the losses exceed collected premiums plus investment income. However, if their surplus is exhausted, then additional losses (up to a \$1 billion limit for the Beach Plan but unlimited for the Fair Plan) are passed through to all insurers in the state in the form of assessments based upon each insurer's total property writings in North Carolina. (Beyond the \$1 billion limit, and any applicable reinsurance, additional losses in the Beach Plan are passed through directly to policyholders statewide.) Even if an insurer does not write property insurance in North Carolina's beach and coastal areas, it is nevertheless subject to any assessment by the Beach/Fair Plans due to its writings in other areas of North Carolina.

Although the size of the Beach Plan has stabilized in the most recent several years, it still represents a significant exposure for insurers, due to its past growth. That growth in the Beach Plan was attributable to numerous factors, including the legislative expansion of the Beach Plan territory, the legislative addition of homeowners coverage to the coverages available in the Beach Plan, the increase in the number and value of insured properties in the beach and coastal areas of North Carolina, and the inadequacy of primary property insurance rates in the state.

This risk of assessment is real and substantial, and insurers must be compensated for this additional risk to their capital. To address this situation, I have developed a procedure to incorporate a provision in the rates that compensates insurers for this risk.

Q. Can you please explain the procedure you developed?

A. Yes. The model I developed for this purpose involves two steps; the first is to quantify the magnitude of the exposure itself, and the second is to determine the fair compensation to be paid to insurers for being required to bear that risk.

To quantify the magnitude of the exposure, it was necessary to estimate the expected value of the assessments on insurers that arise because of catastrophic losses in the Beach/Fair Plans. Since assessments on insurers arise only after the plans have exhausted other resources available to pay losses, I needed to determine both the probability of that occurring as well as the amount by which the losses exceeded those other resources. Therefore, I obtained information from the Beach and Fair Plans regarding the reinsurance program in place for the 2017 storm season, along with assumptions of each plan's accumulated surplus

available for the season as well – i.e., the “other resources” that would be available to pay for hurricane losses during the 2017 storm season. I then obtained the AIR/RMS hurricane model runs used by the Beach/Fair Plans, and for each iteration of the models I determined the amount of losses that would be covered by reinsurance and the remaining losses that would have to be funded either from the plans’ accumulated surplus, through assessments on property insurers in the state, or ultimately through assessments on North Carolina property insurance policyholders. I then subtracted the accumulated surplus of the plans from the losses remaining after reinsurance, limited the assessable losses due to Beach Plan exposures to \$1 billion, and calculated the average assessment on property insurers across all iterations of the models (which is the expected value of the losses that would have to be funded through assessments on North Carolina property insurers).

As noted, this is a measure of the magnitude of the exposure – i.e., it represents the risk to insurers’ capital associated with the exposure to Beach/Fair Plans assessments. The next step is to develop a method of measuring the fair compensation to insurers for bearing this risk.

Q. Can you please explain how you measured the compensation for bearing this risk?

A. Yes. To measure the fair compensation for bearing this risk, I relied on data regarding the market price of catastrophe risk, taken from the market for insurance linked securities. Insurance linked securities (ILS) are securities (bonds, warrants and the like) that have conditional payoffs that are virtually identical to reinsurance. Investors purchase such securities at significant yield premiums to risk free bonds, because they are exposed to loss of principal and interest if certain “insured events” occur.

Q. Can you explain how such securities work in practice?

A. Certainly. As an example, consider an insurer that issues \$100 million of a bond with a provision that, for every dollar of loss from an Atlantic hurricane in excess of \$1 billion, one dollar of the bond would not have to be repaid. Since the investor in that bond would effectively be paying for up to \$100 million of hurricane losses, such a security would be the functional equivalent of a reinsurance contract that provides \$100 million in coverage excess of a \$1 billion attachment point.

Now, with respect to the interest to be paid by the insurer on this bond, assume investors demand a premium of 10% in excess of the risk free rate in order to purchase such a security (because of the high degree of risk associated with the potential loss of principal and interest). This risk premium implies that the insurer would have to pay \$10 million in interest in excess of the risk free rate to induce investors to purchase such securities, which is equivalent to paying a premium of

\$10 million for \$100 million of reinsurance. This kind of information can be very illuminating in connection with evaluating the risk premiums required to bear catastrophe risk.

Q. What kind of information is available in these markets that can help you to assess the fair compensation for bearing catastrophe risk?

A. Markets for ILS have been growing in recent years, as they provide a financially efficient method of transferring risk. While smaller than reinsurance markets, they can provide extremely useful data about the cost of risk, because they reflect estimates of the pure cost of risk transfer, unencumbered by insurance specific issues (such as expenses, capital requirements, required returns, regulation and the like).

Lane Financial, LLC is a firm that specializes in and is the most prominent analyst of insurance linked securities. In April of each year, Lane publishes a data base that accumulates a variety of useful information that can help to evaluate the fair compensation for bearing catastrophe risk. For each ILS in the market, Lane publishes the following data: the yield on the security; the excess return over LIBOR (the risk free rate); the probability that the security will suffer a loss; and the expected value (or average) loss anticipated on the security. These data provide the foundation for my analysis of the proper compensation for bearing the risk of Beach/Fair Plans assessments.

Q. How are these data used to determine the compensation for assessment risk?

A. Before describing the mechanics of the analysis, I first define several terms that will prove useful in this discussion. The "*yield spread*" is simply the difference between the yield on the particular ILS and LIBOR. (LIBOR, or the London Interbank Offered Rate, is one traditional measure of the risk free rate in finance.) For example, in the case I cited above (where a \$100 million bond had a provision that, for every dollar of hurricane loss in excess of \$1 billion, one dollar of the bond would not have to be repaid) investors demanded a premium of 10% in excess of the risk free rate. In that case, the yield spread was 10% (or 1000 basis points), which implies that the insurer would have to pay \$10 million in interest in excess of the risk free rate to induce investors to purchase such securities.

Now assume that the expected distribution of hurricane losses is such that this security had an average annual loss of \$1 million, meaning that, based on the probability and amount of hurricane losses of varying sizes, an investor would anticipate having an average loss of \$1 million per year. This is termed the "*expected loss.*" Since the investor in this example receives compensation of \$10 million in excess of the risk free rate for bearing the risk of loss, the "expected

profit” to the investor is \$9 million (the yield in excess of the risk free rate minus the expected losses).

Finally, I define a term known as the “*profit multiple*,” which is the ratio of expected profit to expected loss – in this case \$9 million divided by \$1 million, or a profit multiple of 9.0. The profit multiple provides an estimate of the compensation investors require to bear catastrophe risk, insofar as it tells us what returns investors require in order to take on the risk of loss from a catastrophic event. One particularly important feature of this variable is that it is a measure of compensation per dollar of expected loss; given the Beach/Fair Plans assessments to which insurers are exposed, the profit multiple can be used to develop an estimate of the fair compensation for bearing such risk. This is the measure of risk I rely upon in evaluating the fair compensation for property insurers whose capital is exposed to Beach/Fair Plans assessments.

- Q. Before you explain exactly how you used this information, is it true that all ILS have yield spreads that are 10.0 times, or profit multiples that are 9.0 times, their expected loss?
- A. No. This value fluctuates depending on the risk characteristics of the particular securities in question. In my example there was a bond with an attachment point of \$1 billion and an expected loss of \$1 million, but each of the securities traded in capital markets has different attachment points and amounts of coverage, and different probabilities and amounts of expected loss. As you would expect, those securities that have more volatile exposures have larger risk premiums relative to expected loss than those with less volatility.
- Q. Generally speaking, which securities are more volatile, and hence have higher risk premiums and profit multiples?
- A. For exposures such as these, securities that have “higher” attachment points – meaning those which have a lower probability of incurring a loss – have greater volatility and larger risk premiums. While it is true that such securities have a lower probability of incurring a loss, it is also the case that the variability of the losses on such securities is greater than those with a higher probability of incurring a loss (i.e., those that attach at lower points on the loss distribution). As a result, ILS’s with very low probabilities of attachment will have the highest risk premiums and profit multiples.
- Q. How do you use the data on ILS’s to develop the fair compensation to insurers for bearing the risk of Beach/Fair Plans assessments?

A. First, to get a more precise estimate of the risk premia in capital markets, I compiled the data on profit multiples for all ILS's issued on U.S. catastrophe exposures in the last ten years. However, as I mentioned earlier, each ILS has a different profit multiple based on its specific risk characteristics. Therefore, to determine the profit multiples that are appropriate for the risks imposed by the Beach/Fair Plans exposures, I fit a curve which relates the profit multiple on each bond to the probability of loss occurring on that bond. This curve permits the measurement of profit multiples at any probability level

Next, I obtained information from the Beach/Fair Plans on the distribution of hurricane losses, based on the AIR and RMS hurricane model runs using the most current exposures for the plans. For each iteration of the models, I estimated the hurricane losses that would be ceded to reinsurers (using the actual reinsurance purchased by the Plans) and the amount of those losses that would be retained by the Beach/Fair Plans. Based on this analysis I was able to determine the expected value of hurricane losses retained by the Beach/Fair Plans, as well as the distribution of those losses within the various probability layers.

Finally, to determine the fair compensation for bearing this risk, I determined the amount of losses that would exceed the Beach/Fair Plans' capacity, and thus would be assessed to voluntary insurers in the state. For each dollar of such assessments, I multiplied the expected loss by the appropriate profit multiple (given the probability interval in which the losses reside). The product of the expected losses by interval or layer and the appropriate profit multiple for the layer represents the fair compensation insurers should receive for bearing such risk.

Q. Have you developed any exhibits that provide the details of these calculations?

A. Yes. Exhibit RB-23 contains ten pages of information required to develop the fair compensation for bearing Beach and Fair Plan assessment risk.

Pages 1 and 6 of Exhibit RB-23 show a summary of the Beach and Fair Plan's reinsurance programs, including the various layers of reinsurance purchased and the coverage levels within those layers. Although the Beach and Fair Plan are separate legal entities, in previous years they purchased reinsurance contracts that covered the combined loss of both entities. This year the two Plans purchased separate reinsurance contracts.

Page 2 shows the curve I fit to the ILS profit multiples based on all ILS issued in the last ten years, and the equation of the fitted curve that is used to determine the profit multiples for each layer to which insurer capital is exposed.

Pages 3 and 7 display the profit multiples calculated for each layer of the Beach and Fair Plan's loss distribution, based on the equation on page 2. In order to determine the fair compensation to voluntary insurers for bearing the risk of

assessments, I need to determine which layers contain losses that will be funded by such assessments, and the appropriate compensation per dollar of expected loss within those layers. The profit multiples are the appropriate compensation per dollar of expected loss in each layer.

Pages 4 and 8 illustrate how potential losses for the Beach Plan Residential Account and Fair Plan are funded. (The Beach Plan determines losses and assesses voluntary insurers separately for each account, while the Fair Plan has only one account.) The Beach Plan can assess voluntary insurers a maximum of \$1 billion for any deficits resulting from a single calendar year across all accounts, while the Fair Plan assessments are unlimited. Any amounts needed to pay claims in excess of the assessable amounts are to be collected through surcharges to property insurance policyholders statewide.

The mechanics of the funding analysis are as follows. First, for each iteration of the models, losses are segregated into loss layers separately by account (Beach Plan Residential, Beach Plan Commercial, and Fair Plan). Then, the losses by layer for each account are disaggregated based on the source of funding for those losses - Beach/Fair Plan surplus, the next \$1 billion of Beach Plan losses to be covered by assessments on voluntary insurers, private reinsurance and ultimately any additional amounts in the Beach Plan to be covered by surcharges on property policyholders' premiums. Finally, the losses associated with each event are then accumulated in these categories for each of the loss layers. (Although I apply the reinsurance contracts and the \$1 billion limit to commercial losses, no expected commercial hurricane losses are included in my calculations of the fair compensation for exposure to assessments for residential lines of business.)

While pages 4 and 8 illustrate the funding of potential losses within each layer, the purpose of this analysis is to determine the fair compensation for the risk of assessments on private insurers. As such, the analysis must take into account the probability of losses occurring within each layer and calculate the expected value (or annual average) loss that will be borne by private insurers. Pages 5 and 9 of RB-23 provides that analysis; they show the expected value of the losses that would be covered by the Beach Plan Residential and Fair Plan accounts, and the annual average amount of those losses that would be assessed to private insurers. In addition, these pages display the profit multiples associated with each layer of the loss distribution, and the product of the indicated profit multiple times the expected losses within the layer. The sum of those values is the indicated compensation for assessment risk for each account. (For example, the total cost of providing reinsurance to the Beach Plan Residential Account, which is in essence what the statutes require voluntary property insurance writers to do, is \$69.40 million.)

The final step in this calculation is to determine the appropriate provision to be included in the rates to compensate insurers for the risk of Beach and Fair Plans assessments. This provision, expressed as a percent of premium, is developed

on page 10 of Exhibit RB-23. (I note that these calculations reflect only the residential portion of the Plans' deficits.) Since assessments for Beach/Fair Plans losses are applied to all property insurance lines in the state, the bottom table on Exhibit RB-23, page 10 shows the development of a charge that will produce an amount of revenue equal to the total required compensation of \$113.81 million. As shown therein, that charge amounts to 3.8% of total property insurance premium in the state.

- Q. In your opinion, is it appropriate to include the 3.8% compensation for assessment risk provision in property insurance rates in North Carolina?
- A. Yes, not only is it appropriate, it is necessary in order that the rates are fair and reasonable to insurers. Since insurers are exposed to the risk of Beach/Fair Plans assessments as a result of writing voluntary market property insurance in the state, they are entitled to receive fair compensation for bearing that risk. The model I have developed relies on a well established and widely accepted measure of compensation to determine a provision that will fairly reward insurers for bearing this additional risk to their capital.

## **VI. PROJECTED RETURN ATTRIBUTABLE TO INSURANCE OPERATIONS**

- Q. Earlier you said that you had calculated the statutory return insurers would expect from underwriting homeowners insurance in North Carolina. Have you conducted such an analysis?
- A. Yes, I have. I developed a model using traditional insurance profitability analyses and have calculated the statutory returns on equity that would be expected to arise assuming that actual underwriting and investment results materialize exactly as projected in this filing. The results are contained in Exhibit RB-21 filed with this testimony.
- Q. What do you mean when you use the term pro forma in that exhibit in connection with rate of return?
- A. I use this term to indicate that the rate of return presented in these exhibits is based on a series of assumptions regarding such inputs as underwriting profit, investment gain, leverage and the like. If these assumptions actually materialize, then the "pro forma" rates of return calculated in the exhibits will prevail. However, to the extent that these assumptions are not realized, the rate of return will differ from that calculated in the exhibits.

Q. Do you have any reason to believe that the target underwriting profit of 11.0% included in this filing will not be realized during the period the upcoming homeowners insurance rates will be in effect?

A. Yes. It is obvious that if the projections of losses and expenses in the filing are correct, insurers must obtain a rate increase of 24.9% in order to achieve the targeted underwriting profit of 11.0%. However, the rate increase actually filed by the NCRB is considerably lower than that, due to the capping of rate increases in certain territories. In fact, the impact of capping is to reduce the overall increase from 24.9% to 18.7%, the amount that was actually requested by the Bureau. If the 18.7% rate increase is approved in its entirety, and the remaining assumptions in the filing materialize as projected, then the realized underwriting profit will be significantly less than the 11.0% target in the filing. Clearly, if the underwriting profit is lower, then insurer returns will be lower as well.

Q. Can you please now describe the components of the model you developed?

A. Yes. The model really consists of a single page that calculates the rate of return on equity attributable to undertaking the insurance activity. It sets forth estimates of income derived from underwriting, installment fees and investment of reserves and estimates of costs, comprised of losses, expenses and taxes. This exhibit is supported by several other exhibits which provide calculations of investment yield rates, tax rates, premium to surplus and net worth to surplus ratios, and installment fee income.

Q. Can you now please describe the principal elements of the rate of return analysis?

A. Yes.

1. Underwriting profit is the difference between earned premiums and projected incurred losses and expenses. This provision was selected by the appropriate committees of the Rate Bureau.
2. Installment fee income is projected based on historical installment revenues, taking into consideration the most recent information on the installment fee program.
3. Taxes are calculated assuming that the regular corporate tax rate applies to statutory underwriting (plus installment fee) income, and that an additional tax liability applies due to the reserve discounting and revenue offset provisions that are applicable to property casualty insurers. Taxes on investment income are calculated assuming that the current statutory tax rates apply to the various classes of investment income earned.

4. Investment gain on the insurance transaction is estimated as the product of an investment yield rate and the investible funds available from loss, loss adjustment expense and unearned premium reserves (i.e., policyholder supplied funds). The investment yield rate is derived as the average of the "embedded yield" and the "current yield," based on the actual portfolios of securities held by insurers. This estimated yield rate includes income from interest, dividends, real estate, and other assets, as well as realized capital gains. The investible funds in this calculation are estimated using the well known ISO State-X model, with one modification as described below.

Q. In previous testimony in North Carolina, you identified certain changes you made to the traditional rate of return analysis that is performed using this model. Did you continue these changes for this year's filing?

A. Yes. I removed the reduction of investible funds by the amount of agents' balances from the ISO State-X calculation. However, it continues to be true that the funds represented by agents' balances are not available for investment by insurers. Therefore, in the rate of return calculation, the investment income from this modified State-X calculation is reduced by the investment income attributable to agents' balances. This calculation recognizes (1) that the majority of agents' balances represent premiums not yet paid by insureds because of installment payment plans, and hence is unavailable for investment and (2) that for the small minority of agents' balances that is premiums collected by agents but not yet remitted to the companies, the investment income on that premium is additional compensation to the agents and a cost to the companies as part of the insurance transaction.

In addition, I adjusted the trended loss, LAE and fixed expense ratios to reflect the proposed rate change. That is to say, I have divided the trended loss and fixed expense ratios at present rates by one plus the proposed rate change to reflect the change in these ratios that occur when rates are changed.

Q. Could you please clarify how the underwriting profit provision contained in the rate filing was determined?

A. Yes. The issue of how the Rate Bureau determines the underwriting profit and contingency factor has routinely arisen in rate hearings in North Carolina over the past several years. Although it is evident from my exhibits that the Rate Bureau selects an underwriting profit and contingency provision to be included in the rates, there has been lengthy cross examination on this issue in every rate hearing in recent memory. Therefore, to clarify this matter, I will briefly discuss the procedure used by the Rate Bureau to determine the underwriting profit and contingency factor that is included in the proposed rates.

As part of the process of preparing a property insurance rate filing, the Property Rating Sub-Committee of the Rate Bureau meets to review data and determine values for a number of the important components of the proposed rates. One of these components is the underwriting profit factor. To determine this value, a procedure is followed in which I provide the committee with the estimated returns on equity (both statutory returns as well as returns adjusted to include investment income on surplus) associated with alternative underwriting profit provisions, and the committee then selects a provision after considering the cost of capital that has been developed by Dr. Vander Weide. Thus, the process is best described as one in which I test alternative underwriting profit provisions, and the committee selects a value based on these tests.

Q. How do you know what values of the underwriting profit provision to test?

A. I have been performing this type of analysis on behalf of the Rate Bureau for many years, and I am quite familiar with the dynamics of these models. Therefore, it is relatively easy to know the general range of values around which the underwriting profit is likely to fall. Normally, I will select approximately five or six values of the underwriting profit provision to test, that comprise a range of perhaps two to three percentage points, and the committee typically selects a value within that range. (For example, for this filing, I believe I tested underwriting profit provisions for homeowners insurance in one half percentage point increments ranging from 9.0% to 12.0%, and the committee selected a value of 11.0%.) Of course, if the committee is not satisfied with the range of values I propose, I provide the returns associated with alternative values proposed by the committee.

Q. From what you've said, it appears that the Rate Bureau *selects* an underwriting profit provision, rather than *deriving* such a provision from the cost of capital. Is that correct, and if so, isn't it true that actuarial standards of practice require that the underwriting profit provision be *derived* from an underlying cost of capital?

A. It is correct that the Rate Bureau committee selects an underwriting profit provision and then tests whether that provision results in an expected rate of return on net worth that is consistent with the cost of capital. However, despite what has been suggested in the past by DOI witnesses, it is *not true* that actuarial standards of practice require that an underwriting profit be derived from the cost of capital. In fact, that issue is addressed explicitly in Actuarial Standard of Practice #30, entitled "Treatment of Underwriting Profit and Contingency Factors and the Cost of Capital in Property/Casualty Insurance Ratemaking." Section 3.1 of that ASOP states the following:

Estimating the Cost of Capital and the Underwriting Profit Provision – Property/casualty insurance rates should provide

for all expected costs, including an appropriate cost of capital associated with the specific risk transfer. This cost of capital can be provided for by estimating that cost and translating it into an underwriting profit provision, after taking leverage and investment income into account. Alternatively, the actuary may develop an underwriting profit provision and test that profit provision for consistency with the cost of capital. The actuary may use any appropriate method, as long as such method is consistent with the considerations in this standard.

The procedure utilized by the Rate Bureau is exactly the approach articulated in this section (i.e., "the actuary may develop an underwriting profit provision and test that profit provision for consistency with the cost of capital").

Q. Could you please clarify how you selected your investment yield rate and premium to surplus ratio?

A. Yes. To select the investment yield rate, I was asked by the Rate Bureau to compute the average of what are known as the "embedded" and "current" yields, where each was based on the actual asset portfolios insurers currently hold. There has been a long-standing debate regarding the choice between embedded and current yields in insurance profitability calculations. Since the Commissioner himself adopted an approach of averaging the embedded and current yields in his 1994 automobile decision (and in his decision in the 1996 case, he selected a yield which approximated the yield obtained from this approach), the Rate Bureau has chosen to follow that methodology since that time.

To estimate the embedded yield, I calculated the ratio of investment income divided by average invested assets and added to that an estimate of the ten year average ratio of realized capital gains to invested assets. The sum of these two is the estimated embedded yield.

To estimate the current yield, I determined the yields available in today's capital markets for the portfolio of securities currently held by the property-casualty insurance industry. I then calculated a weighted average of these yield rates based on the proportion of assets held by the industry in each of the various securities such as stocks, bonds, real estate and the like.

As far as the premium to surplus ratio is concerned, I also relied on information which reflects the actual degree of leverage for insurers writing homeowners insurance in North Carolina. The premium to surplus ratio I used is the ten year average premium to surplus ratio for the top 30 company groups which wrote homeowners insurance in North Carolina in each of those years.

Q. Can you please provide the results of your calculations regarding the projected rate of return to the insurance transaction if your underlying assumptions are realized?

A. Yes. I estimate that insurers in North Carolina should expect to earn statutory returns on net worth of 6.6% for homeowners insurance in North Carolina. In addition, the total return on net worth (i.e., including investment income on surplus) is 9.3% for homeowners coverage. While the statutory returns are well below the lower bound of Dr. Vander Weide's range for the cost of capital, the total return falls within (albeit at the lower end of) that range.

Q. Are there any factors that might impact the realization of these projected returns?

A. Yes. In order for the aggregate industry to achieve the returns projected in these exhibits, every assumption in the model must be realized exactly, and the industry must receive the full indicated 24.9% rate increase. I have already mentioned one prominent reason why the projected returns will not be realized; the rate increase has been capped in various territories, such that the requested overall increase is only 18.7% (compared to the indicated 24.9%). If the other assumptions in the model are realized, the impact of this capping is to reduce the expected underwriting profit well below 11.0% and to reduce the statutory return on net worth and the expected total return on net worth well below the lower bound of Dr. Vander Weide's range for the cost of capital.

In addition to the capping, and even if every other projection in the filing is exactly realized, the industry will still not realize these projected returns because the filing does not reflect the current surplus position of the aggregate industry. For the sake of stability in the ratemaking process, the premium to surplus ratios used in my calculations are based on long term historical data. The most recent data show that the aggregate industry writing homeowners insurance in North Carolina has more surplus in relation to premiums than the historical averages used in my calculations. Therefore, even if all other assumptions were realized exactly, the calculated rate of return would overstate the returns the aggregate industry would reasonably expect.

## **VII. CONCLUSION**

Q. Based on the studies and analyses you have performed, have you come to any conclusions regarding the provisions for underwriting profit provision, net cost of reinsurance, and compensation for assessment risk that have been filed by the Rate Bureau as part of the filing in this case?

A. Yes. Based on my evaluation of Dr. Vander Weide's cost of capital estimates, my consideration of insurer specific risk characteristics, and my estimation of projected and expected returns, I believe that the underwriting profit provision selected by the Rate Bureau and used in determining the indicated rate level changes comply with North Carolina law and are not excessive. Furthermore, given the territorial capping of the filed rate level changes, the underwriting profit and returns *expected* to be realized by insurers will be substantially lower than those indicated, and hence will also not be excessive. In addition, based on my analyses of the cost of reinsurance and the required compensation for the risk of Beach/Fair Plan assessments, I believe that the filed provisions for the net cost of reinsurance and the required compensation for assessment risk are both reasonable and not excessive. Finally, assuming that the actuarial estimates in the filing are reasonable, it is my opinion that including the filed underwriting profit provision, net cost of reinsurance provision, and compensation for assessment risk provision would produce rates that are just, reasonable and not excessive, inadequate or unfairly discriminatory.

Q. Does this conclude your testimony?

A. Yes, it does.

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1989 to present 2017 1989 to 2016	<b>MILLIMAN, INC.</b> Senior Consultant Principal & Director - Economics Consulting Responsible for the formation, development and management of a national consulting practice in insurance economics.
1980 to 1989	<b>NATIONAL COUNCIL ON COMPENSATION INSURANCE</b> Economic and Social Research Division
1985 to 1989	Vice President
1983	Assistant Vice President Responsible for all economic and social research of NCCI
1982	Director of Economic and Social Research
1981	Senior Research Economist
1980	Associate Research Economist
1976 to 1997	<b>RUTGERS UNIVERSITY</b>
1981-97	Associate of the Graduate Faculty, Department of Economics, Newark, New Jersey
1981-93	Teach variety of graduate courses including: Microeconomic Theory, Industrial Organization, Public Finance
1978-80	Instructor, Department of Economics, New Brunswick, New Jersey
1976-78	Adjunct Instructor, Department of Economics, Newark, New Jersey
<b>EDUCATION:</b>	
1980	Ph.D., Economics, Rutgers University
1976	M.A., Economics, Rutgers University
1972	B.A., Economics, Brooklyn College, CUNY Fellow: National Academy of Social Insurance

## PAPERS AND PUBLICATIONS

"Comment on Jaffee and Russell" in Deregulating Property-Liability Insurance, J. David Cummins, Editor, Brookings Institution Press, Washington, DC, 2002

"Dynamic Financial Analysis of a Workers Compensation Insurer", CAS Call Papers Program, 1997 (with Susan Witcraft and Mark Mulvaney)

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"Workers' Compensation and Employment: An Industry Analysis" in Disability and the Labor Market: Economic Problems, Policies and Programs, M. Anne Hill and Monroe Berkowitz, eds., (Ithaca:1986 ILR Press), (with James Lambrinos)

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"Framing, Firm Size and Financial Incentives in Workers' Compensation Insurance" (with Richard J. Butler and John D. Worrall)

"Application of NAIC Profitability Models to Long Tailed Lines of Insurance" (with James Gerofsky)

**INVITED PRESENTATIONS**

Huntington Beach, California, March 11, 2013

CAS RPM Seminar

"Risk Loads for Property Catastrophe Covers: Primary and Reinsurer Perspectives"

Huntington Beach, California, March 11, 2013

CAS RPM Seminar

"The Actuary as Expert Witness"

Philadelphia, Pennsylvania, March 20, 2012

CAS Ratemaking Seminar

"How Reinsurers Consider Risk Loads and Cost of Capital for Property Cat Covers"

Chicago, IL , March 17, 2010

CAS Ratemaking Seminar

"Logic, Fallacies and Paradoxes in Risk/Profit Loading in Ratemaking: A Socratic Dialogue"

Chicago, IL , March 16, 2010

CAS Ratemaking Seminar

"Quantifying Risk Loads for Property Catastrophe Exposure"

Las Vegas, NV, March 10, 2009

CAS Ratemaking Seminar

"Using Catastrophe Bonds to Infer Risk Loads/Profit Margins/Reinsurance Costs"

Boston, MA, March 17, 2008

CAS Ratemaking Seminar

"Using Catastrophe Bonds to Infer Risk Loads/Profit Margins/Reinsurance Costs"

Pinehurst, North Carolina, May 21, 2007

Workers Compensation Insurance Organizations Annual Meeting

"Enterprise Risk Management: What Is It and Why Is It Important?"

Salt Lake City, Utah, March 13, 2006

CAS Ratemaking Seminar

"Including Reinsurance Costs in Primary Insurance Rates"

New Orleans, Louisiana, March 11, 2005

CAS Ratemaking Seminar

"Including Reinsurance Costs in Primary Insurance Rates"

Philadelphia, Pennsylvania, March 11, 2004

CAS Ratemaking Seminar

"The Consideration of Risk Loads and Reinsurance Costs in Primary Insurance Ratemaking"

New York, New York, December 12, 2003

Goldman Sachs Insurance Conference

"Interest Rate Changes and Insurance Underwriting"

San Antonio, Texas, March 28, 2003

CAS Ratemaking Seminar

"The Consideration of Risk Loads and Reinsurance Costs in Primary Insurance Ratemaking"

San Antonio, Texas, March 27, 2003

CAS Ratemaking Seminar

"Rate of Return Models in Insurance Ratemaking"

San Diego, California, May 20, 2002

CAS Annual Meeting

"The Actuary as an Expert Witness"

Tampa, Florida, March 7, 2002  
CAS Ratemaking Seminar  
"Parameterizing Rate of Return Models in Insurance Ratemaking"

Chicago, Illinois, December 10, 2001  
NAIC Meeting  
"The Impact of Proposition 103 in California"

Kansas City, Missouri, April 30, 2001  
NAIC Meeting  
"Personal Lines Regulation"

Las Vegas, Nevada, March 12, 2001  
CAS Ratemaking Seminar  
"Parameterizing Rate of Return Models in Insurance Ratemaking"

Washington DC, January 18, 2001  
Brookings Institution Conference on Insurance Regulation  
"Auto Insurance Experience in California"

Bermuda, September 14, 2000  
Ace Insurance Worldwide Actuarial Conference  
"Rate of Return Models In Property Casualty Insurance Ratemaking"

Orlando, Florida, June 9, 1998  
Florida Managed Care Institute Annual Conference  
"Issues in Integrated Health Care"

Seattle, Washington, July 21, 1997  
CAS Dynamic Financial Analysis Seminar  
"Dynamic Financial Analysis of a Workers Compensation Insurer"

Boston, Massachusetts, March 14, 1997  
CAS Ratemaking Seminar  
"Discounted Cash Flow Models in Insurance Ratemaking"

East Lansing, Michigan, July 15, 1996  
National Symposium on Workers Compensation  
"Managed Care in Workers Compensation"

New Orleans, Louisiana, March 20, 1996  
Global Business Research Seminar: Partnerships Between Insurers and Providers  
"Integrating the Data Systems"

Orlando, Florida, November 15, 1995  
Global Business Research Seminar: Documenting Savings From Managed Care  
"Evaluating Savings From Managed Care"

Orlando, Florida, October 27, 1995  
Self Insurance Association of America Annual Meeting  
"Managed Care in Workers Compensation: A Magic Act or Humbug?"

San Diego, California, October 16, 1995  
Global Business Research Seminar: Documenting Savings From Managed Care  
"Technical Issues in Measuring Savings From Managed Care"

Durham, North Carolina, September 6, 1995  
North Carolina HMO Association Annual Meeting  
"Workers Compensation in North Carolina: Risks and Opportunities for HMO's"

Washington, DC, May 22, 1995  
Global Business Research Seminar: Outcomes for Workers' Compensation Managed Care  
"Measuring and Reporting the Savings"

Orlando, Florida, April 13, 1995  
NCCI Annual Meeting  
"Managed Care in Workers Compensation"

Phoenix, Arizona, April 3, 1995  
Casualty Actuarial Society Seminar on Profitability  
"Rate of Return Models - Selecting the Parameters"

New Orleans, Louisiana, March 16, 1995  
Casualty Actuarial Society Ratemaking Seminar  
"Discounted Cash Flow Models for Insurance Ratemaking"

Orlando, Florida, March 14, 1995  
Standard & Poor's Rating Conference  
"Consolidation in the Property/Casualty Insurance Industry"

Minneapolis, Minnesota, October 11, 1994  
Casualty Actuarial Society Seminar on Medical Cost Containment  
"Managed Care and Workers' Compensation"

Toronto, Ontario, August 22, 1994  
American Risk and Insurance Association Annual Meeting  
"Current Issues in Workers' Compensation"

Boston, Massachusetts, May 17, 1994  
Casualty Actuarial Society Annual Meeting  
"Standard Of Practice on Profit and Contingency"

Hartford, Connecticut, April 20, 1994  
University of Connecticut Blue Cross/Blue Shield Symposium  
"24 Hour Coverage - What Will It Involve"

Atlanta, Georgia, March 10, 1994  
Casualty Actuarial Society Ratemaking Seminar  
"Cash Flow Models for Insurance Ratemaking"

Cambridge, Massachusetts, March 2, 1994  
Workers' Compensation Research Institute Health Care Reform Conference  
"Early Results of the Florida Pilot Project"

Phoenix, Arizona, November 15, 1993  
Casualty Actuarial Society Annual Meeting  
"The Use Of Managed Care in Workers' Compensation"

New York, New York, October 20, 1993  
Insurance Information Institute/Reinsurance Association of America Research Conference  
"The Impact of Health Care Reform on Casualty Insurance"

Somerset, New Jersey, July 13, 1993  
National Symposium on Workers' Compensation  
"Economic Analysis of Workers' Compensation Issues"

Boston, Massachusetts, June 30, 1993  
Institute of Actuaries of Japan Special Meeting  
"Health Care Costs in Workers' Compensation"

Dallas, Texas, June 15, 1993  
Stirling-Cooke Workers' Compensation Seminar  
"Workers' Compensation Medical Costs: Trends, Causes and Solutions"

New York, New York, June 3, 1993  
New York Business Group On Health  
"The Crisis in Workers' Compensation Health Care"

Mauna Lani Bay, Hawaii, May 3, 1993  
Western Association of Insurance Brokers Annual Meeting  
"Trends in Insurance Insolvency"

Kingston, Ontario, April 28, 1993  
Queen's University Workers' Compensation Conference  
"Exposure Bases for Workers' Compensation: Equity vs. Practicality"

Sanibel Island, Florida, March 29, 1993  
Workers' Compensation Reinsurance Bureau Annual Meeting  
"The Use of Managed Care in Workers' Compensation"

Baltimore, Maryland, March 23, 1993  
CAMAR Annual Meeting  
"Estimating the Cost of Capital in Insurance Ratemaking"

Philadelphia, Pennsylvania, December 1, 1992  
Economic Issues in Workers' Compensation Seminar,  
"Rate of Return Regulation in Workers' Compensation"

Seattle, Washington, October 16, 1992  
Casualty Actuarial Society Seminar on Profitability  
"Risk Based Capital Standards for Property Casualty Insurers"

Washington, DC, August 18, 1992  
American Risk and Insurance Association Annual Meeting  
"The Crisis in Workers' Compensation"

New York, New York, May 19, 1992  
Executive Enterprises Institute Seminar: Winning Approval of Rate and Form Filings  
"Determining a Fair Rate of Return for Property/Casualty Insurers"

Palm Beach, Florida, April 23, 1992  
NCCI Annual Meeting  
"Is the Workers' Compensation Industry Competitive?"

Philadelphia, Pennsylvania, March 20, 1992  
University of Pennsylvania/Duncanson & Holt Special Seminar  
"Current Issues in Workers' Compensation"

Dallas, Texas, March 12, 1992  
Casualty Actuarial Society Ratemaking Seminar  
"Profitability Models in Insurance Ratemaking: Estimating the Parameters"

Houston, Texas, December 11, 1991  
NCCI/NAIC Commissioners Symposium  
"Rate Adequacy: Solvency and Safety Implications"

New York, New York, November 17, 1991  
Executive Enterprises Institute Seminar: Winning Approval of Rate and Form Filings  
"Determining a Fair Rate of Return for Property/Casualty Insurers"

Philadelphia, Pennsylvania, November 12, 1991  
Casualty Actuarial Society Annual Meeting  
"The Impact of Medical Costs on Casualty Coverages"

New York, New York, May 17, 1991  
Executive Enterprises Institute Seminar: Winning Approval of Rate and Form Filings  
"Determining a Fair Rate of Return for Property/Casualty Insurers"

Kiawah Island, South Carolina, April 15 & 16, 1991  
Casualty Actuarial Society Seminar on Profitability  
"Cost of Capital Estimation: Lessons From Public Utilities"

Chicago, Illinois, March 14, 1991  
Casualty Actuarial Society Ratemaking Seminar  
"The Use of Profitability Models in Insurance Ratemaking"

Orlando, Florida, October 24, 1990,  
Financial Management Association Annual Meeting,  
"Current Issues in Insurance Rate Regulation: California Prop. 103 and Pennsylvania Act 6"

New Brunswick, New Jersey, May 18, 1990,  
Joint Conference on Workers' Compensation,  
"Current State Issues and Benefit Reforms"

Orlando, Florida, May 8, 1990,  
National Association of Insurance Commissioners Southeast Zone Raters Conference,  
"Loss Cost Rating for Workers' Compensation"

Orlando, Florida, April 3, 1990,  
Workers' Compensation Reinsurance Bureau Annual Meeting,  
"Medical Costs in Workers' Compensation: Recent Trends in Cost Containment"

Philadelphia, Pennsylvania, March 15, 1990,  
CAS Ratemaking Seminar,  
"Rate of Return Models in Insurance Regulation: Return on Sales vs. Return on Equity"

Chicago, Illinois, November 10, 1989,  
Alliance of American Insurers Research Committee,  
"Recent Developments in Rate Regulation: California Proposition 103"

New York, New York, October 5, 1989,  
NCCI Legal Trends Seminar,  
"Medical Cost Containment in Workers' Compensation"

Philadelphia, Pennsylvania, September 7, 1989,  
Workers' Compensation Congress,  
"Medical Cost Containment in Workers' Compensation"

Denver, Colorado, August 21, 1989,  
American Risk and Insurance Association Annual Meeting,  
"Regulatory Survival: Rate Changes in Workers' Compensation" (with Richard J. Butler)

Hilton Head, South Carolina, April 4, 1989,  
Workers' Compensation Reinsurance Bureau Annual Meeting,  
"Prospects for Workers' Compensation in the 1990's"

Mountain Lakes, New Jersey, March 29, 1989,  
St. Clares-Riverside Medical Center,  
"Stress in the Workplace"

Dallas, Texas, March 16, 1989,  
Casualty Actuarial Society Ratemaking Seminar,  
"The Impact of Tax Reform on Insurance Profitability"

New Orleans, Louisiana, December 15, 1988,  
NAIC-NCCI Commissioners School,  
"A Forecast for Workers' Compensation"

Philadelphia, Pennsylvania, November 17, 1988,  
Economic Issues in Workers' Compensation Seminar,  
"The Impact of Regulation on the Probability of Insolvency" (with John D. Worrall and David Durbin)

Boston, Massachusetts, November 14, 1988,  
American Public Health Association Annual Meeting,  
"Stress in the Workplace"

Atlanta, Georgia, September 14, 1988,  
Casualty Loss Reserve Seminar,  
"Estimating the Cost of Social Inflation in Workers' Compensation"

Reno, Nevada, August 15, 1988,  
American Risk and Insurance Association Annual Meeting,  
"Benefit Increases in Workers' Compensation"

New York, New York, June 13, 1988,  
National Association Of Insurance Commissioners Annual Meeting,  
"Alternative Rate of Return Models for Insurance Regulation"

Syracuse, New York, May 5, 1988,  
Current Issues in Workers' Compensation Symposium,  
"Workers' Compensation Stress Claims"

Hilton Head, South Carolina, April 22, 1988,  
Workers' Compensation Reinsurance Bureau Annual Meeting,  
"A Forecast for Workers' Compensation Insurers"

Absecon, New Jersey, April 19, 1988,  
Pennsylvania Coal Mine Rating Bureau Annual Meeting,  
"The Use of Rate of Return Models in Insurance Rate Regulation"

Philadelphia, Pennsylvania, November 17, 1987,  
Economic Issues in Workers' Compensation Seminar,  
"The Transition to Permanent Disability Status" (with John D. Worrall and David Durbin)

Charlotte, North Carolina, October 20, 1987,  
American Insurance Association Government Affairs Conference,  
"Prospects for Workers' Compensation in 1988"

Minneapolis, Minnesota, September 29, 1987,  
Minnesota Workers' Compensation Reinsurance Association Annual Meeting,  
"Economic and Demographic Characteristics of Workers' Compensation Claims"

Airlie, Virginia, July 7, 1987,  
National Symposium on Workers' Compensation,  
"Forecasting Workers' Compensation Experience"

Santa Clara, California, June 30, 1987,  
Symposium on Recent Advances in Ratemaking,  
"Econometric Models of Workers' Compensation Losses"

Storrs, Connecticut, May 1, 1987,  
University of Connecticut Symposium on Current Issues in Workers' Compensation,  
"Current Research in Workers' Compensation"

Philadelphia, Pennsylvania, April 16, 1987,  
Wharton School Graduate Seminar Series,  
"Impact of Tax Reform on Workers' Compensation Profitability"

Boca Raton, Florida, December 4, 1986,  
National Association of Insurance Commissioners/NCCI Commissioners School,  
Panel Discussion on Current Issues in Workers' Compensation

Philadelphia, Pennsylvania, November 7, 1985,  
Wharton School, University of Pennsylvania, Graduate Seminar Series,  
"Litigation in Workers' Compensation"

Vancouver, British Columbia, August 19, 1985,  
American Risk and Insurance Association Annual Meeting,  
"Earnings Loss and Permanent Disability"

Washington, D.C., April 23, 1985,  
Washington Conference on the Economics of Disability,  
"Employment Effects of Workers' Compensation Insurance"

Schenectady, New York, January 18, 1985,  
Union University Graduate Business Seminar Series,  
"The Use of Modern Portfolio Theory in Insurance Regulation"

**EXPERT TESTIMONY**

Utica, New York, July 6, 2016

Village of Ilion, et.al., v. County of Herkimer, et.al.

San Francisco, California, November 19, 2015

State Farm General Homeowners Insurance Rate Hearing

Tallahassee, Florida, October 21, 2015

NCCI Workers Compensation Insurance Rate Hearing

Raleigh, North Carolina, October 27, 2014

Homeowners Insurance Rate Hearing

Tallahassee, Florida, October 14, 2014

NCCI Workers Compensation Insurance Rate Hearing

New York, NY, June 24, 2014

Omar Tigbao and Dorothy Tigbao, et. al., v. QBE Financial Institutions Risk Services, Deposition

New York, NY, March 7, 2014

Thrift Development Corporation v. American International Group, et. al., Deposition

New York, New York, January 28, 2014

Cheryl Hall, et. al. v. Bank of America, N.A., et. al., Deposition

Santa Fe, New Mexico, November 7, 2013

Biennial Title Insurance Rate Hearing

Tallahassee, Florida, October 1, 2013

NCCI Workers Compensation Insurance Rate Hearing

New York, New York, July 10, 2013

Larry Arnett and Ronda Arnett, et. al. v. Bank of America, N.A., et. al., Deposition

Austin, Texas, April 25, 2013

State Farm Lloyds Homeowners Rate Hearing

Tallahassee, Florida, October 4, 2012

NCCI Workers Compensation Insurance Rate Hearing

Boston, Massachusetts, May 14, 2012

Massachusetts Workers Compensation Rate Hearing

New York, New York, February 17, 2012

Temporary Services, Inc. et. al. v. American International Group, et. al., Deposition

San Francisco, California, January 19, 2012

Mercury Insurance Company Homeowners Insurance Rate Hearing

Santa Fe, New Mexico, November 16, 2011

Biennial Title Insurance Rate Hearing

Tallahassee, Florida, October 11, 2011

NCCI Workers Compensation Insurance Rate Hearing

Tampa, Florida, September 13, 2011

Citizens Property Insurance Corporation Homeowners Insurance Hearing

Raleigh, North Carolina, July 25, 2011

Dwelling Fire and Extended Coverage Insurance Rate Hearing

Tallahassee, Florida, October 6, 2010

NCCI Workers Compensation Insurance Rate Hearing

Irvine, CA, April 21, 2010  
Eastwood Insurance Services, Inc. et. al., vs. Titan Auto Insurance of NM, et. al. Deposition

San Francisco, California, March 9, 2010  
Century National Insurance Company Proposition 103 Rollback Hearing

Santa Fe, New Mexico, November 18, 2009  
Annual Title Insurance Rate Hearing

Tallahassee, Florida, October 29, 2009  
NCCI Workers Compensation Insurance Rate Hearing

Austin, Texas, September 14, 2009  
Biennial Title Insurance Rate Hearing

Austin, Texas, April 1, 2009  
State Farm Lloyds Homeowners Rate Hearing

Santa Fe, New Mexico, November 19, 2008  
Annual Title Insurance Rate Hearing

New York, New York, November 13, 2008  
Georgia Hensley, et. al., vs. Computer Sciences Corp. et. al., Deposition

Tallahassee, Florida, October 29, 2008  
State Farm Florida Homeowners Insurance Hearing

Raleigh, North Carolina, July 1, 2008  
Auto Insurance Rate Hearing

San Francisco, California, May 5, 2008  
GeoVera Insurance Company Earthquake Rate Hearing

Tallahassee, Florida, January 23, 2008  
Hartford Insurance Group Homeowners Insurance Rate Hearing

Boston, Massachusetts, January 9, 2008  
Commerce Insurance Group Auto Insurance Rate Hearing

San Francisco, California, November 29, 2007  
Explorer Insurance Company Automobile Rate Hearing

Santa Fe, New Mexico, November 19, 2007  
Annual Title Insurance Rate Hearing

Reno, Nevada, June 14, 2007  
Public Hearing Regarding Merger Between UnitedHealth Group and Sierra Health Systems

Austin, Texas, May 31, 2007  
State Farm Lloyds Homeowners Rate Hearing

Reno, Nevada, October 26, 2006  
Public Hearing Regarding Demutualization of Employers Insurance Group

San Francisco, California, August 30, 2006  
Hearing on Proposed Title Insurance Rate Regulations

Austin, Texas, August 14, 2006  
Biennial Title Insurance Rate Hearing

Raleigh, North Carolina, September 28, 2005  
Auto Insurance Rate Hearing

Providence, Rhode Island, September 27, 2005  
Norcal Medical Malpractice Insurance Rate Hearing

San Francisco, California, August 23, 2005  
Safeco Insurance Company Earthquake Rate Hearing

Boston, Massachusetts, April 15, 2005  
Massachusetts Workers Compensation Rate Hearing

Lawrence, Massachusetts, February 14, 2005  
Highground, Inc. v. Mazonson

New York, NY, January 21, 2005  
NFHA v. Prudential Deposition

Austin, Texas, July 13, 2004  
Medical Protective Insurance Company Medical Malpractice Insurance Rate Hearing

Austin, Texas, December 16, 2003  
Biennial Title Insurance Rate Hearing

Providence, Rhode Island, November 17, 2003  
Norcal Medical Malpractice Insurance Rate Hearing

San Francisco, California, September 16, 2003  
Century National Proposition 103 Rollback Hearing

Austin, Texas, September 11, 2003  
Farmers Insurance Exchange Homeowner Rate Rollback Hearing

Austin, Texas, September 2, 2003  
State Farm Lloyds Homeowners Rate Rollback Hearing

Austin, Texas, May 21, 2003  
Farmers Insurance Group Settlement Hearing

Boston, Massachusetts, April 29, 2003  
Massachusetts Workers Compensation Rate Hearing

Los Angeles, California, March 12, 2003  
SCPIE Medical Malpractice Rate Hearing

Raleigh, North Carolina, July 17, 2002  
Auto Insurance Rate Hearing

Tallahassee, Florida, February 25, 2002  
NCCI Workers Compensation Insurance Rate Hearing

Austin, Texas, February 5, 2002  
Biennial Title Insurance Rate Hearing

Raleigh, North Carolina, September 24, 2001  
Auto Insurance Rate Hearing

Boston, Massachusetts, August 14, 2001  
Massachusetts Auto Insurance Bureau Rate Hearing

Austin, Texas, March 6, 2001  
Texas Auto Benchmark Rate Hearing

Boston, Massachusetts, August 23, 2000  
Massachusetts Auto Insurance Bureau Rate Hearing

Austin, Texas, December 7, 1999  
Texas Auto Insurance Plan Association Rate Hearing

Raleigh, North Carolina, December 3, 1999  
Auto Insurance Rate Hearing

Austin, Texas, November 3, 1999  
Biennial Title Insurance Rate Hearing

Austin, Texas, September 8, 1999  
Texas Auto Benchmark Rate Hearing

Boston, Massachusetts, August 13, 1999  
Massachusetts Auto Insurance Bureau Rate Hearing

Austin, Texas, June 22, 1999  
Texas Property Benchmark Rate Hearing

Honolulu, Hawaii, December 16, 1998  
NCCI Workers Compensation Insurance Rate Hearing

Richmond, Virginia, November 15, 1998  
NCCI Workers Compensation Insurance Rate Hearing

Boston, Massachusetts, October 9, 1998  
Massachusetts Auto Insurance Bureau Rate Hearing

Austin, Texas, May 19, 1998  
Texas Auto Insurance Plan Association Rate Hearing

Austin, Texas, April 7, 1998  
Auto Insurance Benchmark Rate Hearing

Austin, Texas, February 17, 1998  
Property Insurance Benchmark Rate Hearing

Austin, Texas, November 18, 1997  
Biennial Title Insurance Rate Hearing

Tallahassee, Florida, September 8, 1997  
NCCI Workers Compensation Insurance Rate Hearing

Austin, Texas, April 8, 1997  
Texas Auto Insurance Plan Association Rate Hearing

Austin, Texas, March 10, 1997  
Auto Insurance Benchmark Rate Hearing

San Francisco, California, March 4, 1997  
Insurance Department Hearing on Rating Factors

Raleigh, North Carolina, July 16, 1996  
Auto Insurance Rate Hearing

San Francisco, California, March 11, 1996  
Century National Proposition 103 Rollback Hearing

Sacramento, California, January 30, 1996  
Hartford Steam Boiler Proposition 103 Rollback Hearing

San Francisco, California, January 8, 1996  
SAFECO Insurance Company Earthquake Rate Hearing

Austin, Texas, December 21, 1995  
Residential Property Insurance Benchmark Rate Hearing

Clearwater, Florida, December 8, 1995  
Florida Windstorm Underwriting Association Rate Hearing

Austin, Texas, November 28, 1995  
Private Passenger Auto Insurance Benchmark Rate Hearing

Austin, Texas, October 31, 1995  
Texas Automobile Insurance Plan Association Rate Hearing

Sacramento, California, April 18, 1995  
California Insurance Department Hearing on Auto Insurance Rating Factors

Portland, Maine, April 13, 1995  
Workers Compensation Assigned Risk Pool Fresh Start Hearing

San Francisco, California, February 6, 1995  
Farmers Insurance Group Earthquake Insurance Rate Hearing

Austin, Texas, January 6, 1995  
Special Hearing on Classification Rules for Automobile Insurance

Austin, Texas, December 15, 1994  
Residential Property Insurance Benchmark Rate Hearing

Austin, Texas, October 4, 1994  
Texas Automobile Insurance Plan Association Rate Hearing

Austin, Texas, September 27, 1994  
Private Passenger Auto Insurance Benchmark Rate Hearing

Raleigh, North Carolina, July 19, 1994  
Private Passenger Auto Insurance Rate Hearing

San Francisco, California, December 22, 1993  
Century National Homeowner's Insurance Rate Hearing

Raleigh, North Carolina, October 13, 1993  
Homeowners/Farmowners Insurance Rate Hearing

Tallahassee, Florida, October 4, 1993  
Workers' Compensation Insurance Rate Hearing

Boston, Massachusetts, September 9, 1993  
Automobile Insurance Rate Hearing

Austin, Texas, March 4, 1993  
Residential Property Insurance Benchmark Rate Hearing

Austin, Texas, February 10, 1993  
Automobile Insurance Benchmark Rate Hearing

Honolulu, Hawaii, November 18, 1992  
Liberty Mutual Insurance Automobile Rate Hearing

Raleigh, North Carolina, November 13, 1992  
Workers' Compensation Insurance Rate Hearing

Tallahassee, Florida, October 29, 1992  
Workers' Compensation Insurance Rate Hearing

San Francisco, California, October 14, 1992  
Workers' Compensation Insurance Rate Hearing

Atlanta, Georgia, September 24, 1992  
Workers' Compensation Insurance Rate Hearing

Nashville, Tennessee, May 27, 1992  
Workers' Compensation Insurance Rate Hearing

San Francisco, California, May 13, 1992  
Workers' Compensation Insurance Rate Hearing

Los Angeles, California, April 10, 1992  
Mercury General Proposition 103 Rollback Proceedings

Austin, Texas, January 27, 1992  
Texas Automobile Insurance Plan Rate Hearing

Austin, Texas, December 17, 1991  
Automobile Insurance Rate Hearing

Raleigh, North Carolina, December 16, 1991  
Workers' Compensation Insurance Rate Hearing

San Francisco, California, October 22, 1991  
Workers' Compensation Rate Hearing

Los Angeles, California, May 23, 1991,  
Proposition 103 RCD-2 Proceedings

San Francisco, California, April 9, 1991  
California Workers' Compensation Rate Study Commission

Nashville, Tennessee, March 20, 1991  
Workers' Compensation Insurance Rate Hearing

Los Angeles, California, March 12, 1991,  
California Workers' Compensation Rate Study Commission

Olympia, Washington, February 26, 1991,  
House Financial Institutions/Insurance Committee Hearing on Rules for Insurance Regulatory Legislation

Olympia, Washington, November 27, 1990,  
Insurance Department Public Hearing on Proposed Rules for Ratemaking

Harrisburg, Pennsylvania, November 12, 1990,  
Allstate Insurance Company Automobile Insurance Rate Hearing

Tallahassee, Florida, November 1, 1990,  
Scanlan v. Martinez, et.al., Superior Court of Leon County

San Bruno, California, October 1, 1990,  
SAFECO Insurance Group Proposition 103 Rate Rollback Hearing

Austin, Texas, July 23, 1990,  
Texas State Board of Insurance Special Hearing on Investment Income in Ratemaking

Harrisburg, Pennsylvania, July 18, 1990,  
Pennsylvania National Mutual Insurance Company Automobile Insurance Rate Hearing

Harrisburg, Pennsylvania, June 28, 1990,  
Harleysville Mutual Insurance Company Automobile Insurance Rate Hearing

Columbia, South Carolina, March 30, 1990,  
Workers' Compensation Insurance Rate Hearing

San Bruno, California, March 19, 1990,  
California Proposition 103 Generic Hearing

Denver, Colorado, December 12, 1989,  
Workers' Compensation Insurance Rate Hearing

Tampa, Florida, October 23, 1989,  
Workers' Compensation Insurance Rate Hearing

Austin, Texas, October 17, 1989,  
Workers' Compensation Insurance Rate Hearing

Los Angeles, California, September 25, 1989,  
SAFECO Insurance Company of America Proposition 103 Rate Hearing

Austin, Texas, August 29, 1989,  
Texas Insurance Advisory Association Property Insurance Rate Hearing

Providence, Rhode Island, April 13, 1989,  
Workers' Compensation Insurance Rate Hearing

Augusta, Maine, January 24, 1989,  
Workers' Compensation Insurance Rate Hearing

Hartford, Connecticut, November 14, 1988,  
Workers' Compensation Insurance Rate Hearing

Tallahassee, Florida, November 3, 1988,  
Workers' Compensation Insurance Rate Hearing

Austin, Texas, November 2, 1988,  
Workers' Compensation Insurance Rate Hearing

Montgomery, Alabama, June 30, 1988,  
Workers' Compensation Insurance Rate Hearing

Augusta, Maine, March 24, 1988,  
Workers' Compensation Insurance Rate Hearing

Austin, Texas, October 27, 1987,  
Workers' Compensation Insurance Rate Hearing

Tallahassee, Florida, October 9, 1987,  
Workers' Compensation Insurance Rate Hearing

Atlanta, Georgia, August 6, 1987,  
Workers' Compensation Insurance Rate Hearing

Augusta, Maine, February 24, 1987,  
Workers' Compensation Insurance Rate Hearing

Tallahassee, Florida, November 14, 1986,  
Workers' Compensation Insurance Rate Hearing

Austin, Texas, November 18, 1986,  
Workers' Compensation Insurance Rate Hearing

Augusta, Maine, May 28, 1986,  
Workers' Compensation Insurance Rate Hearing

Tallahassee, Florida, December 6, 1985,  
Workers' Compensation Insurance Rate Hearing

Oklahoma City, Oklahoma, October 10, 1985,  
Workers' Compensation Insurance Rate Hearing

Austin, Texas, July 23, 1985,  
Workers' Compensation Insurance Rate Hearing

Austin Texas, June 14, 1985,  
Workers' Compensation Insurance Rate Hearing

Tallahassee, Florida, November 18, 1984,  
Workers' Compensation Insurance Rate Hearing

Austin, Texas, August 29, 1984,  
Workers' Compensation Insurance Rate Hearing

Portland, Oregon, March 6, 1984,  
NA IC Public Hearing on Investment Income and Insurance Profitability

Tallahassee, Florida, February 25, 1984,  
Workers' Compensation Insurance Rate Hearing

Tallahassee, Florida, August 18, 1983,  
Workers' Compensation Insurance Rate Hearing

Austin Texas, July 13, 1983,  
Workers' Compensation Insurance Rate Hearing

Oklahoma City, Oklahoma, March 6, 1983,  
Workers' Compensation Insurance Rate Hearing

Baton Rouge, Louisiana, March 16, 1982,  
Louisiana Insurance Commission Public Hearing on Investment Income

Providence, Rhode Island, February 3, 1982,  
Workers' Compensation Insurance Rate Hearing

Augusta, Maine, October 1, 1981,  
Workers' Compensation Insurance Rate Hearing

<b>NCRB - PRO FORMA STATUTORY RATE OF RETURN</b>			
<b>HOMEOWNERS INSURANCE</b>			
	Pre-Tax	Tax Liability	Post-Tax
1. Premiums	100.00%		
Loss & Loss Adjustment Expense	46.28%		
Commission & Brokerage	12.10%		
General Expense	3.89%		
Other Acquisition Expense	5.75%		
Taxes, Licenses and Fees	2.70%		
Policyholder Dividends	0.40%		
Net Cost of Reinsurance	15.28%		
Compensation for Assessment Risk	2.60%		
2. Pro-Forma Underwriting Profit	11.00%		
3. Installment Fee Income	0.41%		
4. Regular tax		3.99%	
5. Additional tax due to TRA		0.19%	
6. Total Return from Underwriting (post-tax)			7.23%
7. Investment Gain on Insurance Transaction	1.62%		
Less Investment Income on Agents Balances	0.54%		
Net Investment Gain on Insurance Transaction	1.08%	0.27%	0.81%
8. Total Return as a % of Premium (post-tax)			8.04%
9. Premium-to-Net Worth Ratio			0.824
10. Total Return as a % of Net Worth (post-tax)			6.63%

**Note: Lines (1) to (8) are all expressed as a % of premium.**

Assumptions

(a) UW Tax Rate =	35.00%
(b) Inv. Income Tax Rate =	24.74%
(c) Inv. Yield =	3.40%
(d) P/S Ratio =	0.95
(e) NW/S Ratio =	1.15
(f) Installment Fee Income=	0.41%
(g) Additional TRA tax=	0.19%
(h) Net Cost of Reinsurance=	15.28%

**NOTES TO EXHIBIT RB-21, Page 1**

1. The expense provisions are those used on page C-2, C-3 and C-4 of Exhibit RB-1, as adjusted for the proposed rate change
2. Selected by Rate Bureau.
3. See assumption (f) below.
4.  $[(2.)+(3.)] \times (a.)$
5. See assumption (g) below.
6.  $(2.) + (3.) - [(4.) + (5.)]$ .
7. Pages 7-13. Investment income on agents' balances equals  $0.157 \times 1.022 \times (c) \times [1 - (h)]$ , where 0.157 is agents' balances for premiums due less than 90 days and 1.022 is the factor to include the effect of agents' balances or uncollected premiums overdue for more than 90 days.
8.  $(6.) + (7.)$ .
9.  $(d.)/(e.)$ .
10.  $(8.) \times (9.)$ .

ASSUMPTIONS

- (a) Internal Revenue Code.
- (b) See RB-21, pp. 11-13; 1-avg post-tax yield/avg pre-tax yield.
- (c) See RB-21, pp. 11-13; average of current and embedded yields.
- (d) See RB-21, p. 14
- (e) See RB-21, pp. 15
- (f) See RB-21, p. 3
- (g) See RB-21, pp. 4-6
- (h) See prefiled testimony

<b>NCRB - PRO FORMA TOTAL RATE OF RETURN INCLUDING INVESTMENT INCOME ON SURPLUS HOMEOWNERS INSURANCE</b>			
	Pre-Tax	Tax Liability	Post-Tax
1. Premiums	100.00%		
Loss & Loss Adjustment Expense	46.28%		
Commission & Brokerage	12.10%		
General Expense	3.89%		
Other Acquisition Expense	5.75%		
Taxes, Licenses and Fees	2.70%		
Policyholder Dividends	0.40%		
Net Cost of Reinsurance	15.28%		
Compensation for Assessment Risk	2.60%		
2. Pro-Forma Underwriting Profit	11.00%		
3. Installment Fee Income	0.41%		
4. Regular tax		3.99%	
5. Additional tax due to TRA		0.19%	
6. Total Return from Underwriting (post-tax)			7.23%
7. Investment Gain on Insurance Transaction	1.62%		
Less Investment Income on Agents Balances	0.54%		
Net Investment Gain on Insurance Transaction	1.08%	0.27%	0.81%
8. Investment Gain on Surplus (Including Prepaid Expense Adjustment)	4.32%	1.07%	3.25%
9. Total Return as a % of Premium (post-tax)			11.29%
10. Premium-to-Net Worth Ratio			0.824
11. Total Return as a % of Net Worth (post-tax)			9.31%

**Note: Lines (1) to (9) are all expressed as a % of premium.**

Assumptions

(a) UW Tax Rate =	35.00%
(b) Inv. Income Tax Rate =	24.74%
(c) Inv. Yield =	3.40%
(d) P/S Ratio =	0.95
(e) NW/S Ratio =	1.15
(f) Installment Fee Income=	0.41%
(g) Additional TRA tax=	0.19%
(h) Net Cost of Reinsurance=	15.28%

**NOTES TO EXHIBIT RB-21, Page 1A**

1. The expense provisions are those used on page C-2, C-3 and C-4 of Exhibit RB-1, as adjusted for the proposed rate change
2. Selected by Rate Bureau.
3. See assumption (f) below.
4.  $[(2.)+(3.)] \times (a.)$ .
5. See assumption (g) below.
6.  $(2.) + (3.) - [(4.) + (5.)]$ .
7. Pages 7-13. Investment income on agents' balances equals  $0.157 \times 1.022 \times (c) \times [1 - (h)]$ , where 0.157 is agents' balances for premiums due less than 90 days and 1.022 is the factor to include the effect of agents' balances or uncollected premiums overdue for more than 90 days.
8.  $(c.) \times [1/(d.) + (0.4208 \times 0.5169)]$ , where 0.4208 is the prepaid expense ratio from page 7 . and 0.5169 is the unearned premium reserve to premium ratio from page 7.
9.  $(6.) + (7.) + (8.)$ .
10.  $(d.)/(e.)$ .
11.  $(9.) \times (10.)$ .

**ASSUMPTIONS**

- (a) Internal Revenue Code.
- (b) See RB-21, pp. 11-13; 1-avg post-tax yield/avg pre-tax yield.
- (c) See RB-21, pp. 11-13; average of current and embedded yields.
- (d) See RB-21, p. 14
- (e) See RB-21, pp. 15
- (f) See RB-21, p. 3
- (g) See RB-21, pp. 4-6
- (h) See prefiled testimony

**NORTH CAROLINA  
HOMEOWNERS INSURANCE  
INSTALLMENT PAYMENT INCOME**

<u>Year</u>	<u>Inst. Charges</u>	<u>Statutory P. 14 Written Premium</u>	<u>Inst. Charges as a % of Prem.</u>
2016	9,269,104	2,449,748,507	0.38%
2015	8,487,731	2,363,450,359	0.36%
2014	8,449,380	2,300,687,625	0.37%
2013	9,624,737	2,166,606,381	0.44%
2012	10,406,288	1,995,366,994	0.52%
Selected Value			0.41%

Source: ISO.

**NORTH CAROLINA  
HOMEOWNERS INSURANCE  
CALCULATION OF TAXABLE INCOME**

1	Collected Earned Premium for current year	100.00%
2	UEPR 12/31/current	52.60%
3	UEPR 12/31/prior	50.09%
4	Increase = (2) - (3)	2.51%
5	20% of Increase = Taxable Income	0.50%
6	Tax Liability = (5)x.35	0.18%
7	Unpaid Losses current yr.	10.12%
8	Discounted unpaid losses current yr.	9.79%
9	Unpaid Losses prior yr	9.63%
10	Discounted unpaid losses prior yr.	9.32%
11	Additional Income	0.02%
12	Tax Liability	0.01%
	Other Tax Liabilities	
13	UEP	0.18%
14	Discounting of Loss Reserves	0.01%
15	Total	<b>0.19%</b>

**NORTH CAROLINA  
HOMEOWNERS INSURANCE  
CALCULATION OF TAXABLE INCOME**

(1) AY Avg Acc Date	(2) AY Pay Pattern	(3) Percent Unpaid	(4) Total Losses	(5) Unpaid Losses	(6) AY at 12/31/yr. t	(7) Discount Factor	(8) Discounted Weight	(9) AY at 12/31/yr. t-1	(10) Weight	(11) Discount Factor	(12) Discounted Weight
0.5	83.87%	16.13%	46.279	7.5	2012	0.971096	7.2				
1.5	96.22%	3.78%	44.069	1.7	2011	0.958627	1.6	2011	7.109	0.971096	6.9
2.5	98.65%	1.36%	41.965	0.6	2010	0.953261	0.5	2010	1.585	0.958627	1.5
3.5	99.42%	0.58%	39.961	0.2	2009	0.957413	0.2	2009	0.541	0.953261	0.5
4.5	99.72%	0.28%	38.052	0.1	2008	0.954145	0.1	2008	0.221	0.957413	0.2
5.5	99.86%	0.14%	36.235	0.1	2007	0.944441	0.0	2007	0.101	0.954145	0.1
6.5	99.92%	0.08%	34.505	0.0	2006	0.938655	0.0	2006	0.049	0.944441	0.0
7.5	100.00%	0.00%	32.857	0.0	2005	0.942357	0.0	2005	0.026	0.938655	0.0
8.5	100.00%	0.00%	31.288	0.0	2004	0.946737	0.0	2004	0.000	0.942357	0.0
9.5	100.00%	0.00%	29.794	0.0	2003	0.953998	0.0	2003	0.000	0.946737	0.0
10.5	100.00%	0.00%	28.371	0.0	2002	0.961346	0.0	2002	0.000	0.953998	0.0
11.5	100.00%	0.00%	27.016	0.0	2001	0.968791	0.0	2001	0.000	0.961346	0.0
12.5	100.00%	0.00%	25.726	0.0	2000	0.968791	0.0	2000	0	0.968791	0.0
13.5	100.00%	0.00%	24.497	0.0	1999	0.968791	0.0	1999	0	0.968791	0.0
14.5	100.00%	0.00%	23.327	0.0	1998	0.968791	0.0	1998	0	0.968791	0.0
15.5	100.00%	0.00%	22.213	0.0	1997	0.968791	0.0	1997	0	0.968791	0.0
16.5	100.00%	0.00%	21.153	0.0	1996	0.968791	0.0	1996	0	0.968791	0.0
17.5	100.00%	0.00%	20.143	0.0	1995	0.968791	0.0	1995	0	0.968791	0.0
18.5	100.00%	0.00%	19.181	0.0	1994	0.968791	0.0	1994	0	0.968791	0.0
19.5	100.00%	0.00%	18.265	0.0	1993	0.968791	0.0	1993	0	0.968791	0.0
20.5	100.00%	0.00%	17.392	0.0	1992	0.968791	0.0	1992	0	0.968791	0.0
21.5	100.00%	0.00%	16.562	0.0	1991	0.968791	0.0	1991	0	0.968791	0.0
22.5	100.00%	0.00%	15.771	0.0	1990	0.968791	0.0	1990	0	0.968791	0.0
23.5	100.00%	0.00%	15.018	0.0	1989	0.968791	0.0	1989	0	0.968791	0.0
24.5	100.00%	0.00%	14.301	0.0	1988	0.968791	0.0	1988	0	0.968791	0.0
25.5	100.00%	0.00%	13.618	0.0	1987	0.968791	0.0	1987	0	0.968791	0.0
26.5	100.00%	0.00%	12.967	0.0	1986	0.968791	0.0	1986	0	0.968791	0.0
27.5	100.00%	0.00%	12.348	0.0	1985	0.968791	0.0	1985	0	0.968791	0.0
28.5	100.00%	0.00%	11.758	0.0	1984	0.968791	0.0	1984	0	0.968791	0.0
29.5	100.00%	0.00%	11.197	0.0	1983	0.968791	0.0	1983	0	0.968791	0.0
30.5	100.00%	0.00%	10.662	0.0	1982	0.968791	0.0	1982	0	0.968791	0.0
31.5	100.00%	0.00%	10.153	0.0	1981	0.968791	0.0	1981	0	0.968791	0.0
32.5	100.00%	0.00%	9.668	0.0	1980	0.968791	0.0	1980	0	0.968791	0.0
33.5	100.00%	0.00%	9.206	0.0	1979	0.968791	0.0	1979	0	0.968791	0.0
34.5	100.00%	0.00%	8.767	0.0	1978	0.968791	0.0	1978	0	0.968791	0.0
35.5	100.00%	0.00%	8.348	0.0	1977	0.968791	0.0	1977	0	0.968791	0.0
36.5	100.00%	0.00%	7.950	0.0	1976	0.968791	0.0	1976	0	0.968791	0.0
37.5	100.00%	0.00%	7.570	0.0	1975	0.968791	0.0	1975	0	0.968791	0.0
38.5	100.00%	0.00%	7.208	0.0	1974	0.968791	0.0	1974	0	0.968791	0.0
39.5	100.00%	0.00%	6.864	0.0	1973	0.968791	0.0	1973	0	0.968791	0.0
40.5	100.00%	0.00%	6.536	0.0	1972	0.968791	0.0	1972	0	0.968791	0.0
41.5	100.00%	0.00%	6.224	0.0	1971	0.968791	0.0	1971	0	0.968791	0.0
42.5	100.00%	0.00%	5.927	0.0	1970	0.968791	0.0	1970	0	0.968791	0.0
43.5	100.00%	0.00%	5.644	0.0	1969	0.968791	0.0	1969	0	0.968791	0.0
44.5	100.00%	0.00%	5.374	0.0	1968	0.968791	0.0	1968	0	0.968791	0.0
45.5	100.00%	0.00%	5.118	0.0	1967	0.968791	0.0	1967	0	0.968791	0.0
46.5	100.00%	0.00%	4.873	0.0	1966	0.968791	0.0	1966	0	0.968791	0.0
47.5	100.00%	0.00%	4.641	0.0	1965	0.968791	0.0	1965	0	0.968791	0.0
48.5	100.00%	0.00%	4.419	0.0	1964	0.968791	0.0	1964	0	0.968791	0.0
49.5	100.00%	0.00%	4.208	0.0	1963	0.968791	0.0	1963	0	0.968791	0.0
50.5	100.00%	0.00%	4.007	0.0	1962	0.968791	0.0	1962	0	0.968791	0.0
51.5	100.00%	0.00%	3.816	0.0	1961	0.968791	0.0	1961	0	0.968791	0.0
52.5	100.00%	0.00%	3.633	0.0	1960	0.968791	0.0	1960	0	0.968791	0.0
53.5	100.00%	0.00%	3.460	0.0	1959	0.968791	0.0	1959	0	0.968791	0.0
54.5	100.00%	0.00%	3.295	0.0	1958	0.968791	0.0	1958	0	0.968791	0.0
55.5	100.00%	0.00%	3.137	0.0	1957	0.968791	0.0	1957	0	0.968791	0.0
56.5	100.00%	0.00%	2.988	0.0	1956	0.968791	0.0	1956	0	0.968791	0.0
57.5	100.00%	0.00%	2.845	0.0	1955	0.968791	0.0	1955	0	0.968791	0.0
58.5	100.00%	0.00%	2.709	0.0	1954	0.968791	0.0	1954	0	0.968791	0.0
59.5	100.00%	0.00%	2.580	0.0	1953	0.968791	0.0	1953	0	0.968791	0.0
60.5	100.00%	0.00%	2.456	0.0	1952	0.968791	0.0	1952	0	0.968791	0.0
61.5	100.00%	0.00%	2.339	0.0	1951	0.968791	0.0	1951	0	0.968791	0.0
62.5	100.00%	0.00%	2.227	0.0	1950	0.968791	0.0	1950	0	0.968791	0.0
63.5	100.00%	0.00%	2.121	0.0	1949	0.968791	0.0	1949	0	0.968791	0.0
64.5	100.00%	0.00%	2.020	0.0	1948	0.968791	0.0	1948	0	0.968791	0.0
65.5	100.00%	0.00%	1.923	0.0	1947	0.968791	0.0	1947	0	0.968791	0.0
66.5	100.00%	0.00%	1.831	0.0	1946	0.968791	0.0	1946	0	0.968791	0.0
Sum				10.12	Sum		9.79	Sum			9.32

**NOTES TO PAGES 4 AND 5**

Page 4

- 1-3 Annual Statement, Statutory page 14, for all companies writing homeowners insurance in North Carolina.
- 4 Line (2) - line (3)
- 5 Line (4) x .20.
- 6 Line (5) x .35.
- 7 Unpaid current-year losses at year-end as a percent of premium. Sum of Page 5, Column (5).
- 8 Discounted unpaid current-year losses at year-end as a percent of premium. Sum of Page 5, Column (8).
- 9 Unpaid prior-year losses at year-end as a percent of premium. Sum of Page 5, Column (5) divided by 5% assumed growth rate.
- 10 Discounted unpaid current-year losses at year-end as a percent of premium. Sum of Page 5, Column (12).
- 11 Line (7) - Line (8) - [Line (9) - Line (10)]
- 12 Line (11) x .35
- 13 Line (6)
- 14 Line (12)
- 15 Line (13) + Line (14)

Page 5

- 1 Midpoint of number of years since end of accident period.
- 2 Accident year payout pattern developed from policy year developed losses.
- 3 1 - Column (2)
- 4 Losses, given historical growth rate.
- 5 Column (3) x Column (4)
- 6 Accident Year at current year end
- 7 Discount factor per IRS Regulations.
- 8 Column (5) x Column (7)
- 9 Accident Year at prior year end
- 10 Column (3), previous period x Column (4), current period
- 11 Discount factor per IRS Regulations.
- 12 Column (10) x Column (11)

**NCRB INVESTMENT INCOME CALCULATION**  
**HOMEOWNERS INSURANCE**  
Projected Investment Earnings on Loss, Loss  
Adjustment Expense and Unearned Premium Reserves

<b>A. UNEARNED PREMIUM RESERVES</b>		
1. Direct Earned Premiums		1,000,000
2. Mean UEPR	51.69%	516,872
3. Deductions for prepaid expenses:		
Commissions & Brokerage	12.10%	
Taxes, Licenses & Fees (5/6)	2.25%	
Other Acquisition (1/2)	2.87%	
General Expense (1/2)	1.94%	
Cost of Reinsurance	22.91%	
Total	42.08%	
4. Deduction for Prepaid Expenses: (2) x (3)		217,513
5. Net UEPR Subject to Inv (2) - (4)		299,359
<b>B. Loss and Loss Expense Reserves</b>		
1. Direct Earned Premium		1,000,000
2. Expected Inc L & LAE to Premium Ratio	46.28%	462,791
3. Expected Mean L&LAE Reserve to Inc. L & LAE Ratio	38.27%	177,102
<b>C. Net PH Funds Subj to Inv (A5 + B3)</b>		
		476,461
<b>D. Average Rate of Return</b>		
		3.40%
<b>E. Investment Earnings from Net Reserves (C) x (D)</b>		
		16,220
<b>F. Average Rate of Return as a Percent of Direct Earned Premium (E) / (A1)</b>		
		1.62%

ESTIMATED INVESTMENT EARNINGS ON UNEARNED  
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

Line A-1

All calculations are displayed per \$1,000,000 direct earned premiums.

Line A-2

The mean unearned premium reserve is determined by multiplying the direct earned premiums in line (1) by the ratio of the mean unearned premium reserve to the collected earned premium for calendar year ended 12/31/current year for all companies writing homeowners insurance in North Carolina. These data are from statutory page 14 of the Annual Statement.

1. Collected Earned Premium for Calendar Year ended 12/31/current year	2,407,030,361
2. Unearned Premium Reserve as of 12/31/current year	1,266,022,385
3. Unearned Premium Reserve as of 12/31/prior year	1,222,232,699
4. Mean Unearned Premium Reserve 1/2 [(2) + (3)]	1,244,127,542
5. Ratio (4) ÷ (1)	51.69%

Line A-3

Deduction for prepaid expenses:

Production costs and a large part of the other company expenses in connection with the writing and handling of homeowners policies, exclusive of claim adjustment expenses, are incurred when the policy is written and before the premium is paid. The deduction for these expenses is determined from data provided by the NCRB.

ESTIMATED INVESTMENT EARNINGS ON UNEARNED  
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

Line B-2

The expected loss and loss adjustment expense ratio reflects the expense provisions utilized in the filing.

Line B-3

The mean loss reserve is determined by multiplying the incurred losses in line (2) by the North Carolina ratio of mean loss reserves to incurred losses. This ratio is based on North Carolina companies' statutory page 14 annual statement data and has been adjusted to include loss adjustment expense reserves.

6	Incurring Losses	2012	1,022,998,770
7	Incurring Losses	2013	933,427,119
8	Incurring Losses	2014	1,019,648,184
9	Incurring Losses	2015	1,010,529,329
10	Incurring Losses	2016	1,374,939,785
11	Loss Reserves	2011	494,064,017
12	Loss Reserves	2012	369,147,458
13	Loss Reserves	2013	347,285,705
14	Loss Reserves	2014	494,064,017
15	Loss Reserves	2015	350,218,884
16	Loss Reserves	2016	451,983,968
17	Mean Loss Reser	2012	431,605,738
18	Mean Loss Reser	2013	358,216,582
19	Mean Loss Reser	2014	340,234,708
20	Mean Loss Reser	2015	341,701,298
21	Mean Loss Reser	2016	401,101,426
22	Ratio	2012	42.19%
23	Ratio	2013	38.38%
24	Ratio	2014	33.37%
25	Ratio	2015	33.81%
26	Ratio	2016	29.17%
27	Average Loss Reserve		35.38%
28	Ratio of LAE Reserves to Loss Reserves		0.255
29	Ratio of Incurred LAE to Incurred Losses		0.161
30	Loss and LAE Reserve [((27)x(1.0+(28)))/(1.0+(29))]		0.383

ESTIMATED INVESTMENT EARNINGS ON UNEARNED  
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

Line E

The average rate of return is calculated as the arithmetic mean of the embedded and current yields. The embedded yield is the sum of two ratios: the most recent ratio of investment income to invested assets (see page 12), plus the ten year average ratio of capital gains to invested assets (see page 13). The current yield is the estimated, currently available rate of return (including income and expected capital gains) on the property/casualty industry investment portfolio (see page 11).

Embedded Yield =	$3.15\% + 0.31\% =$	3.46%
Current Yield =		3.35%
Average =		3.40%

<b>PORTFOLIO YIELD AND TAX RATE - CURRENT YIELD</b>				
(1)	(2)	(3)	(4)	(5)
Investable Asset	Percent of Assets	Estimated Prospective Pre-Tax Return	Tax Rate	Estimated Prospective Post-Tax Return
Bonds				
U.S. Govt States & territories	9.33%	1.57%	35.00%	1.02%
Special revenue	9.81%	1.64%	5.25%	1.55%
Industrial	19.16%	1.86%	5.25%	1.76%
Preferred stock	30.05%	2.30%	35.00%	1.50%
Common stock	0.97%	5.57%	14.18%	4.78%
Mortgage Loans	22.58%	9.42%	30.90%	6.51%
Real estate	0.87%	3.65%	35.00%	2.37%
Cash & short-term invs.	0.82%	4.83%	35.00%	3.14%
	6.39%	0.89%	35.00%	0.58%
Rate of Return Pre-Inv Exp	100.00%	3.66%	28.11%	2.63%
Investment Expenses		0.32%	35.00%	0.21%
Portfolio Rate of Return		<b>3.35%</b>	27.46%	<b>2.43%</b>

Sources:

- Various issues of Federal Reserve Statistical Release, H.15(519).
- Mergent Bond Record.
- Standard & Poor's CreditWeek.
- Value Line Investment Survey, Part II.
- Ibbotson Associates, 2017 Yearbook
- Ibbotson and Siegel, AREUEA Journal, 1984.
- A.M. Best's Aggregates & Averages, 2016 edition.

<b>PORTFOLIO YIELD AND TAX RATE EMBEDDED YIELD</b>		
	Income	Tax Rate
Bonds		
Taxable	22,250,748	35.00%
Non-Taxable	11,053,798	5.25%
Stocks		
Taxable	7,417,662	14.18%
Non-Taxable	1,533,307	5.25%
Mortgage Loans	559,969	35.00%
Real Estate	1,696,990	35.00%
Contract Loans	730	35.00%
Cash / Short Term Inv.	176,203	35.00%
All Other	9,604,417	35.00%
Total	54,293,824	25.26%
Inv. Expenses	4,902,666	35.00%
Net Inv. Income	49,391,158	24.29%
Mean Invested Assets	1,567,611,077	
Inv. Inc. Yield Rate	3.15%	24.29%
Capital Gains (10 yr. avg) (% Of Inv. Assets)	0.31%	0.00%
Invest. Yield Rate (pre-tax)	<b>3.46%</b>	<b>22.11%</b>
Invest. Yield Rate (post-tax)	<b>2.70%</b>	

Source: Best's Aggregates and Averages, 2016 Edition, p. 12 (Ex of Net Investment Income, Col. 2 (Earned During Year)).

**CAPITAL GAINS OR LOSSES  
AS A PERCENT OF MEAN ASSETS**  
(All amounts in thousands of dollars)

Calendar Year	Mean Total Invested Assets	Realized Capital Gains	
		Amount	Percent
2006	1,217,432,187	3,587,228	0.29%
2007	1,297,478,130	9,031,778	0.70%
2008	1,288,393,875	(21,018,623)	-1.63%
2009	1,274,678,809	(8,079,575)	-0.63%
2010	1,330,998,082	8,100,143	0.61%
2011	1,366,568,026	7,563,305	0.55%
2012	1,350,656,619	9,035,405	0.67%
2013	1,423,600,934	12,163,890	0.85%
2014	1,543,882,475	12,093,078	0.78%
2015	1,567,611,077	9,887,732	0.63%
Total	13,661,300,212	42,364,361	0.31%

\*Mean total invested assets is the average of the current year and prior year values of total invested assets (annual statement page 2, Line 9).

Source: "Best's Aggregates & Averages--Property-Casualty," various editions

**NORTH CAROLINA  
HOMEOWNERS INSURANCE**

**PREMIUM-TO-SURPLUS RATIOS**

<u>Year</u>	<u>Homeowners Insurance</u>
2015	0.90
2014	0.89
2013	0.90
2012	0.97
2011	1.02
2010	0.93
2009	0.97
2008	1.04
2007	0.94
2006	0.97
Five-Year Average	0.94
Ten - Year Average	0.95

Notes:

- 1 Data from Best's Data Service  
and Best's Aggregates & Averages, various editions
- 2 Top 30 groups writing in each year

**NORTH CAROLINA HOMEOWNERS INSURANCE  
CALCULATION OF GAAP NET WORTH TO SURPLUS RATIO**

	2011	2012	2013	2014	2015
Policyholder Surplus	553,794,328,471	587,061,063,988	653,380,281,255	675,233,591,461	674,150,481,028
+ Deferred Acquisition Costs	27,670,594,098	28,717,782,350	30,010,149,317	31,242,614,928	32,401,590,297
+ Non-Admitted DTA Provision	16,898,320,478	12,829,214,564	11,638,345,594	11,237,499,832	12,112,807,244
+ Non-admitted Assets (non-tax part)	34,839,553,748	36,238,971,886	33,348,888,924	33,563,586,431	40,260,421,135
+ Provision for Reinsurance	2,981,599,506	2,595,871,371	2,471,928,096	2,392,301,235	2,251,585,712
+ Provision for FASB 115(after-tax)	35,069,557,742	42,220,449,087	14,722,750,582	25,814,318,855	16,081,984,811
- Surplus Notes	(14,704,469,032)	(12,279,333,642)	(12,190,299,603)	(11,673,768,635)	(12,446,044,946)
GAAP-adjusted Net Worth	656,549,485,011	697,384,019,604	733,382,044,165	767,810,144,106	764,812,825,281
Ratio of GAAP Net Worth to Statutory Surplus	1.19	1.19	1.12	1.14	1.13
Five Year Average	1.15				

Source: ISO

## NORTH CAROLINA RATE BUREAU

### Calculation of Reinsurance Cost Statewide Total Reinsurer Amounts

#### All Perils

(1) Modeled Losses and ALAE	646,896,922
(2) Percent Reinsured	0.389
(3) Reinsured Losses and Loss Expenses [(1) x (2)]	251,454,985
a. Losses & ALAE Included in Base Rate	209,097,148
b. Additional WSST/MTR Losses & ALAE	42,357,837
(4) Reinsurance Expense Factor	0.70
(5) Reinsurance Loss+Expenses [(3) / (4)]	359,221,407
(6) Reinsurance Premium to Surplus Ratio	0.30
(7) Reinsurer Underwriting Return Percent of Surplus	13.3%
(8) Reinsurer Underwriting Return Percent of Premium [(7) / (6)]	44.4%
(9) Reinsurance Premium [(5) / (1.000-(8))]	645,559,544
(10) Reinsurance Expense Cost [(5)-(3)]	107,766,422
(11) Cost of Reinsurer Capital [(9) - (3a) - (10)]	328,695,974
(12) Reinsurer Expenses plus Cost of Reinsurer Capital [(10) + (11)]	436,462,396

**Notes:**

- (1), (2), (3) from Simulation.
- (2) Assumes hurricane losses reinsured from \$850 million to \$10,900 million.
- (4) Judgment based on Professional Reinsurers Expenses.
- (6) Milliman Analysis.
- (7) Underwriting return that produces reasonable after-tax return on surplus.

**NCIUA - North Carolina Beach Plan**

**Summary of 2017 Catastrophe Reinsurance**

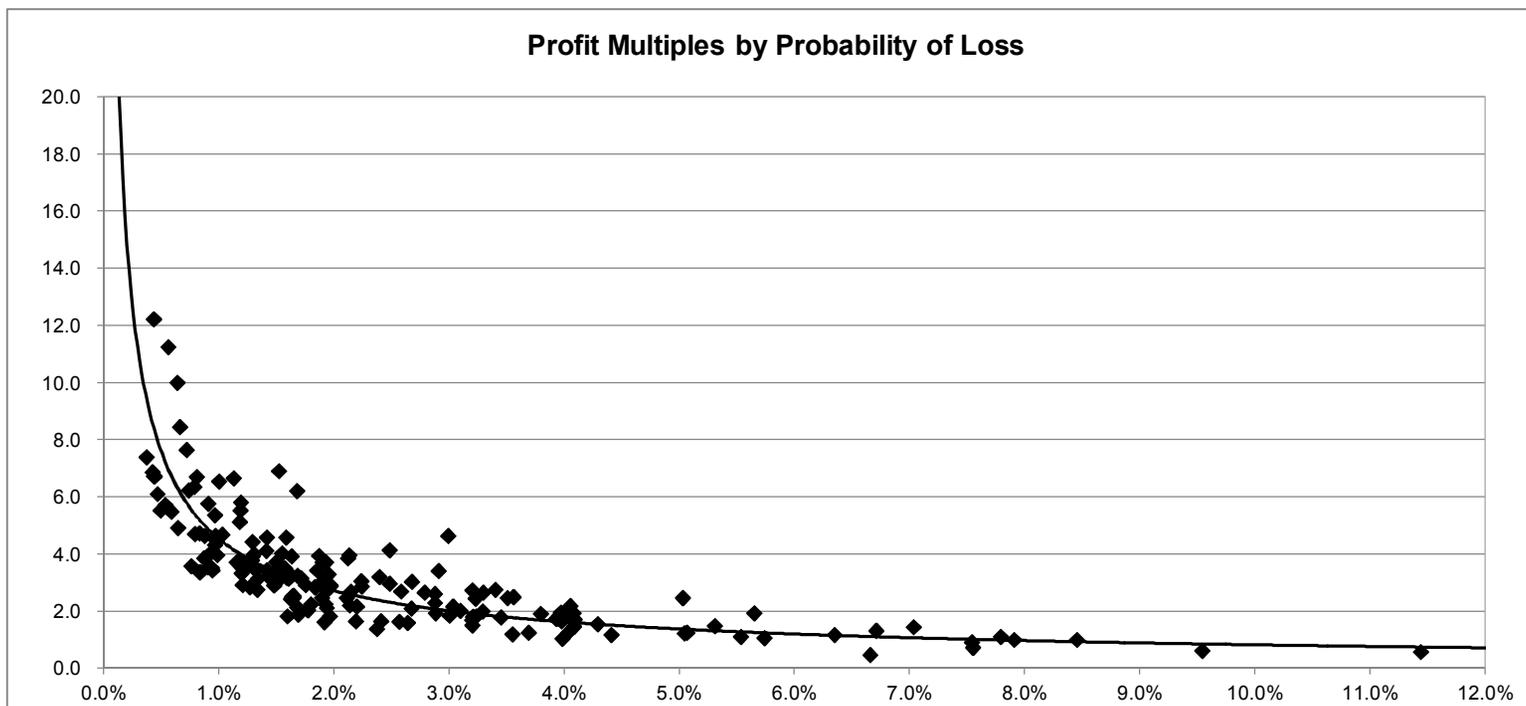
<u>Contract <sup>(1)</sup></u>	<u>Attachment Point (\$ Millions)</u>	<u>Exhaustion Point (\$ Millions)</u>	<u>Coverage</u>	<u>Reinstatement</u>
<b><i>Reinsurance Layers:</i></b>				
Layer 1	2,300.0	2,478.0	100.0%	No
Layer 2	2,478.0	2,728.0	100.0%	No
Layer 3	2,728.0	3,060.0	100.0%	No

Notes: The above reinsurance covers aggregate loss for all accounts combined (Residential & Commercial).

(1) Reinsurance provides Annual Aggregate coverage.

**NCIUA - North Carolina Beach Plan**

**Catastrophe Bond Profit Multiples**



Source: Lane Financial LLC, Annual Securitization Reviews.

Notes: Based on near-term cat bonds issued from January 2009 to March 2017.

Includes all U.S. bonds with a probability of loss between 0.05% and 20.0%; excludes bonds with no stated profit multiples.

Equation of the fitted curve:

$$y = 0.14825 x^{-0.74315}$$

Equation to determine average Profit Multiple over specific inte

$$\text{Avg PM} = \int_a^b 0.14825 x^{-0.74315} dx / (b-a)$$

## NCIUA - North Carolina Beach Plan

### Catastrophe Bond Profit Multiples

<u>Annual Aggregate Layer</u> <sup>(1)</sup>	<u>Total Beach Plan</u>		<u>Attachment Probability</u>	<u>Exhaustion Probability</u>	<u>Profit Multiple</u>
	<u>Layer Attachment</u>	<u>Layer Exhaustion</u> <sup>(2)</sup>			
\$0 to 2,300	\$0.0	\$2,300.0	46.91%	2.47%	0.57
<i>\$0 to 1,500</i>	<i>0.0</i>	<i>1,500.0</i>	<i>46.91%</i>	<i>4.01%</i>	<i>0.52</i>
<i>\$1,500 to 2,300</i>	<i>1,500.0</i>	<i>2,300.0</i>	<i>4.01%</i>	<i>2.47%</i>	<i>1.92</i>
\$2,300 to 2,478	2,300.0	2,478.0	2.47%	2.25%	2.40
\$2,478 to 2,728	2,478.0	2,728.0	2.25%	1.98%	2.60
\$2,728 to 3,060	2,728.0	3,060.0	1.98%	1.72%	2.88
\$3,060 & Higher	3,060.0	55,042.1	1.72%	0.0005%	10.38

(1) The first layer (up to \$1.5 billion) was selected to be equal to an event impacting the entire Beach Plan that would exhaust the BP-Residential surplus as of March 31, 2017 (\$1.28 billion).

(2) The Layer Exhaustion for the highest layer was selected to be equal to the greatest annual amount of modeled hurricane losses after blending 100,000 years of AIR and RMS modeled losses.

**NCIUA - North Carolina Beach Plan  
Residential Accounts Only**

**Illustration of How Hurricane Losses are Funded**

Voluntary Market Assessments Limited to \$1 Billion on All Beach Plan Accounts Combined  
(\$ in Millions)

<u>Annual Aggregate Layer</u>	<u>Total Beach Plan</u>			<u>Beach Plan: Residential Portion</u>	<u>Hurricane Losses Funded by:</u>			
	<u>Layer Attachment</u>	<u>Layer Exhaustion</u>	<u>Total Losses in Layer</u>		<u>Beach Plan Surplus</u>	<u>Private Reinsurance</u>	<u>Assessments on Member Companies <sup>(1)</sup></u>	<u>Policyholder Surcharges</u>
\$0 to 1,500	\$0.0	\$1,500.0	\$1,500.0	\$1,278.5	\$1,278.5	-	-	-
\$1,500 to 2,300	1,500.0	2,300.0	800.0	674.9	-	-	\$674.9	-
\$2,300 to 2,478	2,300.0	2,478.0	178.0	149.8	-	\$149.8	-	-
\$2,478 to 2,728	2,478.0	2,728.0	250.0	210.5	-	210.5	-	-
\$2,728 to 3,060	2,728.0	3,060.0	332.0	279.9	-	279.9	-	-
\$3,060 & Higher	3,060.0	55,042.1	51,982.1	35,448.4	-	-	215.5	\$35,232.9
<b>TOTAL</b>					<b>\$1,278.5</b>	<b>\$640.2</b>	<b>\$890.4</b>	<b>\$35,232.9</b>

(1) Total losses paid by Member Companies (\$890.4 M) reflects the Residential portion of the \$1 Billion Beach Plan assessment on the total Voluntary Market.

**NCIUA - North Carolina Beach Plan  
Residential Accounts Only**

**Determination of the Cost of Reinsurance Provided to the NCIUA by the Voluntary Market**

Voluntary Market Assessments Limited to \$1 Billion on All Beach Plan Accounts Combined

(\$ in Millions)

<u>Annual Aggregate Layer</u>	Beach Plan: Residential Losses in Layer	Assessments Paid by Member Companies <sup>(1)</sup>	<u>Expected Losses</u> <sup>(2)</sup>		Indicated Profit Multiple <sup>(4)</sup>	Cost of Providing Reinsurance <sup>(5)</sup>
			<u>Total</u>	<u>Exposed</u> <sup>(3)</sup>		
\$0 to 1,500	\$1,278.5	-	\$127.23	-	0.52	-
\$1,500 to 2,300	674.9	\$674.9	20.83	\$20.83	1.92	\$40.00
\$2,300 to 2,478	149.8	-	3.55	-	2.40	-
\$2,478 to 2,728	210.5	-	4.47	-	2.60	-
\$2,728 to 3,060	279.9	-	5.20	-	2.88	-
\$3,060 & Higher	35,448.4	215.5	46.56	2.83	10.38	29.41
TOTAL		\$890.4	\$207.83	\$23.66		\$69.40

(1) See Exhibit RB-23, Page 4.

(2) From AIR & RMS hurricane models.

(3) Expected loss subject to Beach Plan assessments of Voluntary Market.

(4) See Exhibit RB-23, Page 3.

(5) = Exposed Expected Losses x Profit Multiple (from Cat Bond data).

**NCJUA - North Carolina Fair Plan**  
**Summary of 2017 Catastrophe Reinsurance**

<u>Contract <sup>(1)</sup></u>	<u>Attachment Point (\$ Millions)</u>	<u>Exhaustion Point (\$ Millions)</u>	<u>Coverage</u>	<u>Reinstatement</u>
<b><i>Reinsurance Layers:</i></b>				
Layer 1	\$110.0	\$220.0	100.0%	No

Notes: The above reinsurance covers aggregate losses for all Fair Plan accounts combined (Residential & Commercial).

(1) Reinsurance provides Annual Aggregate coverage.

## NCJUA - North Carolina Fair Plan

### Catastrophe Bond Profit Multiples

<u>Annual Aggregate Layer</u> <sup>(1)</sup>	<u>Total Fair Plan</u>		<u>Attachment Probability</u>	<u>Exhaustion Probability</u>	<u>Profit Multiple</u>
	<u>Layer Attachment</u>	<u>Layer Exhaustion</u> <sup>(2)</sup>			
\$0 to 110	\$0.0	\$110.0	47.25%	6.19%	0.47
<i>\$0 to 30.5</i>	<i>0.0</i>	<i>30.5</i>	<i>47.25%</i>	<i>14.13%</i>	<i>0.38</i>
<i>\$30.5 to 110</i>	<i>30.5</i>	<i>110.0</i>	<i>14.13%</i>	<i>6.19%</i>	<i>0.84</i>
\$110 to 220	110.0	220.0	6.19%	3.04%	1.50
\$220 & Higher	220.0	5,497.4	3.04%	0.0005%	6.91

(1) The first layer was selected to be equal to the FAIR Plan's surplus as of March 31, 2017 (\$30.5 million).

(2) The Layer Exhaustion for the highest layer was selected to be equal to the greatest annual amount of modeled hurricane losses after blending 100,000 years of AIR and RMS modeled losses.

**NCJUA - North Carolina Fair Plan  
Residential & Commercial Accounts**

**Illustration of How Hurricane Losses are Funded**  
Reflecting Unlimited Industry Exposure to Fair Plan Assessments  
(\$ in Millions)

<u>Annual Aggregate Layer</u>	<u>Total Fair Plan</u>			<u>Hurricane Losses Funded by:</u>		
	<u>Layer Attachment</u>	<u>Layer Exhaustion</u>	<u>Total Losses in Layer</u>	<u>Fair Plan Surplus</u>	<u>Private Reinsurance</u>	<u>Assessments on Member Companies</u>
\$0 to 30.5	\$0.0	\$30.5	\$30.5	\$30.5	-	-
\$30.5 to 110	30.5	110.0	79.5	-	-	\$79.5
\$110 to 220	110.0	220.0	110.0	-	\$110.0	-
\$220 & Higher	220.0	5,497.4	5,277.4	-	-	\$5,277.4
TOTAL				\$30.5	\$110.0	\$5,356.9

**NCJUA - North Carolina Fair Plan  
Residential & Commercial Accounts**

**Determination of the Cost of Reinsurance Provided to the NCJUA by the Voluntary Market**

Reflecting Unlimited Industry Exposure to Fair Plan Assessments

(\$ in Millions)

<u>Annual Aggregate Layer</u>	Total Fair Plan Losses in Layer	Assessments Paid by Member Companies <sup>(1)</sup>	<u>Expected Losses</u> <sup>(2)</sup>		Indicated Profit Multiple <sup>(4)</sup>	Cost of Providing Reinsurance <sup>(5)</sup>
			<u>Total</u>	<u>Exposed</u> <sup>(3)</sup>		
\$0 to 30.5	\$30.5	-	\$6.11	-	0.38	-
\$30.5 to 110	79.5	\$79.5	7.31	\$7.31	0.84	\$6.14
\$110 to 220	110.0	-	4.76	-	1.50	-
\$220 & Higher	5,277.4	5,277.4	8.29	8.29	6.91	57.29
TOTAL		\$5,356.9	\$26.47	\$15.61		\$63.44

(1) See Exhibit RB-23, Page 8.

(2) From AIR & RMS hurricane models.

(3) Expected loss subject to Fair Plan assessments of Voluntary Market.

(4) See Exhibit RB-23, Page 7.

(5) = Exposed Expected Losses x Profit Multiple (from Cat Bond data).

**NCIUA & NCJUA - North Carolina Beach Plan & Fair Plan  
Residential Accounts Only**

**Determination of the Compensation for Bearing the Risk of Beach Plan & Fair Plan Assessments**  
(\$ in Millions)

(1) Cost of Reinsurance Provided by the Voluntary Market to the Residential Accounts in the NCIUA (Beach Plan):	\$69.40
(2) Cost of Reinsurance Provided by the Voluntary Market to the NCJUA (Fair Plan):	\$63.44
(3) Residential Premium as % of Total Fair Plan Assessment Base:	70%
(4) Cost of Reinsurance Provided by the Voluntary Market to the Residential Accounts in the NCJUA (Fair Plan):	\$44.40
(5) Total Cost of Reinsurance Provided by the Voluntary Market to the Residential Accounts in the NCIUA & NCJUA:	\$113.81

Policy Form	(6) Estimated 2017 Industry Written Premium @ Manual Rates	(7) = (6) / Total (6) % of Total Industry Premium	(8) = (5) x (7) Allocated Compensation for Risk of Assessment	(9) = (8) / (6) Compensation for Assessment Risk as % of 2017 Manual Premium
Homeowners	\$2,534.0	84.2%	\$95.79	3.8%
Dwelling Fire & EC	322.6	10.7%	12.20	3.8%
MobileHome	153.9	5.1%	5.82	3.8%
Total	\$3,010.5	100.0%	\$113.81	3.8%

(1) From Exhibit RB-23, Page 5.

(2) From Exhibit RB-23, Page 9.

(4) = (2) x (3)

(5) = (1) + (4)

(6) 2016 Industry Premium includes NCIUA and NCJUA.